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22 May 2024

Committee Secretary
Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs
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Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs
Inquiry into economic self-determination and opportunities for First Nations
Australians

Acknowledgment

First Nations Foundation acknowledges the Aboriginal and Torres Strait Islanders as traditional custodians of the land. We pay our respects to Elders past and present for their strength and resilience to pave the way for a better future for First Nations people. In particular, we'd like to acknowledge the Wurundjeri Woi Wurrung people of the Kulin Nation, who are traditional owners and custodians of the land in which our head office is based, in Narm (Melbourne).



Dear Committee Secretary,

First Nations Foundation (FNF) is grateful for the opportunity to provide a submission to the Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs' (the Committee) *Inquiry into economic self-determination and opportunities for First Nations Australians*.

FNF is a successful financial wellbeing foundation led by a First Nations majority board since 2006. We have a strong and trusted reputation with both financial and First Nations community sectors, and a powerful track record of results, agility, and innovation. We work with First Nations communities and the finance industry to provide customer-centric financial education, training, and information.

We thank you in advance for considering our submission and would be pleased to offer additional assistance to the Committee where appropriate.

Yours sincerely,



Phil Usher
Chief Executive Officer



A brief note on language

In line with guidance from the Minister for Indigenous Australians and in the interests of clarity and consistency, we predominantly utilise the term 'First Nations people' in our communications. FNF acknowledges that Australia's Aboriginal and Torres Strait Islander people consist of many diverse subcultural groups with unique languages, beliefs, and practices. We recognise the sensitivities with language and that not all communities feel included, understood, or represented with certain broad terminology.

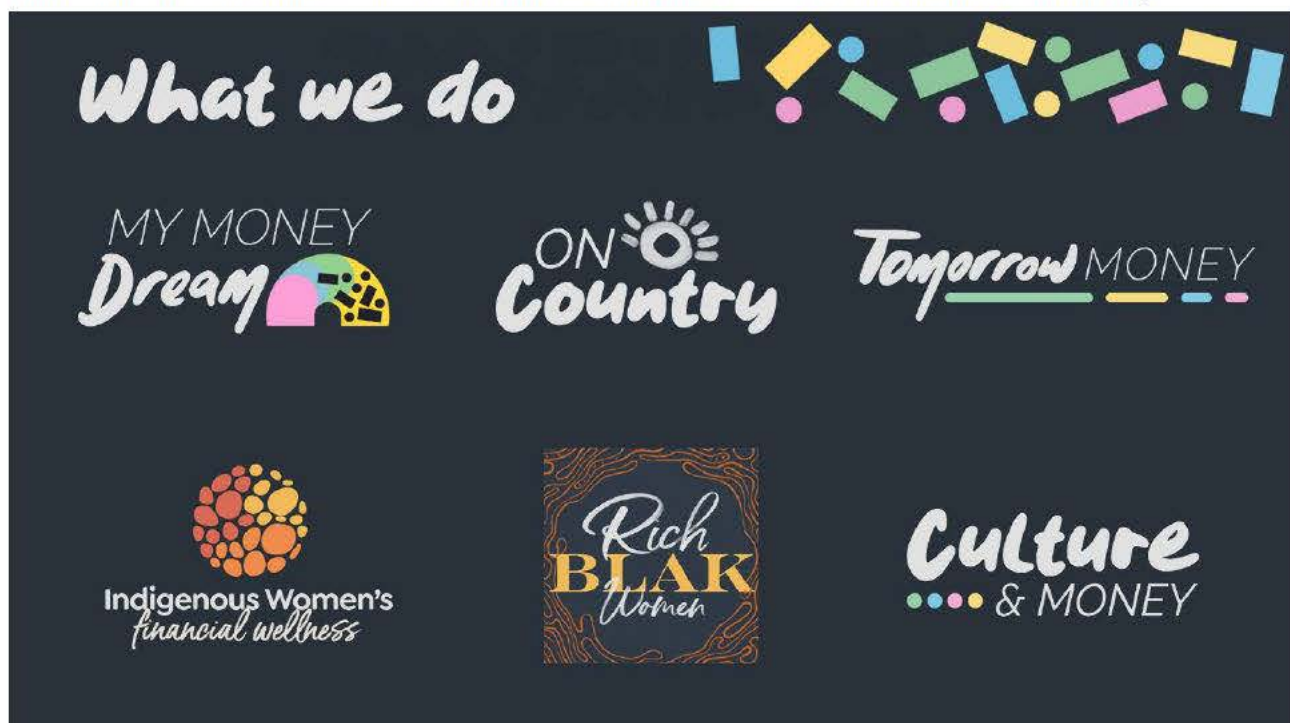
Introduction

FNF acts as the bridge to financial prosperity for First Nations Australians. Research released in 2019 by the Foundation in partnership with the Centre for Social Impact and NAB identified that only 1 in 10 First Nations Australians are financially secure, compared with 1 in 2 non-Indigenous.¹

We drive down this financial exclusion rate by:

- mapping First Nations financial capability needs;
- collaborating with financial services partners and First Nations community partners; and,
- delivering high-quality financial literacy education and outreach to build First Nations Australians' money skills.

Due to legacy legislation and policies, First Nations communities have had very little opportunity to manage their own money. Deprivation of land assets, being paid in rations, experiencing stolen wages, limited income and cashless debit cards have contributed to low levels of financial wellbeing.



¹ Weier, M., Dolan, K., Powell, A., Muir, K., Young, A. (2019). *Money Stories: Financial Resilience among Aboriginal and Torres Strait Islander Australians*. Centre for Social Impact (CSI) – UNSW Sydney, for National Australia Bank.
https://firstnationsfoundation.org.au/wp-content/uploads/2020/01/full_report_2019.pdf

We are seeing more First Nations people employed and having higher paid jobs than ever before. Most, however, do not have a trusted source of financial information or simply feel too much shame to engage with the financial services sector, thus diminishing their opportunity to create intergenerational wealth.

Many First Nations people do not know the difference between a credit card and debit card, what interest is and how to save to create prosperity. The financial naivety and vulnerability of the cohort can also be seen in concerning statistics such as: a 239 per cent year-on-year increase in financial losses due to incidences of identity theft perpetrated on First Nations people in 2022,² prosecutions of unconscionable vendors selling First Nations people cars on 48 per cent interest, life insurance policies taken out on 18 month-old babies and First Nations people who have worked in mining on \$100,000 salaries having nil wealth accumulation after 10 years.

Ample evidence suggests better wealth outcomes for First Nations Australians correlate positively across all domains of life. Improving the First Nations wealth profile and access to financial information and services generates positive impacts for individuals and communities in terms of economic freedom, security, and wellbeing, as well as quality of life and opportunities. FNF develops innovative and culturally relevant solutions to fill the knowledge gaps about western capitalist practices, teach vital skills such as setting money goals and budgeting and teaches basic financial knowledge around banking, superannuation, loans, and investments. We also target areas of vulnerability for First Nations people: payday loans, funeral insurance, consumer leases and 'book-up' (running a tab at a store, a regular practice in remote areas).

1. Opportunities for, and barriers to training, employment and business development

FNF understands through our extensive history of delivering financial literacy training in the community that gaps in knowledge — and cultural competency — so often present obstacles for First Nations Australians to access the most fundamental opportunities. What might be perceived as basic practices and procedures to consolidate one's access to financial services can come unravelled through a lack of cultural protocol. Perhaps the best examples of this disconnect exist in the superannuation sector.

Earlier this year, we were proud to host and deliver the *2024 First Nations Superannuation Summit* on Gadigal land. This critical gathering provided a First Nations-led and community-centric approach to improving superannuation outcomes and brought to light several of the key issues confronted across the financial services sector, by customers and administrators alike. Australia is consistently recognised as a standard-bearer for its retirement system, and there are many benefits associated with our superannuation infrastructure — yet the customer experience can differ greatly across demographics.

The systemic challenges with superannuation begin with preservation age and life expectancy. Facilitating access to super (at preservation age) typically takes place between the age of 55 and 60, or at 65, contingent upon individual working arrangements. We know that life expectancy for First Nations males (for example) is approximately 72 and can be significantly lower in remote and very remote geographic areas.³ The concept itself of incrementally saving income to fund one's retirement can be difficult for First Nations people to engage with, as it may not be viewed as a tangible asset.

² Australian Competition & Consumer Commission (2023). *Targeting scams: report of the ACCC on scams activity 2022*, 17 April 2023. <https://www.accc.gov.au/system/files/targeting-scams-report-activity-2023.pdf>

³ Australian Bureau of Statistics (2020-2022). *Aboriginal and Torres Strait Islander life expectancy*. ABS. <https://www.abs.gov.au/statistics/people/aboriginal-and-torres-strait-islander-peoples/aboriginal-and-torres-strait-islander-life-expectancy/latest-release>.



Some members of the community struggle to grasp the idea of putting financial resources aside when confronted with the risks and realities of their lived experience and forecast life expectancy. The barriers within the system are only reinforced when more granular analysis is conducted, to account for severe rates of underemployment, family and kinship responsibilities, and structural complexities relating to data sovereignty, customer obligations, and identification. Achieving meaningful, system-wide reforms to remove these impediments for First Nations people requires commitment by the superannuation industry, and by the financial counsellors and capability workers who occupy supporting roles in managing and accessing financial resources.

FNF is proud to have advocated for such change and continues to do so, both through the rollout of its tailored, on-the-ground training programs and in more traditional partnerships and forums with industry leaders. We recognise that, contrary to common misconceptions, the majority of First Nations Australians live in urban areas. The volume of First Nations Australians residing in major cities increased by 37.8 per cent between 2016 and 2021, while almost 85 per cent of the First Nations population is based in non-remote areas (i.e. inner urban, peri-urban, and regional communities).⁴ This provides a clear platform for targeted and effective policy initiatives. Improved economic outcomes can be realised through a blend of basic measures, including:

- The availability of culturally competent guidance and mentorship to nurture, upskill, and steer First Nations Australians toward sustainable employment opportunities;
- Investment by employers in designated outreach and liaison functions, with accompanying strategies and evaluation tools;
- Continued rollout of financial literacy programs and training modules;
- Pilot programs to fast-track and facilitate access to capital for First Nations businesses and entrepreneurs;
- Periodic reviews of government procurement policies to ensure that frameworks are aligned to their intended purpose and loopholes are closed; and,
- Grants and incentives to drive greater participation in vocational education and training, adopting sector-specific approaches to cultivate in-demand skills.

Enabling First Nations leadership and delivery in each of these endeavours is a straightforward and necessary step toward self-determination. It has also been a common ingredient in some of the more successful policy responses adopted across the country.⁵ FNF is uniquely placed to aid government and private sector organisations in the development of economic participation and empowerment strategies.

⁴ Australian Bureau of Statistics (2021). *Census of Population and Housing - Counts of Aboriginal and Torres Strait Islander Australians*. ABS. <https://www.abs.gov.au/statistics/people/aboriginal-and-torres-strait-islander-peoples/census-population-and-housing-counts-aboriginal-and-torres-strait-islander-australians/2021>.

⁵ OECD (2019). *Policy Highlights: Indigenous Employment and Skills Strategies in Australia*, OECD Reviews on Local Job Creation, OECD Publishing, Paris. <https://www.oecd.org/employment/leed/Policy-Highlights-Indigenous-Employment-and-Skills-Strategies-in-Australia.pdf>



2. Impediments to building the economic and social infrastructure required to support economic prosperity in the long term, including barriers to building the economic and social infrastructure required to support industry and business to expand and create jobs

The bridge to economic prosperity for First Nations people cannot be built without formal, community-led truth-telling processes. Recent activity at a State and Territory level (most notably in Victoria) has shone a light on the breadth of possibilities that can be borne of truth-telling, paving the way for governments and major institutions to adopt similar models. It is important to identify and respect that many First Nations communities have not sat silently in anticipation of government-led responses and have invested in carefully considered channels for healing, recognition, and reconciliation.⁶ Truth-telling through an economic lens is the first step to acknowledging the intergenerational damages caused by colonialism and, through active, connected, civil dialogue, can play a substantive role in enriching the bond between First Nations people and non-Indigenous Australians.

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... truth-telling is broadly understood as activities or processes that seek to recognise or engage with a fuller account of Australia's history and its ongoing legacy for Aboriginal and Torres Strait Islander peoples.

Payne, A.M., Norman, H. (2024). 'Coming to terms with the past? Identifying barriers and enablers to truth-telling and strategies to promote historical acceptance'. UNSW Sydney and Reconciliation Australia.

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Truth-telling not only imbues the complex social and political dynamics experienced by First Nations communities with a sense of empathy but affords long overdue validation for the sophisticated economic and governance systems that existed pre-colonisation.⁷ Marrying contemporary First Nations communities with commonly understood conceptions of economic prosperity cannot be achieved without a holistic recognition of the many prosperous elements of precolonial life — from trading customs to kinship structures to knowledge and land management, and beyond. The absence of this intimate detail and First Nations perspectives — substituted only by passive or casual accounts of historical events — is a major contributing factor in the everyday frustrations lived through by First Nations people.

The design of the superannuation system is merely one case of the entrenched structural barriers faced by First Nations communities in their pursuit of financial security and a dignified retirement.

⁶ Barolsky, V., Berger, K. (2023). 'Recognising the power of community truth-telling'. Alfred Deakin Institute for Citizenship and Globalisation, Centre for Inclusive and Resilient Societies and Reconciliation Australia.
<https://www.reconciliation.org.au/wp-content/uploads/2023/09/Policy-briefing-Recognising-the-power-of-community-truth-telling.pdf>

⁷ Payne, A.M., Norman, H. (2024). 'Coming to terms with the past? Identifying barriers and enablers to truth-telling and strategies to promote historical acceptance'. UNSW Sydney and Reconciliation Australia.
<https://www.reconciliation.org.au/wp-content/uploads/2024/04/Barriers-and-enablers-to-truth-telling-report.pdf>



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By bringing industry leaders together, we were able to identify the following opportunities for reform:

- i. The standardisation of forms;
- ii. Empowering financial counsellors to represent First Nations clients effectively;
- iii. Improve cultural awareness of those in the superannuation sector who interact with First Nations communities;
- iv. Improve financial literacy education within First Nations communities;
- v. Enable super funds to recognise individuals as Aboriginal or Torres Strait Islanders; and,
- vi. Acknowledge the significance of First Nations kinship structures.

For example, First Nations people often have different kinship structures compared to non-Indigenous people and currently, these structures are not recognised by the superannuation industry. This causes a significant challenge when a family member passes away and their super balance is not accessible to rightful kin. This extends to deceased estates, where kin, despite being culturally appropriate beneficiaries, may encounter obstacles in applying for property inheritance.

Dismissing and delegitimising First Nations kinship structures is a particularly troublesome matter, not least because it has been on the radar of industry and regulatory authorities for more than *five years*, dating all the way back to the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.⁸ In addition to the sector being urged to consult directly with First Nations voices on their customer experience, Commonwealth Treasury published a discussion paper and conducted a targeted consultation process on binding death benefit nominations and kinship structures as part of its bid to accelerate action in response to the findings of the Royal Commission.⁹ Although there are legislative considerations attached to wholly addressing this issue, to have such an impediment identified and understood by key agencies and portfolios in the Commonwealth (including Treasury, the Department of The Prime Minister and Cabinet, and the Australian Securities and Investments Commission) — in addition to prominent funds within the superannuation industry — and be dragged through such a protracted discourse can serve as a painful reminder for First Nations communities so often left unheard, or ignored.

We work in close partnership with community voices from grassroots organisations and have carefully developed trusted relationships across financial services to address these matters and accelerate the process of economic reconciliation. FNF is proud to have taken leadership and secretariat responsibility for the dedicated Indigenous Super Working Group (ISWG) with more than 50 individual representatives from funds, banks, academia, community organisations, consumer advocates, industry bodies and financial counselling organisations. The ISWG empowers stakeholders within the sector to take ownership and progress reforms in a collaborative, efficient manner. The reform priorities outlined above will be analysed and advanced through subgroups designed by the ISWG, placing each issue in focus, and enabling industry to develop a more nuanced understanding of the journey to economic self-determination.

⁸ Hayne, K.M. (2019). 'Final Report Volume 1', *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, 1 February 2019, Section 4: Superannuation, p. 254.

<https://www.royalcommission.gov.au/system/files/2020-09/fsrc-volume-1-final-report.pdf>

⁹ The Australian Government the Treasury (2019). *Superannuation binding death benefit nominations and kinship structures: Taking further action on the Banking, Superannuation & Financial Services Industry Royal Commission*, Discussion Paper, 29 March 2019. <https://treasury.gov.au/sites/default/files/2019-03/c2019-t371937-discussion-paper.pdf>

Central to this is the way in which major institutions engage with the data of First Nations people; the ethics and responsibilities of collecting data from communities, and the frameworks that are utilised to determine 'acceptable' forms of data for consideration. The landscape for the management of individuals' data has evolved considerably, including through the design and rollout of the Consumer Data Right (CDR) across the banking and energy sectors, and it is essential that the introduction of new regulatory instruments appropriately accommodate First Nations people. Further, the advent of artificial intelligence (AI) software and rapidity with which data sharing occurs emphasise the need for operators in the financial ecosystem to adhere to sound principles.

The objective for each actor in the data chain — whether employers, superannuation funds, or third-party service providers — should be to enable self-determination and affirm the rights of First Nations people through their robust data stewardship. This can be achieved, in part, through an understanding of the 'CARE' principles when engaging with First Nations data and upholding governance duties.¹⁰ Developed through the prism of data collection in research, the CARE principles offer a set of guardrails for data holders to ensure that First Nations rights and cultural knowledge are integrated, protected, and promoted. This provides a solid grounding to confirm that data is gathered, stored, utilised, and shared respectfully and only for intended purposes.

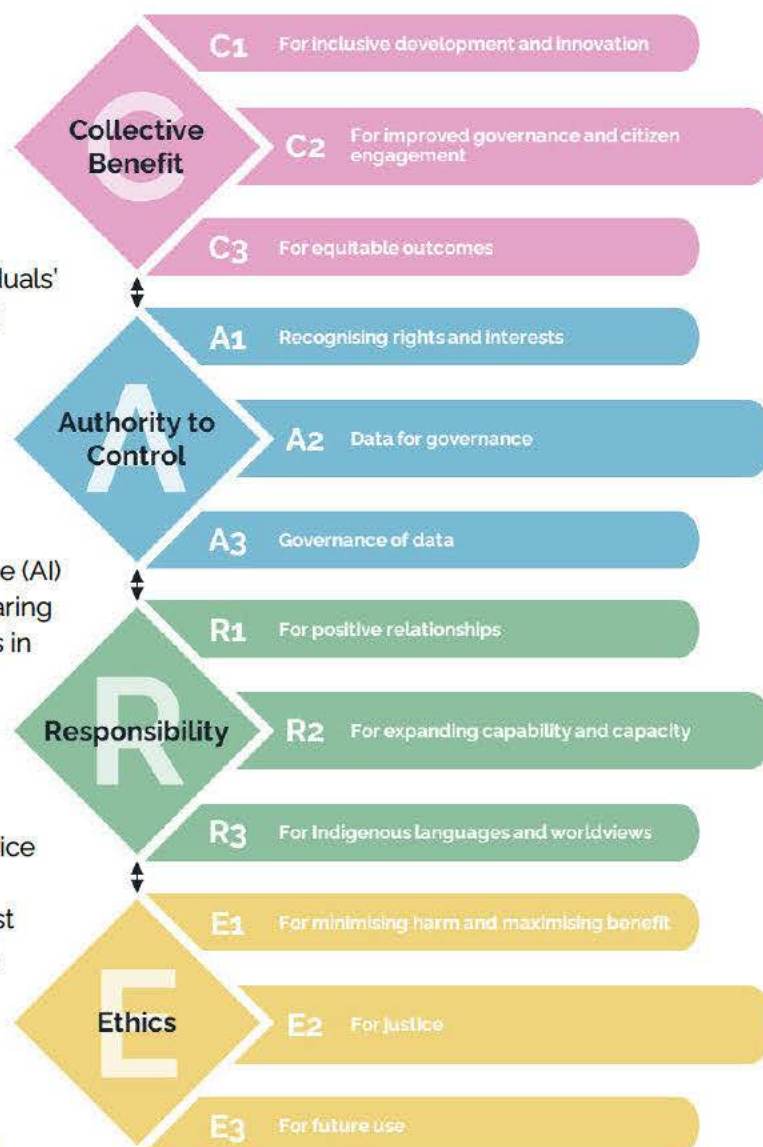


Figure 1: The CARE Principles for Indigenous Data Governance

¹⁰ Carroll, S, et al. (2020). 'The CARE Principles for Indigenous Data Governance'. *Data Science Journal*, 19, pp. 1–12. <https://datascience.codata.org/articles/10.5334/dsj-2020-043>

Advancing non-Indigenous understanding of cultural protocol and data governance will lead to more resilient systems and can stimulate innovation and opportunity for First Nations communities. In the local context, government and private sector organisations can champion this effort by understanding and honouring the *Maiam nayri Wingara* Indigenous Data Sovereignty Principles (see below).¹¹



Figure 2: *Maiam nayri Wingara* Indigenous Data Sovereignty Principles

The complications encountered when First Nations communities seek basic access to services can (to some extent) be attributed to unconscious biases and the design of economic infrastructure that incorporates little to no cultural knowledge. The most severe examples of this demonstrate structural racism, but the benefits of incremental change through community-led, common-sense approaches are easy to digest. FNF strives to work in partnership with industry to find fit-for-purpose solutions where legacy arrangements continue to deny First Nations peoples' participation. AUSTRAC is to be commended for its leadership in this space after it revised its regulatory guidance to the financial services sector in December 2022 and called for the adoption of an inclusive, flexible model for identity verification.¹² Recognising the historical, social, and cultural circumstances affecting many First Nations customers' ability to produce conventional forms of identification, AUSTRAC encouraged banks and

¹¹ Maiam nayri Wingara. (2018). *Indigenous Data Sovereignty Communique Indigenous Data Sovereignty Summit 20th June 2018*, Canberra, ACT. <https://www.maiamnayriwingara.org/mnw-principles>

¹² AUSTRAC (2022). *AUSTRAC issues guidance to ensure greater access to financial services* [Press release], 9 December 2022. <https://www.austrac.gov.au/news-and-media/media-release/austrac-issues-guidance-ensure-greater-access-financial-services>



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superannuation funds to revisit their standard procedures and adapt to consider alternative forms of identification.¹³

This simple adjustment protects vulnerable members of the community by moving away from rigid points formulas for identification and empowering financial institutions to acknowledge and receive alternatives, such as a First Nations community identity or organisation membership card, statements by referees, and official government correspondence with customer details. In doing so, it also proves the impact of subtle tweaks to economic and social infrastructure and destigmatises the customer experience of First Nations people who cannot navigate the traditional channels associated with everyday activities like loan applications, opening accounts, nominations of beneficiaries, and debt consolidation.

3. Options to unlock capital and leverage intellectual property, the Indigenous Estate and First Nations skills to elevate First Nations people as economic partners

Local decision-making and dispute resolution are key levers in any conscientious attempt to invest in First Nations peoples' right to self-determination. Although there is no one-size-fits-all governance framework, the progress achieved in recent decades — manifest in the work of Prescribed Bodies Corporate (PBCs) and Registered Native Title Bodies Corporate (RTNBCs) — has positioned these First Nations-led entities as groups with extensive cultural knowledge and connection. Due to the need to navigate an intricate legal and cultural environment, PBCs are acutely aware of governance duties and responsibilities, and have a depth of experience in connecting communities with Country.

Our communities and the relationships we have with them are vital to the work that we do. We have been working in First Nations communities for more than 17 years, providing financial education, training, and influencing the national discussion on First Nations financial prosperity and wealth creation through our research and reports. Our *Money Stories* research initiative put financial resilience on the agenda and unlocked insights on the current state for First Nations people and their lived experience in the local economy, including:

- First Nations people engage in a sharing economy, in which shared money both helps and hurts financial resilience;
- Only one in ten First Nations Australians are financially secure;
- Fewer than two in five First Nations people can access \$2,000 for an emergency, compared with four in five in the broader Australian population;
- Severe financial stress is present for half the First Nations population in all urban, regional, and remote locations, compared with one in ten in the broader Australian population;
- First Nations people are using high-cost and unregulated forms of credit, rather than credit cards or other forms of mainstream credit;
- Overall financial stress is greater for First Nations people living in regional and remote areas, although the disparity between First Nations people experiencing financial stress and those who are financially secure is greater in urban areas;

¹³ AUSTRAC (2022). *Assisting customers who don't have standard forms of identification*.
<https://www.austrac.gov.au/business/core-guidance/customer-identification-and-verification/assisting-customers-who-dont-have-standard-forms-identification>



- Over half First Nations respondents had moderate to high levels of access to financial products and services; however, one in ten participants had very low levels of access;
- First Nations respondents were ten times more likely than respondents in the broader survey to have low and very low levels of access and use of financial products and services;
- Barriers to financial products or services were generally structural (i.e. waiting times for appointments, expense of services or lack of trust) or knowledge dependent (i.e. participants not knowing what products and services are available);
- The proportion of First Nations respondents with very low levels of financial knowledge and behaviours was higher than in the broader survey (14.6 per cent and 3.6 per cent, respectively); and,
- With over half of the First Nations participants indicating that it was 'hard' or 'very hard' to meet everyday living costs, proactive behaviours such as saving or making additional repayments on loans are likely to be more difficult.¹⁴

This research shows that greater effort and advocacy is needed to close the gap in First Nations financial access, wealth creation and ultimate wellbeing. We work diligently to platform and elevate community voices, safeguard cultural knowledge, and advocate for policy practitioners to design their proposed reforms *with* — not for — First Nations Australians. Only through authentic knowledge sharing will the financial and regulatory apparatus that governs economic opportunities start to harmoniously advance the interests of First Nations customers and communities.

Considerable strides have been made to position First Nations businesses for greater investment and opportunity and consultation processes such as the Commonwealth's ongoing review of the Indigenous Procurement Policy (IPP) are welcome.¹⁵ Overcoming incidences of 'black cladding', combatting malicious business conduct, and avoiding unintended consequences in the design and implementation of supply frameworks have proven to be incredibly difficult, however. As illustrated by the release of the Australian Small Business and Family Enterprise Ombudsman's final report reviewing the implementation of the 1 July 2022 changes to the Commonwealth Procurement Rules (CPRs) earlier this month, the mechanisms intended to foster First Nations entrepreneurship and commercial opportunities contain several imperfections.¹⁶ Notably, the Ombudsman identified a poor understanding of exemptions for First Nations businesses, a disconnect between CPRs and mandatory Whole-of-Australian-Government panels, and conflicting incentives between sovereign capability policies and the overarching rules designed to further small-to-medium enterprises (SMEs) and First Nations businesses.

¹⁴ Weier, M., et al. (2019).

¹⁵ National First Nations Australians Agency (2024). *Strengthening the Indigenous Procurement Policy (IPP) through consultation and reform*. May 2024. <https://www.niaa.gov.au/indigenous-affairs/economic-development/strengthening-indigenous-procurement-policy-ipp-through-consultation-and-reform>

¹⁶ Australian Small Business and Family Enterprise Ombudsman (2023). 'Procurement Inquiry Final Report', *Review of the implementation of the 1 July 2022 changes to the Commonwealth Procurement Rules*, 15 December 2023. <https://www.finance.gov.au/sites/default/files/2024-04/ASBFEO-CPR-Inquiry-Report.pdf>





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4. The international and intergenerational experiences of fostering economic independence for First Nations communities

FNF applauds the decision by the incumbent Federal Government to designate and appoint Australia's inaugural Ambassador for First Nations People, crafting a genuine avenue for First Nations voices in the foreign policy arena.¹⁷ This is an important foray into diplomatic and trade relations, yet it must deliver more than symbolism in the pursuit of sovereignty and self-determination. There remain inherent difficulties when looking abroad for insight and perspective on First Nations advancement due to the idiosyncrasies of individual cohorts, their unique, local contexts, and the task of defining, capturing, and analysing statistically significant datasets.¹⁸

While there is no singular blueprint for justice, reconciliation, and a path to Treaty, we are committed to engaging with foreign counterparts to learn and find fertile ground for partnership opportunities. FNF has identified international outreach as a strategic pillar of its long-term education and advocacy programs in a bid to deepen and diversify the knowledge exchanges we enjoy at the community level. To this end, we were pleased to have a delegation of staff and Board members in attendance at the seventh annual First Nations Major Projects Coalition Conference in Toronto, Canada last month, and (likewise) are extremely grateful to be profiling the work of FNF at a major international summit in Aotearoa New Zealand later this calendar year.

For further information, please contact:

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¹⁷ Senator the Hon P. Wong. (2023). *Ambassador for First Nations People* [Press release]. Department of Foreign Affairs and Trade, 7 March 2023. <https://www.foreignminister.gov.au/minister/penny-wong/media-release/ambassador-first-nations-people-0>

¹⁸ Australian Institute of Health and Welfare (2011). *Comparing life expectancy of indigenous people in Australia, New Zealand, Canada and the United States: conceptual, methodological and data issues*. Cat. no. IHW 47. Canberra: AIHW. <https://www.aihw.gov.au/getmedia/e642269a-f1f5-40d6-92c2-e1a4cd04b177/12324.pdf?v=20230605180940&inline=true>