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STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

(Subcommittee)

Reference: Developing Indigenous enterprises

FRIDAY, 25 JULY 2008

SYDNEY

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**HOUSE OF REPRESENTATIVES STANDING
COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS**

Friday, 25 July 2008

Members: Mr Marles (*Chair*), Mr Laming (*Deputy Chair*), Mr Abbott, Ms Campbell, Mr Katter, Ms Rea, Dr Stone, Mr Kelvin Thomson, Mr Trevor and Mr Turnour

Members in attendance: Mr Laming, Ms Rea and Mr Kelvin Thomson

Terms of reference for the inquiry:

To inquire into and report on:

Opportunities for Aboriginal and Torres Strait Islander people to grow small and medium-size business. This shall include Indigenous controlled enterprises and business in which Indigenous people are joint venture partners.

In particular, the Committee will focus on:

1. whether current government, industry and community programs offering specific enterprise support programs and services to Indigenous enterprises are effective, particularly in building sustainable relationships with the broader business sector;
2. identifying areas of Indigenous commercial advantage and strength;
3. the feasibility of adapting the US minority business/development council model to the Australian context; and
4. whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.

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Subcommittee met at 10.37 am**SCOTT, Mr Mark, Chief Executive Officer, Indigenous Enterprise Partnerships****SNAILHAM, Ms Lyn, Executive, Indigenous Enterprise Partnerships**

ACTING CHAIR (Mr Laming)—I open this public hearing of the subcommittee of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiring into developing Indigenous enterprises. I acknowledge that we meet today on Cadigal land and also on land that is part of the wider Eora nation. The committee also acknowledges the present Aboriginal and Torres Strait Islander people who now reside in this area. My name is Andrew Laming. I am standing in for the chair today, who is unable to be in Sydney.

This is the second hearing. We had a meeting in Melbourne a week ago. We have heard from witnesses and roundtable participants in Melbourne and we will be doing the same thing today. We will start by hearing from witnesses in a public hearing. The roundtable will follow, as most of you will be aware. This hearing is open to the public and a transcript of what is said today will be placed on the committee's website. If you would like further details about the inquiry or the transcripts please ask the committee after the hearing.

I welcome Mark Scott and Lyn Snailham. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament. The giving of false or misleading evidence is a serious matter, which may be regarded as a contempt of parliament. Do you wish to make a brief introductory statement before we proceed to questions?

Mr Scott—Thank you very much for the opportunity to speak today. I would like to give you some background around IEP as a starting point to let you know what it engages in. There are a number of areas where we have some insights to offer from the experience we have had working in Indigenous affairs over the last seven or so years.

ACTING CHAIR—Firstly, I would like to know a little about your background before working with the IEP. Secondly, could you give a brief synopsis of the business model, the corporate governance and exactly how you deliver the services?

Mr Scott—I personally have a very corporate background. I have worked in delivering projects and programs with organisations such as IBM, the Royal Bank of Scotland and Westpac for most of my career. I started to get involved in this space through Westpac, which through Indigenous Enterprise Partnerships, sends around 50 people a year up to Cape York to engage with Indigenous leaders. That is how I came to be engaged in this space.

IEP is a small not-for-profit. It essentially operates as a facilitator between corporate Australia and Indigenous Australia. Our starting point for that is partnership with Indigenous leaders who have a strong agenda for change. On the Cape we work with Noel Pearson in his welfare reform work, and in Shepparton we work with Paul Briggs in his efforts with Indigenous people.

Our operating model is essentially that we bring skilled resources from those corporate partners to support the implementation of change in Indigenous communities. On the Cape that

is based around welfare reform, which has had some strong visibility over the last 12 months or so and now has strong support. It covers a broad spectrum of needs. It looks at housing, social reform and economic reform, and essentially our role is to bring skilled people to work with reform deliverers in helping to make those changes happen.

We started out about eight years ago with Noel and a small group of corporate leaders. They had a recognition that being a corporate citizen was not just about making a buck; it was about making a contribution to the community as well. Inspired initially by Noel's vision on the Cape they started to bring corporate resources to help make a difference.

Some of our corporate partners include Westpac, IBM, KPMG, ANZ, the Boston Consulting Group and a number of other smaller partners. Essentially what we do is draw from them to second project managers, lawyers, IT technicians, HR and marketing people and strategic consultants to help to bring about the change that those Indigenous leaders are looking for. Those people operate on site. They will go up to the Cape or they will go down to the Goulbourn-Murray region in Victoria, and that ranges from a month to a couple of years in some cases.

A component of that work is around building Indigenous business. It is quite widespread, but part of economic reform is about building Indigenous business. It is an area where we have had considerable effort for a relatively small return. Part of what we would reflect on today are lessons learnt from that. We are certainly not sitting here saying that we have all the answers and we know how to make this successful, but we can say that these are the things that we have seen help bring about success and that is built on a number of areas that have not succeeded.

The main areas where we can offer input, and which I can talk to in more detail depending on where you would like to go, are around the skill gap that Indigenous people have in getting business started and the value that access to skilled people can bring. That would be the first one we could talk to in more detail. And also some of the criteria that we apply in trying to assess which potential Indigenous businesses are likely to be successful and are therefore worth applying what is a limited supply of resources to help. And what we see as the critical role that employment plays in driving Indigenous business. I can talk to any of those in more or less detail depending on where you would like to focus.

ACTING CHAIR—I would like to start by understanding the genesis of IEP. Was it an individual who drove the process via an approach to a single corporate from which others were recruited?

Mr Scott—It started with a small group of people. Colin Carter from the Boston Consulting Group and also the AFL Commission, Ann Sherry, who until recently was a key executive at Westpac and now runs Carnival Australia, Charles Lane from the Body Shop, and Noel Pearson were probably the four key people at the start of it. They were the genesis of it back in around 2000.

ACTING CHAIR—As to the element of that partnership's mutual benefit, is part of the activities of IEP promoting to those who join some of these partnerships the particular benefits for them? What is in it for the corporates?

Mr Scott—Absolutely. I do not think we could do this role, because we are not natural salesmen, if we were not able to go to a corporate and say, ‘This is good for you.’ The key things that our corporate partners draw from this are primarily a sense of doing the right thing. All of our corporate partners have a desire to make a contribution to the community. That is their starting point, but there are benefits that build from that. The first of those is around brand. They have an opportunity to build their brand and say, ‘We are more than just a corporate making a buck; we are making contributions to our stakeholders and our community more broadly.’ That has flow-on effects in terms of employees. Most large organisations these days recognise that there is a war for talent, and they have a desire to have programs that can attract and retain people. Programs such as secondment programs are an important part of that.

ACTING CHAIR—Is part of that secondment agreement some quid pro quo for those who elect to do that? For instance, if you go and participate in the Cape for X number of months, in return you will be offered the opportunity either to be promoted or rewarded in some other way?

Ms Snailham—It tends not to be quite as explicit as that. One of the things that we have found over the years is that the most important aspect for someone who is keen to be seconded is that they want to do it. It is inevitably a challenging/stretching part of their career. If they are doing it purely as a means to an end for promotion or something, it is unlikely to really be of great benefit. By and large the most important criterion is that somebody really wants to do it. What they invariably get out of it is an incredible personal development experience and the opportunity to apply the skills that they use quite easily in a corporate environment in a much more difficult and challenging environment, and most people respond to that.

ACTING CHAIR—Of the ingredients in this mix which one is the rapid big step, the number of corporates willing and wanting to do it, the resources of IEP to foster those links, or at the demand end the numbers of Indigenous people wanting to get involved in start-ups?

Mr Scott—That is a good question. If we take the latter, we have far more demand than we have supply of skilled resources. Just looking at the two sites where we operate, on the Cape and at Shepparton, we are consistently getting requests for support across a diversity of skills that we are unable to meet. That demand is absolutely there, and that is only looking at those two sites. There are many more sites that could benefit from the model.

ACTING CHAIR—What do you do to build the appetite of the corporate sector to do more?

Mr Scott—That is what we see as fundamentally IEP’s role. Having understood the agenda of Indigenous leaders in certain regions, and having decided that we will support that agenda, our role is to build that recognition in the corporate space and to get more corporate partners on board. In the last year, new partners have included IBM and KPMG. That is very much our role. What is the constraining factor there? I think there are two. One is that IEP is a very small organisation. You are looking at two-thirds of the total staff, and so there is a limit to the capacity to get out there. We have a very high-powered board, which gives us access to the right people in corporates. That is the first constraining factor.

Secondly, corporate social responsibility is something that is building momentum in Australia. It is fair to say that we are probably behind our counterparts in the UK and America in recognising across-the-board the importance of corporate social responsibility, of corporates

making a contribution beyond an economic one. That needs to grow, and we can be part of growing that. I think we will see more corporate partners take an interest. A successful economy is a key part of that. A robust economy is important.

ACTING CHAIR—Two common criticisms would be that, first, the partnerships are not there for long enough, and the individuals do not commit there for the long term. The second criticism would be that these are individuals with predominantly high-level skills that are not the skills that are missing in parts of remote Australia; that we actually need people with a different skill set to do it well. How do you answer those two criticisms?

Ms Snailham—There are a couple of responses to that. The challenge around the amount of time is something that we are very cognisant of. Mr Scott mentioned at the beginning that secondments vary from one month to a couple of years, and really those longer term secondments are there to provide the continuity, the longevity and the context for the shorter term secondments. It is true that we started off in 2001-02 with predominantly short-term secondments, but it became clear quite quickly that on their own they were not really there to deliver a benefit, and so we complement those now with the longer term secondments. That is how we get the balance, but it is still a challenge to get the balance right.

ACTING CHAIR—Ms Rea is here via telephone. Coming from Queensland, I wanted to check that you did not have any questions for IEP on their work in the Cape.

Ms REA—Not at the moment. That is fine. It is a little hard to hear everything. I am listening quite intently. I should flag that I have another conference at 11 o'clock. I am going to drop out of this for a little while, but I will try to come back during the day.

ACTING CHAIR—Certainly feel free to jump in at any time. We will continue with IEP until around 11 o'clock, and I will continue to ask a few more questions about the Cape in particular, so stay with us as long as you can.

Ms REA—I will talk to you later on.

Mr Scott—Could I offer a thought on the second part of that question, the skill set and its relevance. I can speak from personal experience there. When I first went up to the Cape in late 2001 I went up there, like most secondees, entirely uncertain as to whether I could do something useful. I had a little engagement in Indigenous affairs. I had a skill set that had been applied in corporates and I wondered whether I could be helpful. I quickly found that they had a family income management project, which is about building people's capacity to utilise money in a constructive fashion. What they had was an idea for that and what they needed was someone to translate that into a reality so that people could actually save money, build budgets and so on. Very quickly what was evident to us was that we had a very relevant skill set. Project management, turning things from ideas into reality, was immensely relevant to what they were trying to achieve. The key to our being successful in applying that skill set is the facilitative role that IEP takes. We spend a lot of time with a very hands-on approach understanding what they are trying to achieve with a project or a stage. We ask what are the jobs that need to be done and then find people that fit to that.

ACTING CHAIR—I would like to move the focus to some more general questions, given that we have about 10 minutes, and then we will finish with some Queensland specific questions particularly around the new alcohol management laws in Queensland, the impact of that and also whether there are adequate diversionary programs in place. Part of that of course is fostering Indigenous business development as an alternative for communities on the Cape that are under those restrictions at the moment. Very briefly, our particular focus in our terms of reference is the role of a minority business council, one that has been proposed and implemented in other nations. Do you have any view on the role of such a council in Australia?

Mr Scott—I would offer some thoughts around the minority business development work in the US. It is clear that in Australia corporate social responsibility has been driven by a desire to do the right thing and those other things we talked about around brand and so on. Looking at supply chain management and supplier diversity within that, which is largely what that minority business development has been around, can become part of that. It can become part of the corporate social responsibility in Australia. There is great opportunity there for minority businesses and for Indigenous businesses to take advantage of that. There are risks of course in any form of affirmative action. We have seen that from attempts in the past, but we would see that as an opportunity.

One of the things that has come out of the minority business development in the States is that, if you look at a group like the Billion Dollar Roundtable, it is seen as bringing commercial advantage as well. It is not just about brand. They also view it as bringing an explicit commercial advantage. If that can be proven to be the case and the minority business council can bring forward those sorts of compelling arguments to corporates, that will grow considerably. It will move just being a doing the right thing brand thing to actually ‘this helps us make a buck’, and that will spread its appeal. Putting that sort of argument and influence in front of corporates will be key to the success of such a body.

ACTING CHAIR—Do you see any other incentives from government, either state or federal, that would be effective in that arena?

Mr Scott—I would take a step back there and make a reference to the disincentives for Indigenous people to either get into employment or to start their own business. In our experience, which is largely a Cape remote experience, which is of course only a subset of Indigenous areas, one of the biggest disincentives is welfare. It is hard for someone to step down from a welfare pedestal and to move into a lower paying job and for anybody to take on what is a high-risk start-up for a small business. That is of course a complex area and we would see that as another key area to address.

Ms REA—One thing identified in Melbourne was the issue of stepping down from welfare—

ACTING CHAIR—Unfortunately, we caught your comments about the welfare pedestal, but there is a very intermittent break in the transmission, meaning that we miss every second word.

Ms REA—That is all right. I will go and I will talk to you later.

ACTING CHAIR—Thank you for being with us.

Mr Scott—I would like to offer one more thought on that. Another area where federal and state government can play a strong role is in supporting the development of organisations that get Indigenous people work ready. For many people, in particular those coming from remote areas, there is significant disadvantage attached to growing up in those communities. They are not people who have great opportunities to be exposed to mums and dads running businesses or even, in many cases, mums and dads going off to work every day, and that is a significant disadvantage to carry forward. What it means is that we see a large number of organisations that are keen to grow their number of Indigenous employees, but there is a real gap between where many of those people, in particular those from remote communities, are at in terms of their work readiness and their capacity to take on a role with an organisation. There are a number of service providers—MYUMA in Cape York is one of those—that do a good job of helping people to become work ready. They can be simple things around a work ethic, building confidence and building capacity to manage money and so on. That intermediary step, helping people to bridge that gap, is a critical one. We do not play in that area, IEP, but we see that as critical.

ACTING CHAIR—That is an enormously complex area, that is, how do we bridge that gap, increase retention, and even the relevance of education to promote retention at school.

Mr Scott—Absolutely.

ACTING CHAIR—In the end, if we are losing in many remote communities many students at the age of 10 to 14, what do we do in that intervening 10 years? Do you have any suggestions as to what we could be doing in that very difficult period, including the options for orbiting, obviously moving away for education or work, in some of these more remote locations?

Ms Snailham—There are a few aspects to that. Certainly there is no denying the importance of education. One of the organisations that we have worked with up in Cape York is Djarragun College, which you might know about, just south of Cairns. The college caters primarily for Indigenous students, but really has a very clear remit around mainstream education. It is a great place to visit, and most of the students who graduate from Djarragun progress into jobs because they have a clear expectation and they are surrounded by a clear understanding that when they finish year 12 or year 13 the next step will be to take a job. What is difficult is if they go back to their community in remote Cape York or Torres Strait and there are not many opportunities for them. That is where we see an opportunity for small Indigenous businesses playing a part. For example, if somebody has learnt hairdressing, there is no reason why they cannot do that role in some of the more remote communities. What they need to help them do that is access to the sort of people that we can make available, who know what it takes to run a business so that when they are starting out they have some of those skills and expertise available to them rather than starting out with a blank piece of paper.

ACTING CHAIR—Do you have any comments on how the environment has changed since the alcohol management laws came into effect in Queensland in February? Are there any significant differences to your operations this year compared with perhaps the same time last year?

Mr Scott—The alcohol management plans in Queensland have been introduced over a period of years and it is fair to say that we have seen significant change in those communities in that time. Of course, alcohol and health are again just one area and you cannot solve a problem by

just picking one area. It is fair to say that in communities that we work in, for instance, Aurukun, there is substantially less alcohol being consumed and that appears to have an effect on aspects such as domestic violence and so on. It grows some other problems. The desire for people to run grog in has grown and that means that there will be the occasional riot because there is a large amount of alcohol that comes in or there is more antagonism against the police. It does grow other problems, and there are other substance abuse issues that can grow from that, but our experience would be that there is less domestic violence and the like in those communities as a result of those laws.

Mr KELVIN THOMSON—In 2004 you indicated that more than 50 business start-ups in the Cape York region were taking place, with 40 in incubation. How have they gone? How many have been sustained, in what line of business are they, and are there any factors that make some businesses succeed compared with others?

Mr Scott—I do not have the number in front of me. I would say that the businesses that we have been involved in that have been successfully sustained would be around the dozen mark. That is substantially less than the 40 or 50 that we put forward in 2004, and I would say that through that period we have probably been involved in something like 80 to 100 potential start-ups. It is a relatively small number that get up and are sustained. In terms of the sorts of businesses, they are ones that are fairly natural to the environment and to the opportunities that people have. The most successful ones are tourism businesses that have a natural link between the Indigenous people of the area and their culture and their country. That has clearly a lot of beneficial effects and that is where we see the majority of those successful businesses. There are also other successful businesses around timber, mining subcontracting and fishing. Clearly on the Cape they all relate to the natural environment and the opportunities that present themselves. So there is success there in those businesses.

To your question about what makes those successful, we would pick out a few things. Firstly, there needs to be a sound feasibility study and business plan done up front that says, 'Is this a viable business?', and that is where IEP can play a support role, in bringing people who are able to assess a market, do a financial forecast and look at what capital is required and so on. That is what we see as the first one.

Secondly, IEP and other people can play only a support role. Ultimately it is whether there is a strong persistent Indigenous individual who is able to take that business forward. That is at the heart of it, and that is someone, in our experience, who has a commercial focus. In any sort of social enterprise there is a difficult balancing act to be found around how much is enterprise, making a buck, and how much is social, helping to look after people. That is not an easy balance to find at all. What we have found is that the most successful businesses are the ones that say, 'I want to do this for social reasons, I want to help out people, my family and so on, but primarily I want to make this a successful business; I want to make money out of this.' We find that those are the ones that tend to be more sustaining.

Mr KELVIN THOMSON—Having set this up in Cape York and also in the Goulburn-Murray region and looking at it from the public policy perspective, what do you think is necessary from our point of view to provide support for Indigenous entrepreneurialism in regional Australia?

Ms Snailham—There would be a few different components to it. I definitely think that access to skilled people helps. You might grow up in an environment where you do not have parents, friends, aunties, uncles and so on who have run their own business or where people can help you out as a lot of people in mainstream do. There is an element, as Mr Scott mentioned, of quite a small number of sustained successes, but it is also important to remember that that is true in the mainstream community as well. Of all the small businesses that get set up there is quite a small percentage that are sustained and successful. In the Indigenous environment we tend to be much more conscious of the fact that some of them are not sustained and successful, but that is perfectly normal, so that is important to bear in mind.

The alcohol management plans do make a very positive difference. There was some concern a few years ago when they were first introduced that they might discourage tourists and people who could help make Indigenous businesses successful. I do not think that is the case at all. I think by far the positive of those outweighs that very small risk, and for most people, from the tourist perspective, the opportunity to go and visit those regions and to be confident that you are in a safe place and not at any risk far outweighs the small downside of not being able to take a bottle of wine or whatever.

Mr Scott—Another one is to recognise that Indigenous business on its own will not solve our broader Indigenous disadvantage issue. That does need to be part of a broader program. The welfare reform program on the Cape is an example of that. We need to be addressing housing issues, social issues and so on at the same time, and there needs to be programs under way, otherwise someone who has a great idea and wants to get a business up will too often be pulled back down and drawn back by those other challenges. The second one is around employment. For any of us having a good education and having employment experience is key to being able to run your own business. If we want to build a pool of Indigenous entrepreneurs we need to be building a much larger pool of Indigenous people who are able to step into employment and are supported into that employment.

ACTING CHAIR—That concludes our questions and we thank you very much for your contribution to the inquiry.

[11.11 am]

LIDDIARD, Mr David James, Chairman, Message Stick Group

McLEOD, Mr Michael, Chief Executive Officer, Message Stick Group

RUSSELL, Mr Dugald, Director, Message Stick Group

ACTING CHAIR—Welcome. Although the committee does not require you to speak under oath, please understand that these hearings are formal proceedings of the Commonwealth parliament, and giving false or misleading evidence is a serious matter that may be regarded as a contempt of parliament. Do you wish to make a brief introductory statement before we proceed to questions?

Mr McLeod—In a sense, my appearing here is a personal journey for me, in the context of being one of the Stolen generation, with drugs and alcohol affecting my life, heroin addiction, homelessness for a number of years in my late twenties, to getting clean and sober and making a decision that I no longer wanted to be on welfare, ‘What do I do?’ That has led to the path of establishing the Message Stick Group, and from that the question has become: what lessons can I give back from my experiences? For me that is basically what this is about, and then what are the opportunities that exist for Aboriginal Australia as we move into the future with respect to Indigenous economic and engagement strategies. Of course, in relation to the terms of reference, point 3 is very much about the feasibility of adapting the US Minority Business Development Council model to an Australian context.

Mr KELVIN THOMSON—Could you tell us a bit more about the two businesses that you have been doing, the Communications Arm and the Carbon Group?

Mr Russell—The Communications Group is a reseller model. It buys services from established infrastructure owners and resells those services to end-user customers. The business is very deliberately aimed at corporate/big business and big government. It has been going for about four years and on a commercial basis it has been very successful. As we speak it probably has a turnover of around \$3 million. It is very profitable, it has no debts and it has a rosy future.

The Message Stick Carbon Group business is nascent. It has been set up to take advantage of the opportunities that will come to remote Indigenous landowners if the emissions trading scheme is designed in a certain way. From recent announcements from government and others it looks like the emissions trading scheme does include offsets from forestry in the scheme. Therefore, that brings remote Indigenous landowning communities into play into national carbon markets and global carbon markets. The Message Stick Carbon Group is set up to take advantage of that, if the emissions trading scheme proceeds down that route.

Mr KELVIN THOMSON—In relation to that, to whom are you selling and what are you selling to them?

Mr Russell—In relation to the Carbon Group?

Mr KELVIN THOMSON—The carbon trading, yes.

Mr Russell—There is no trading at the moment because there is no scheme, but the proposal is that Indigenous landowners retain the ownership of their land in any project. In the example of growing trees to create carbon credits, trees would be grown on their land. There is a benefit there in terms of skills transfer from the project operatives into the community. The carbon credits would be for sale to large corporates domestically and, depending on global schemes, globally. Why would someone buy a carbon credit from an Indigenous landowning community? Organisations will either be voluntarily buying credits or will be doing so because they are mandated to do so. They will have a choice to buy credits from lots of different sources. This is an opportunity for Indigenous people to put up their hand and say, 'My credit costs \$22. Their credit costs \$22. The money that you spend on this \$22 will be channelled into my community and the outcomes that I will create from that revenue are X, Y and Z.' An attractive feature to everyone is that these income streams are long term. For the credits to be accredited, these carbon credits need to be long term and they need to be in the ground for 30 to 40 years, which creates 30 and 40 years of income streams.

Mr KELVIN THOMSON—Which areas of landowning or landholding are relevant to this?

Mr Russell—It is rainfall related, although mallee scrub, which is natural to Australia, based on how the trading scheme is looking, will be in play. Tens of thousands of hectares of mallee scrub can provide significant income streams if managed properly.

Mr KELVIN THOMSON—I was just thinking about the Northern Territory. For example, I have been told that the greatest source of carbon emissions from the Northern Territory comes from burning. Is it potentially part of the scheme that land is not being burnt and, as a consequence, carbon is being stored or sequestered and the idea is that you measure that and you get a credit on the basis that it is being stored and sequestered, rather than being burnt and sent off into the atmosphere? Can you then sell that?

Mr Russell—At this stage it looks like a win-win for all stakeholders. It is very speculative, though, as it is early days. The business is not trading and has not started. We have set it up so that, if all the conditions in the environment come together, we can help in that regard.

Mr KELVIN THOMSON—One of the relevant issues here is being able to measure it. What has been suggested so far is that the agricultural side will not be included because it is too hard to measure, but the forestry side, storing of carbon, will be included. Do you have any thoughts or have you done any work on the measurement side?

Mr Russell—I am an accountant, not a scientist, but we have engaged the CSIRO, who are arguably world leaders in this area. Their input into our business model would manage that area. I am not going to attempt to go into the science of that, but it is a very measurable asset.

Mr KELVIN THOMSON—I turn to the idea of an Indigenous minority supplier development council. You have suggested that this might be established in Australia. Perhaps you could tell us a bit about how you see such a council, how it might function and what benefits and services it would provide to Indigenous businesses?

Mr McLeod—It comes from our own experience. As we developed our business, via Googling and so on, to find out whether there were any other models that were similar to ours. I consider Message Stick itself to be a minority owned business or an Indigenous business enterprise that trades directly and solely at this stage with top-end corporates and governments that have a desire to do business with us. That is the whole issue. This is not about a handout or anything. It is about us doing direct business.

We looked around and in the US we came across the National Minority Supplier Development Council, which is similar in essence to what we were thinking of establishing in Australia. That not-for-profit organisation sits in between about 3,500 US corporates and 15,000 minority owned businesses. ‘Minority owned businesses’ over there are defined as Hispanic, Native American and marginalised communities or groups. This not-for-profit organisation sits in between those basically as a filter for these 15,000 businesses to make sure they are business ready before they are introduced to these big top-end corporates.

In our business we found that the difficulty of approaching a corporate and doing business with them if you are not business ready was a big issue. The last thing a big corporate wants or their procurement officer wants coming through is a whole stack of small vendors. It seemed important that we looked at the similarities of the US model and the need to set up a hub in Australia. Then again you have to have the IBEs, the Indigenous business entrepreneurs, here.

In relation to the US model, in 2006-07 the procurement dollars flowing from 3,500 US corporates to 15,000 minority owned businesses were about \$110 billion. They have been at it a while now, about 35 to 40 years. That is enough for us to see that a model could be established here. We have a lot of US based corporates here that are aware of that model. The model in the US is being exported around the world at the moment. They have it in Canada and it has been very successful in that sense in the four years since it has been set up. It has been in the UK for two years and is doing very well.

Mr Russell and I had the opportunity to travel over last year to meet with the president of that organisation, Harriet Michel. To see it in action was an amazing experience. We met with her and ran by her whether it would be possible for us to do that here in Australia. She gave us her organisation’s unequivocal support if we wanted to go down that path.

Mr KELVIN THOMSON—The United States with 15,000 businesses is a big show and clearly whatever number we are is much less than that. The issue is whether there are enough Indigenous businesses ready to engage with a supplier council in Australia and, if not, how do we get to that point?

Mr Russell—Yes, there are. The proposal would be to manage the introduction of the model into Australia very carefully, very slowly and very deliberately. The proposal would be to have a three-year pilot program, and that pilot program will be managed very carefully towards some very clear objective outcomes so that, at the end of the three years, we, the stakeholders, Australian government, corporates, Aboriginal people and non-Aboriginal people, can see the outcomes and then have a more informed debate about this.

From the work we have done in the last year or two the answer is, yes, there are enough to start a pilot. We put out feelers not too long ago and had a very interesting response. The feelers

were just around Newcastle, Sydney and Wollongong. We very quickly had a list of 10 Aboriginal businesses that wanted to participate in the pilot. As we have moved forward over the last six months or so we have been approached by organisations that say they represent certain groups of Aboriginal businesses—these are chambers of commerce—saying, ‘We’ve got 60 Aboriginal business members in our chamber.’ Two separate chambers have said this. Both said they had 60; I do not know why. They said, ‘We have heard about this. We all want to participate.’ That is why I say, yes, we think we have a pilot group to start with. I think we will be deluged, and that needs to be managed very carefully.

Mr KELVIN THOMSON—What about the other side, recruiting corporate members to a supplier council? How would you see that happening?

Mr Russell—Mr McLeod mentioned that the model in the States has been exported. That is because the corporate members in the model, through the process of globalisation and their need to demonstrate corporate responsibility in the countries in which they operate, said to the peak body in the States, ‘We want to move our model elsewhere.’ They did so. Canada was first and they have done that successfully in the UK as well. Out of the 3,500 members that Mr McLeod mentioned, at least 100 operate in Australia. The names you will hear over and over again in this discussion are IBM, Dell, Motorola, Citigroup, Pfizer, Goldman Sachs, and so on. Your question is: what about recruiting them? Because we have the support of the peak body in the States, Canada and the UK there is a list of American corporates that want to participate in the introduction of the model into Australia. We know that because in September they will be jumping on a plane and will be in Sydney and Canberra in September for that very purpose. That is before we have even spoken to Australian corporates seriously about this.

Mr KELVIN THOMSON—I do not have any other questions, but I will take the opportunity to congratulate Mr Liddiard on the Churchill Fellowship. It was terrific to read about that, and I am sure that will be beneficial for everybody.

Mr Liddiard—In relation to the Churchill, my subject matter is supplier diversity. I will be with the group here in September for the week and then heading over to New York, Washington, Chicago, Canada, the UK and Beijing to do some real study on the models in their countries and hopefully bringing that practice back here and putting it in place.

Mr KELVIN THOMSON—We would be interested to hear from you once you have had the opportunity to do those things.

ACTING CHAIR—In the time we have remaining I would like to focus on some short responses to a series of small questions around the challenges for a minority business council. Firstly, could you identify who you think would benefit most significantly as far as Indigenous business goes and whether remote and regional business would have a chance of benefiting from the model as you proposed it? Are there any risks to SMEs that might be deciding to jump in and support such a council, and how do we reduce that risk to maximise their involvement? Lastly, what are the other challenges both with government regulations, regulatory frameworks or any of the structures in place at the moment that might end up becoming an impediment to the function of an Indigenous business development or minority council?

Mr McLeod—I take ages to answer questions like that.

Mr Russell—I will try to answer that very quickly. Who will benefit? In the short term the Indigenous business owners are likely to benefit because they will have an upfront start to the procurement door of the corporates. In the long term over two, five, 10 or 20 years, we would like to think that this will make some inroads into welfare dependency. As we have 10 businesses today, we may have in 20 years time some thousands of businesses.

You asked a question about remote and rural regions. The answer is, yes, if the model operates properly, as it is doing overseas, this very much involves state and local government as procuring agencies. For people like us that gets exciting because, as we know, there are a lot of Indigenous communities around regional cities, and we feel that this model can work. We would counsel, though, that we need to prove it carefully first before we try to do too much over the years. Can you repeat your question on the risks, please?

ACTING CHAIR—How do we reduce the risks to SMEs that might well be wanting to support the work of the council to ensure that they are not worse off after such an arrangement?

Mr Russell—If you are speaking to a small business and asking them how they will be worse off by introducing them to the procurement officers of your customers, it is hard to understand how. Where we are going there is: will they take on too much? One of the roles of the council will be to counsel and mentor. There will be avenues that are attached to the council to help these Indigenous business entrepreneurs as they are sitting in front of IBM, Telstra or NAB about to negotiate business. We suspect that we will need support mechanisms to sit beside, and there is a role potentially for government or other not-for-profits that already exist today. Government challenges?

ACTING CHAIR—Regulatory frameworks or any other impediments to the function of the council?

Mr Russell—We do not think so. What this may do over the years is open debate with more facts available to us to talk about government procurement policy, but we are certainly not suggesting today that we have that debate. We would prefer to have some facts on board, and we are happy to wait for three years. I have an answer here of, no, but I have forgotten what your last question was.

ACTING CHAIR—I have too many questions in the time we have remaining. As to my real question that has not been answered, I know we define Indigenous business as a 51 per cent ownership, but what about in regional or remote areas where you have significant Indigenous involvement in a non-Indigenous owned business where there might be an emerging potential CEO or senior Indigenous people involved in the management and the everyday work of a business? Are they eligible to participate or to seek some of these contracts if they are not Indigenous owned?

Mr Russell—The answer is, no. The model as we know it—and we know it well—and the way it works and has been successful overseas is that this is about wealth generation for individuals who happen to be Indigenous people, and the key has been the majority ownership and control of the entity.

ACTING CHAIR—Finally, are there any concerns that people may say that there are still a large number of Indigenous businesses, while SMEs may elect to throw some business their way, that are fundamentally not yet globally competitive for this to be a rational business decision? You may well have some people entering into a partnership on the grounds that it is socially the right thing to do in an altruistic sense, but there is still the notion that until these suppliers are globally competitive or at least even nationally competitive that we are effectively just wearing a burden for the sake of altruism.

Mr Russell—Another benefit of the model is that the ground rules are set. You are either competitive from a price and service perspective or you are not, and be prepared to be sacked. Those are the ground rules under which the corporates join the program and the businesses.

Mr McLeod—I will add that that is actually what the council is there for. It is a filter to make sure that the IBEs are ready to do business. There is no point sending them through. Who are the members of that council? It will incorporate Australia, global, or whoever decides the structure of that council, and that is important. We recognise that from our experience. I would like to add that this is not the silver bullet for all the issues of Aboriginal Australia. It is just one plank in the Indigenous economic engagement strategies. As to that third point, the feasibility of it, it can happen here and we need to look at it. As Mr Russell said, it will be controlled and we will be very cautious in how we move forward. Those who are involved have a passion. It is exciting that the IBEs are out there.

ACTING CHAIR—Thank you very much. We look forward to your participation again in the roundtable later today.

[11.36 am]

DODD, Mr Paul John, Chief Executive Officer and Director, World Indigenous Cultural Exchange and Economic Development Organisation

LOGAN, Mr Russell Mark, World Indigenous Cultural Exchange and Economic Development Organisation

ACTING CHAIR—I now call Mr Paul Dodd and Mr Russell Logan from the World Indigenous Cultural Exchange and Economic Development Organisation, which we will refer to as WICEEDO, to give evidence. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter that may be regarded as a contempt of parliament. We would like to offer you the opportunity to start with an introductory statement, particularly given that you have a wide range of activities. Can you describe your job before WICEEDO, what brought you into it and to establish it, where the work is based and the nature of the work?

Mr Dodd—Basically, I am a Bundjalung man. I acknowledge the traditional owners of the land on which we meet. I have been a public servant for the last 23 years. I grew up in Mount Druitt. I had a paper run in this train factory when I was a kid. WICEEDO is an emerging company. We are starting to trade now and it has been two years of building our company together. We have set up a structure to have non-executive directors with us and basically they provide all the expertise. They are CEOs of large corporate companies and they provide us with good informed business acumen.

Mr Logan—I also acknowledge the Eora people, the ground where we are gathered today, and pay respect to the elders past and present. I am a Goodjingburra man from Bundjalung in the far north of New South Wales. I come to WICEEDO with 20-odd years in the Australian Public Service mainly dealing with Indigenous affairs, Indigenous service through housing, employment, education and training. Currently I am holding the record for the longest chairperson of a local Aboriginal land council. I am up to eight years and I keep getting re-elected, which is a good thing.

ACTING CHAIR—You might want to give us some of your tips.

Mr Logan—A lot of energy. The thing for me is passion, looking out where my people are and where we are heading. I acknowledge and thank you for the opportunity to have input into the inquiry, because it is something that is close to us. For me personally and also for the company I am involved with there are two issues. There are people working in Indigenous affairs; the other side is the Aboriginal product, the people. You have the enterprise side and the social side.

ACTING CHAIR—When was WICEEDO set up?

Mr Dodd—Officially through ASIC in November 2007, but we were building the foundations for two years.

ACTING CHAIR—You have a relationship with Leightons?

Mr Dodd—Yes, and quite a lot of other corporates now. Leightons is intrinsically linked to the three major areas that we have. We have WICEEDO Housing, we have the Eat it Wild franchise and Carbon Culture. Like I said, Leightons has been building our capacity to partner on a lot of these initiatives. We also wanted to talk here about how business does engage with Aboriginal communities.

ACTING CHAIR—Yes, and you may want to describe the Ngarda model as well.

Mr Dodd—Yes. Obviously, Ngarda was picked up in 1999 from a private company, and the capacity of Ngarda was built up. However, Leightons in 2006 went into a joint venture and took 50 per cent of Ngarda, which built their capacity to go for big contracts. Ngarda has the largest ever contract in Australian history for an Aboriginal commercial company, \$300 million to do BHP's rejuvenation around mining and so forth. Leightons has pretty much adopted us as a group now to build our capacity and position us to be in alliance with them.

ACTING CHAIR—Is that effectively to pick up the kind of work that Ngarda has been successful in securing?

Mr Dodd—Yes and no. Ngarda is basically for mine rejuvenation and around the mining industry, but it has a construction arm now. The three major projects where Leightons is involved with us is housing in the Northern Territory; they have gone into an alliance with Ngarda for some of the clusters up there. We are downstream in terms of supply. Over the last two years we have been to China quite a few times to establish a supply chain. The model is to bring in prefabricated houses from China. Basically, the model is around sweat equity, getting community to participate in building their own houses. If you put in your sweat, blood and tears, maybe no-one will punch a hole in the wall and so you get real ownership of the build. The money does not go out as it does when a non-Aboriginal builder comes in, builds a house and leaves. We try to build the community.

ACTING CHAIR—Where are you at with proposing that to either governments or individual communities?

Mr Dodd—We have not gone through government. We are downstream on the alliance. There was a barrier for Aboriginal businesses to participate in something like the housing intervention. You had to have \$50 million expenditure to participate in the alliance. A lot of Aboriginal builders are way down the stream for that. Again, we became subcontractors and suppliers to the major alliance.

ACTING CHAIR—Can you tell us more about the Green Teams?

Mr Dodd—One of the contracts that we have at the moment is in northern New South Wales. They are wanting to commercialise the CDEP program. There have been Green Teams and Rejuvenation Teams for the last 10 to 15 years on the work for the dole, CDEP. They decided to

commercialise that. We are in the process of linking them up to Leightons. Leightons own Thiess, Holland and quite a lot of civil engineering companies that do the roads and the Pacific Highway. Our link to them is, first, to identify the gaps with these teams, build them up and resource them. The federal government is putting in for the resources. They are then linked up to the developers and the contractors as a preferred contractor.

ACTING CHAIR—Effectively you are doing rejuvenation work?

Mr Dodd—Yes.

ACTING CHAIR—Handing out that contract?

Mr Dodd—Yes, on the roads. When you build a road there is landscaping that has to be done. There are millions and millions of dollars of contracts.

ACTING CHAIR—Do you remain on CDEP support?

Mr Dodd—No, they are going to commercialise the teams. They are moving them off CDEP and making them a commercial entity. That was the pathway that was supposed to happen for the last 25 years.

ACTING CHAIR—What is your role in that commercialisation?

Mr Dodd—We have been given the contract to broker the contracts but, first, to identify the gaps and do a capability and capacity needs assessment of the teams. We then go back to FaHCSIA and DEEWA. They are there to support with the resources, bring them up to speed. There is skills transfer, and then we put them in line for the contracts.

ACTING CHAIR—Is this a community owned enterprise?

Mr Dodd—Ours?

ACTING CHAIR—No, the Green Teams?

Mr Dodd—They are CDEPs, but we are in a transition from that social stuff over to commercial. We see that you really need commercial drivers to influence the social outcomes. They will be a company.

ACTING CHAIR—Who are the shareholders in that company?

Mr Dodd—Those CDEP groups will be the shareholders.

ACTING CHAIR—So, two-thirds of the team does the work and two-thirds of those profits are repatriated to the community organisation itself providing the workforce?

Mr Dodd—Under the contract, we will get five per cent for the brokerage, which is standard brokerage, and the commercial team will get 15 per cent. That commercial hub are those seven

Green Teams along the Pacific Highway, from the Hunter all the way up. They will become a commercial entity themselves.

ACTING CHAIR—Let me get this clear. The workers are employed using the funds provided to do the rejuvenation, but then 15 per cent of all of the net profits after expenditure go back to?

Mr Dodd—The commercial arm of it. It is like Ngarda. Ngarda has community shareholders and Leightons, of course. After wages and everything you have the profit and that gets shared out to the shareholder groups.

Mr Logan—A good example in the past is that CDEP has always had that social sort of program that falls in line with Centrelink, work for the dole and other programs to have Aboriginal people participate, and that was the focus, but it was always underutilised. A good example is lawn mowing. In a lot of communities our elders are basically in housing properties, which required the Department of Housing to call for tender for lawn mowing contracts. So under CDEP you can purchase lawn mowers and whipper-snippers, create a team through CDEP so that you can purchase a small ute and so on. They are also involved in TAFE to be able to do weed identification, horticulture and landscaping. Then they can become commercialised. They can be registered as a business and then be able to compete against Jim's Mowing or any other competitor because they do not have the overhead, capital costs of paying for the equipment. So if someone quotes \$40 an hour they can come in at \$20 an hour. Over a 12-month period they can then exit from the CDEP program and then tender for their own contracts, be self-sufficient and have a successful business.

ACTING CHAIR—Do you believe that there needs to be more incentives for either government or the private sector to enter into these joint ventures? Do you think that there needs to be more than what is currently available?

Mr Dodd—From a government point of view we have Aboriginal participation guidelines. They are only guidelines. We need to get real leverage off contractors. At the moment it is a tick and flick. The going rate is 2.5 traineeships, and you have completed the Aboriginal participation plan. I think it needs to transition from guidelines over to policy and managers of government departments need to have performance agreements based on Aboriginal employment and so forth so that it becomes real rather than just a tick and flick. And that is what companies do because it is only a guideline; it is not a policy.

ACTING CHAIR—Do you think that there should be some tax credits that might be an incentive? Or perhaps it should be as we have seen in countries like Canada where a minimum Indigenous involvement is at a level that is determined by the population of the region where the enterprise occurs. So, if it were a mining venture it would be 17 per cent or 70 per cent Indigenous depending on the population? We are looking for some ideas that you think that government should be adopting to make business even more enthusiastic about entering such agreements.

Mr Dodd—Bill Moss will be here later this afternoon. I know that he put up a paper about tax incentives for business to engage community. That is fine. If anyone can get a tax break, they will. Your accountant will tell you that. But one of the things that we are doing is we are actually

going to corporations. And I think some corporations like Leightons, for example, know that in the next 20 years, because of Australia's ageing population compared to the Aboriginal population, we are going to be the workforce so they are investing. I think another company that I did not put in there in relation to corporate culture is we are doing some stuff with large corporations in association with Dare to Lead to look at a process of culture awareness with, first, the CEOs and then you move on to developing statements of intent or reconciliation action plans and then workforce plans. So you are starting to feed it now rather than having to do it because of a quick buck that you can offset.

ACTING CHAIR—Can I ask about two areas that are unrelated. The first one is to get some more details on carbon culture. You would have heard of Message Stick's work in carbon offset marketing?

Mr Dodd—Yes.

ACTING CHAIR—How is this carbon culture different?

Mr Dodd—I suppose we are different in the sense that those forests out in remote communities are pretty much one-dimensional. We are looking at research and development. We have actually got two Aboriginal communities who have given us in principle a square kilometre, 100 hectares of land. We are negotiating with Leightons for another two there. And the Department of Environment and Conservation has also linked us up with another one up in the highlands of northern New South Wales. We are proposing to look at permaculture and creating these carbon sinks that are biodiverse and that create a food forest. It is proven technology. Jordan, Israel or Africa, all these very desolate countries, all have these food forests. The beauty of permaculture is that it actually changes the makeup of the soil. It takes away the salinity. You are only using one-fifth of the water so the permaculture systems are very good water harvesters.

We know that investors are going to be lining up so they are not what we are concentrating on. For the next two years we are concentrating on a product that has value-added components to it. I listened to the people who went first when we walked in. They talked about what incentives does a kid have in a remote community; they either go to school and not get a job or not go to school and not get a job. With a permaculture forest or a carbon sink there you can then have a line of sight to an industry. That is an incentive in itself. Again, this carbon culture includes stakeholders like Dare to Lead. So we put curriculum in the school around permaculture. The food that would be in this forest is partially native and partially dates and nuts, things that can work in those environments which work in all other environments—

Mr Logan—That is food that has been grown culturally in that community for over 40,000 years, so it brings back the history and the culture to that.

Mr Dodd—It is cultural maintenance and cultural activity on a sustainable wild harvest. Our model is based around education. People do go through a permaculture course about improving the land. It is on arable land. You are not going to be able to grow forests on a lot of the lands they talk about. But with permaculture, you may; you may not. That is why we are doing research and development on for the next two years, to look at it to see how much carbon is sequestered and to see what social benefits it brings in terms of food. You will not have to buy a

\$4 apple which you do in a remote community. You can see the cultural maintenance, the knowledge transfer, and then you can move on to maybe some agribusiness, if that is going to be allowed under that system. It is a full model from lifelong learning, I suppose. There are employment opportunities. There is cultural tourism. There is also forestry tourism through permaculture.

ACTING CHAIR—That is an argument that would have held for any market garden arrangement in a remote community—

Mr Dodd—It is not a market garden though. And that is the difference. With a market garden you have to go out and hoe. A permaculture food forest is naturally just growing and it is a natural wild harvest, in a sense. You do not have to introduce practices that people are not accustomed to. You can go through and start to gather. You can choose to eat it or you can choose to harvest it and sell it on.

ACTING CHAIR—The only element that is missing for that to occur prior to carbon trading is, of course, the price of \$20 per tonne of carbon—

Mr Dodd—At the moment they are saying that there is basically 10 tonne per hectare in a forest. While we pick one square kilometre, it is an easy scale up, I suppose. We wanted something with scalability. We want a diverse landscape. We have got desert. There is one in the central desert, one in northern New South Wales, one in the tablelands of New South Wales and the ones that we are negotiating with other stakeholders at the moment is one in the western desert and one up the top end of the Northern Territory and maybe over to Queensland. We wanted to get some controlled spaces which we would compare across to see how it works. The sustainable team from the Charles Darwin University are going to do the research, so we have got academia. I mentioned earlier our executive directors. We have got CEOs of some large climate change companies who are non-executive directors on our board. They are guiding us. Again, we are not scientists.

ACTING CHAIR—The question I am going to which may not be answered today, of course, is that if you are extracting at \$22 per tonne and the agreement is 10 tonnes per hectare, with 100 hectares that is \$22,000 for the year, but if I just provided that \$22,000 why would that not be happening already?

Mr Dodd—I think that is passive income too, just like a mallee forest. As I said, I think there are offshoot businesses. I do not know if you will get to the company Eat it Wild. That is a native cuisine—

ACTING CHAIR—That is a nice synergy, a nice connection—

Mr Dodd—It makes it authentic.

ACTING CHAIR—It promotes remote communities, so it is their branding—

Mr Dodd—They are included in the supply chain. It is a good brand to have. It is produced and harvested by natives, packaged by natives and prepared by natives at the plate. We talk about

industries that can go out into remote communities. That is tourism. So, tourists might want a cafe latte and maybe a kangaroo tortilla steak.

ACTING CHAIR—In order to broaden that, it obviously has economic benefits, tourism benefits and health benefits. In relation to financial literacy, what we are picking up is that if you have not been involved since a very early age with people in small business that it is perhaps still a foreign notion. Where would you like to see more financial literacy developed along the age scale and where should those intervention points be?

Mr Dodd—As I said, if you have not got an industry in your community there is no incentive to be at school; there is no historical knowledge. As someone pointed out this morning, I think you have got to get kids out of the school and start linking them up to businesses, maybe after school or in school holidays, and let them do little cadetships and so forth to get them used to budgeting, used to the value of money and the process of buying and selling. That is my theory from working with Aboriginal communities.

Mr Logan—Part of past government strategies on just that point was the welfare to work reform where it identified the fact that if my father was a lawyer that nine times out of 10 I would be a lawyer. What happens is when dad came home and talked about, 'In court today, such and such a ruling was made,' and from nought to five years old I am a sponge and I am absorbing all that information, so that stuck with me. When I get to five, I want to be a fireman, I want to be a police officer, or whatever. That is where all that comes from, how we are influenced. And we have to influence our children in that nought to five years environment.

Our aim in those communities and also in regional communities, because that is where the biggest growth is at the moment, is when mum or dad or aunt or uncle comes home and they are talking about fruit forests and talking about the quandongs and what natives are grown, we are educating them not only with white man's education but also with our own culture. With that power and that knowledge then they are going to have the incentive to be what they want to be. If they want to be trainers they can go and train other communities, engage other communities that have a relationship with that community through the kinship system, and so on. We can see there is a link and the linkage will just spread and be more competitive. When we talk about Aboriginal enterprises that is where it has to start, with our youth to see those opportunities. What we are about is creating opportunities to allow that to happen. We want to utilise the corporate world and utilise cultural sensitivity and protocols as to how we actually go out and engage which, I guess again, falls into our housing as well because if we have got the majority of the community working they will need a good place to rest. If the kids are going to bed early then they can get up to go to school.

ACTING CHAIR—We will get your view also on the element that we are examining in particular the minority business council, which was my last question. Before we turn to that however, what we are really struggling with is, of course, that as you go more from urban to remote you obviously have less business to be exposed to and also less opportunity and often more challenge to actually run a business. My question in relation to remote areas, not so much with regional areas, is do you think there is anything that government should be doing to make it easier to establish business? Should there be ways of promoting links between people potentially entering business and business networks? Or should there be any orbiting where you take people away and say, 'We will place you and your family in a location to learn more about business.'

Mr Dodd—It is going to be hard, to be honest. In remote communities, that is the big problem; nobody wants to leave their networks. If you become an accountant, you will most probably have to go to Cairns to practise if you come from north-west Queensland. Again, I think it is about school. We have really got to map what the really achievable industries can be around those areas and sort of target those. You can go to any TAFE and there are Aborigines who have been through 30 courses because there is no industry to support the courses that they are doing around those areas, especially in regional areas. I think there should be some more links. That is why I like to be a lead model, I suppose. Dave does not have to promote it, I do. I think we need to link corporations up with principals and schools and start to look at ways that we can create these pathways—long-term pathways—to identify some kids you think need some support but who will achieve—target them—and then start doing these cadetships. And they should go and visit, say, Newsworld for a week and come back to your community. We just need to keep that relationship happening and a line of sight to some sort of industry.

ACTING CHAIR—In conclusion, you may incorporate in your answer your views on the minority business council arrangement, whether you think there should be some preferential arrangements to have Indigenous business engaged and involved?

Mr Logan—I will try to answer that question but I still just want to throw in—because that is what I do, have the last say—that what we intend to do as part of, I guess, the carbon culture is we can look at a town like Coffs Harbour. Because we can identify it has a banana industry and that banana industry is worth X amount of dollars. In saying that there is the tourism part of that, X amount of dollars; there is produce; there is workforce and so on. There have not been many audits, if you like, done on any of the Aboriginal communities to say, well hang on, before we look at getting a group together, let us look at what are the potential opportunities for that Aboriginal community, whether remote, rural or whatever. And then look at the state of play of where we are in 2008 with the carbon culture—or the ETS—which is now bringing additional opportunities. What we and carbon culture are looking at doing in relation to a place like Titjikala is to make a business plan or a map that shows where the waterfall catchment area is and what we need to do before the rain comes to preserve water so it reaches its full potential. We are also looking at trying to get CDEP back into that community and looking at making one program out of all those other programs that were trying to sail down different rivers so we can say a particular community is worth, from an anthropologist's way of speaking, X amount of dollars. Then companies know how much they would need to contribute and how much investors would need to come in. We could identify Aboriginal people have assets which can be valued either in joint ventures or so on. As a land council on the coast, we have a lot of developers come in whereas developers do not go to land councils inland because, well, who is going to put a resort in the middle of New South Wales? How are we going to get people there? Whereas we have an opportunity, especially with looking after our country, and that is what we have been doing for at least 40,000 years, and we continue to do that. To answer your question, we need to do that first and then sort of have that—

ACTING CHAIR—That is a point I would like to pick up again in the round table, those community-wide agreements and negotiations. Thank you very much for your contribution this morning at the inquiry. We look forward to seeing both of you again this afternoon at the roundtable.

[12.13 pm]

GRAY, Ms Maggie, Director, Indigenous Capital Limited

ALLEN, Mr Roger William, Director, Indigenous Capital Limited

ACTING CHAIR—Welcome. While the committee does not require that you speak under oath, please understand that the hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to start with an opening statement?

Mr Allen—I think it is important to put the thing in context. ICL was set up a number of years ago by a group of senior businesspeople to look at providing high-risk venture capital to Indigenous enterprises. The first stage of the development was to do a feasibility study to have a look at the state of Indigenous businesses and to see whether there were businesses out there or look at the possibility of setting up trading businesses that could become sustainable, whether or not they would be for-profit or not-for-profit—community owned—but would make a surplus, or profit, become sustainable and create meaningful, long-term jobs.

Together with the government we funded that and hired a young Indigenous guy called Joe Proctor, who had been on the IBA board and who had some background. We looked at the feasibility of that for some time and concluded that, whilst it would be very difficult, there was a case and we believed it was feasible. We then decided it was important to actually raise the money first, because going out and looking for projects and getting everyone excited can mean that, if the money is not there, everyone gets very disheartened. A lot of people come through, a lot of studies are done and nothing happens. We found that a lot of that had already happened in the community, so we set about raising the funds.

By way of my own background, just to put it in context, I was an entrepreneur and when I was very young built my own company up to quite a successful global company with about 3,000-odd employees in the technology sector. I then started up a venture capital company with my own money but then raised \$300 million-odd primarily from institutions and the government itself—which I will come back to—and have invested in something like 60 start-up companies in Australia. Most of those have gone global with about an 80 per cent success rate. Thirty of those are complete start-ups out of university research. So, there was no company. There was some technology. There probably was not a business plan, et cetera. It is sort of the bleeding edge, as they say, of the investment cycle. I have a lot of experience and a lot of scars et cetera as a result of doing that.

In the technology sector and particularly in the university sector, where the Australian government pumps a lot of money into R&D, but very little of it ever becomes commercialised. The government studied this problem and went all around the world looking at everything. For a number of years it modelled a series of programs on the OSMA fund out of Israel, which has been the most successful small country in terms of global technology, and the SBIC program in the United States and looked at a number of others. They determined that the role of early stage venture capital was critical not only by providing the money but also providing all the hands-on

support, discipline, mentoring and everything else that goes with active participatory investment, not just consulting, not just good advice, not just being on the board but rolling up the sleeves and giving hands-on help to create a business.

They determined also that the government was not the best person to run that. In fact, nowhere in the world does the government actually try to invest directly in these companies. It is called picking winners. And the government does not have the skills, et cetera. So, they have outsourced that. They determined that the government's role was determined to be one of an investor. They have two programs that are administered by AusIndustry. The university program is called the Pre-Seed Fund. My company is one of four licensees there so I have had a lot of direct experience with that program.

ICL suggested to the government, 'You already have a lot of knowledge. You have got a team of people in Canberra and bureaucrats within AusIndustry who actually administer the program and who are very competent. You have all the governance procedures, legislation and the whole bit. Why not take that model and adapt it to providing Indigenous capital?' The role of the government would be as an investor. It would be outsourced through a tender process to a number of entities—venture capital companies—who are then the companies that go and look at projects, decide which projects to invest in and then get very involved in helping to create those businesses.

We also saw it as a linkage to mainstream Australia. All of us have a lot of experience with mainstream Australia and we talk to them a lot and there is a lot of goodwill there. But large companies are not able to directly interface with these sorts of businesses. There is a certain amount of goodwill there, usually coming from the top, but when you get down to the hard core of it, big businesses just do not do that. And this is true whether they are Indigenous or non-Indigenous, but it is even more so in the Indigenous area.

Your venture capitalist plays a role in the middle, like a conductor. We talk to a lot of corporates. We looked at three areas. Our feasibility study came up with mining services, tourism and agribusiness. You could probably put carbon trading into some of those now as a new area. Where otherwise you would go to corporates and ask them for contracts or ask them for some sort of money or assistance, we would be going to them and saying, 'We are providing money. We are providing the hands-on project management and we are investors in this company. What we want from you is long-term contracts and training, supply chain integration and all those sorts of things. But you do not have to manage it. It will be properly funded. We will be looking for some contribution and joint venturing and all that sort of stuff but there is a safer pair of hands on the other side. We think that model is the best model.'

What then happened is that there was a lot of support within the government for this model. They in fact seconded a lady from AusIndustry for several months to study the issue. They came up with a discussion paper which was put out publicly. A submission was put to cabinet and, unfortunately, it did not get up. There was actually a lot of support for it. It was not knocked back but it was sent back for various reasons. It sort of fell between the cracks because AusIndustry is obviously part of the department of industry whereas Indigenous affairs were involved and also employment. It actually fell through the cracks of the three different departments. Then we had the election.

Joe Proctor, who we had engaged, it would be fair to say was pretty cheesed off. He has gone off and actually set up his own business. And I have taken it over. I am joined by Maggie Gray on the board who has got a lot of experience going back quite some way through the Brotherhood of St Laurence programs in Victoria and in the Redford Community Foundation here. There is also my brother, who was senior counsel to Mick Dodson when he was social justice commissioner, and who has worked 30 years with Indigenous people.

Even though we have not been able to raise the funds, ICL is now actually proceeding with a project which is up with the Yalanji people on Cape York, in the Daintree. This is a classic example of where, when we met the local Indigenous people, they had this idea of creating a tourism business in the world heritage rainforest with Indigenous tourism and Indigenous culture and to create a Cradle Mountain type iconic walk through this area. But that is it. That is all they had. What we have done is said, 'Well, we need a proper plan. We need to really study this.' They had just got their ILUA agreement, which came through in December. That was great and symbolic but, you know, no jobs at the end of it. What we have done is fund this feasibility study and business plan to really see is it feasible; how would it work; what would be the business model; what partners would be engaged and all the things you would do in putting together a properly thought-through business plan. That is the stage we are at currently.

We are also re-grouping because we still believe, as we have seen in our regular venture capital business, that you really need to have a fund of money available. You only draw that fund down, by the way, when there are eligible investments. If you do not find the eligible investments the money does not come down. But you know it is there when you go out and start to talk and engage with businesses.

Mr KELVIN THOMSON—The Daintree plan is a very interesting example, I guess. So, that is still having preparatory work done on it. Where do you see it going?

Mr Allen—We have funded a \$150,000 feasibility study so it is a proper, professional piece of work with a lot of input. By the way, there is a tremendous amount of corporate Australia who are prepared to assist and help in these sorts of things, but at the end of the day someone needs to project manage it. We have this study. It is not 100 per cent complete yet. It will be at the stage that I am happy with it in about another month. Unfortunately, we will then have to go out and raise the cash. We will not have the cash sitting in that fund, but that is life. We will then seek the funding for that project. We are starting the project as small as we can, as low-cost as we can, so we can build on success. We are not going to throw a huge amount of money at it. But that is the stage we will be at.

Mr KELVIN THOMSON—I think we, as a committee, will be interested to hear about it when it gets to that stage where that work has been done. As to the land use agreements in the wet tropics generally, how do you see them operating in terms of Indigenous tourism or other Indigenous business development?

Mr Allen—I can speak specifically about the Yalanji people. They are the ones we are working with. Under the ILUA a body corporate was set up called Jabalbina. Jabalbina is the body and they have a board of directors of the Yalanji people and they have economic development in their charter. They will actually be the legal owners of the land, et cetera. There are a lot of obligations under the ILUA but there is an economic arm. Our proposal on this study

is that a company, let us call it the Daintree Yalanji Walking Trek company, will be set up as an entity owned by Jabalbina.

Mr KELVIN THOMSON—What do you think are the key requirements to get Indigenous people to enter businesses?

Mr Allen—The number one requirement is really to be entrepreneurs; it is individuals. In fact, I have been studying this area now for probably four or five years and have talked to an awful lot of people, including various people in this room and others who come here to submit the experiences they have had on the ground and the like. Interestingly enough I would say the top four or five issues are identical to the ones we face in non-Indigenous venture capital—

Mr KELVIN THOMSON—The same as in small business generally?

Mr Allen—It is all about the individual and the management team. There are some successful Indigenous entrepreneurs there; we have heard from some today. You have to start with role models. You have to find these people and get them going. As I have said to the Jabalbina people, the number one thing we want here is the entity to be successful, to generate meaningful jobs, et cetera. Initially it will probably run by a non-Indigenous person if we cannot find the right person. We have to get the right people with the right skills. It will be owned by the Indigenous people but not every position has to be filled by an Indigenous person. The aim is obviously to build. It is the same as doing something out of university. Most of the researchers, most of the inventors I work with, are not bloody businesspeople and a lot of them never will be. You have to bring in other people. Some of them you have to mentor along. Some make it; some do not.

A lot of what we do, by the way, is discipline. It is not all rosy. There are things that do not work; people who do not work, et cetera, so that is part of what you do in a hands-on business. How do you grow people? When we started with universities most people preferred to stay in university and stay on their university salary. There was not a mindset of wanting to commercialise. You change it over time. Some respond to it; some do not. But you have to create management teams. In this feasibility study we have come up with a business model which we think could work and which fits with the sort of structure in the wet tropics. That is that the top company which is owned by Jabalbina is a management company and within that we have, for want of a better word, franchises where individual families and individual people can actually run part of the business. They can provide guides. They can run a camp. They can do Indigenous food. They can run particular cultural experiences. They can have a fishing boat and go fish for barramundi.

The management company will provide micro finance. What we are talking about with venture capital is much bigger than micro finance. It is a one to five million type of investment in an entity. It might be more than that if you bring in other investors and the like. But within that there will be individual people and individual families because they are not a homogenous group up there. That sort of model means that they still have to run their own business, but they are running it inside a franchise model where they just have to worry about delivering the service. They do not have to worry about legal and accounting and everything. When I talked to Queensland Tourism and the people who are promoting Indigenous tourism on the cape, they have government throwing lots and lots of money at Indigenous tourism at a high level and they

get somewhat disappointed that these small Indigenous tourism businesses cannot quite take it up. What a surprise! By putting a company in the middle we can actually deal with corporate Australia and the outside world and worry about all those sorts of issues and create an entity where people can run their own business but have the discipline, the structure, the marketing is done, the websites are done and all the legal and accounting et cetera, investor relationships and all those sorts of things are done. The failure rate for franchises is a fraction of the failure rate for start-up companies, and that is in the non-Indigenous world. I think that model can apply in this situation. That is what we are looking at.

Mr KELVIN THOMSON—A critical part of this has got to be the skills transferring capacity building, hasn't it, because I can see you have an Indigenous asset or Indigenous business sitting there and you might start out with it being run by non-Indigenous people because, unless it is done that way it will simply fall over on day one. But if over time it continues to be run by non-Indigenous people then you have not really achieved a whole lot, and those of us looking on from outside would not see it as a success—

Mr Allen—Under our model we will have a small management company that might only have half a dozen people in it, but in terms of running the camps and the tours and maintaining the track we expect to employ 50 to 100-plus people and they would all be Indigenous people. But the aim certainly in the management company is to build those skills. Even from day one there would be some people in there. We have this chicken and egg problem, too. Until you really know if it is funded you cannot really go and recruit the people. We are piggy-backing on the Mosman Gorge project, which is another Indigenous tourism project that is going on in the area which has also got a training and skills program. We are linked to JCU, the university, and the like in terms of general skills training. Having worked with a lot of entrepreneurs, I look for the human characteristics, not necessarily the formal training. Most successful entrepreneurs do not have a lot of formal training. It is more of a passion and ability. You train them on the job which is a lot better than formal training. Obviously, it helps if they have got formal training but it is a very iterative, interactive sort of thing that you do.

Mr KELVIN THOMSON—We have been talking this morning about the proposal for a minority business development council. Do you have any views about that?

Mr Allen—As you know, I have a lot of experience in the technology sector. There may be some lessons out of that in that the Australian government has had programs to try to help Australian technology companies that are actually called indigenous technology companies. And my own company was one. Overall, it is a good idea. I mean, it helps, but there are a lot of traps. You can get monumentally jerked around—if I can put it that way—from corporates that feel they have to be seen to be doing something; they have to have an Indigenous partner to win this government contract or to win this contract. Often just the sales expense of trying to win it is enormous and then, having won it, when the government's eye is turned off you, it is amazing how life changes. I think you have to be careful.

But the biggest point I would make is that it will not work, as has already been said, unless Indigenous businesses are fully capable of delivery. At the end of the day, you are bringing corporate Australia and government purchasing to the table; they are going to have to make their rational decisions and it will not last unless they have got the skills. Again, that is totally complementary to venture capital. I, in fact, do this in my day job because my little technology

companies are bidding for the massive contracts, or bidding in very important, mission critical contracts. People say, 'Can I trust this little bitty start up company?' I speak to them and say, 'Hang on, it is backed by this venture capital; this is the board. Here is the funding.' Those sorts of things help but they need to be ready. They need to have the capability to step up and deliver a full quality service at the right price. There are a number of venture firms in the United States that have been set up to fund Indigenous businesses, like Native American businesses and African American businesses and I have talked to those people and have been involved with some of those. They fund business entrepreneurs in that area who then leverage off those things. It brings the purchasing people to the table. By itself it is not going to make a difference unless you are building the businesses up that can take advantage of that program.

ACTING CHAIR—Thank you very much for your contribution.

Ms Gray—I would like to add something. In terms of working with communities and developing leadership in business entrepreneurship, we have provided seed capital for a Queensland woman, Majella Andersen, who runs a business called Black Business. She has been doing a lot of skills development in terms of developing young women's leadership qualities and she, as a businesswoman, is developing businesses and running business workshops with community. She is a North Queensland woman but not Yalanji. She is working to develop workshops with the community and also with the local TAFEs and training organisations. We see that as strategic as well. Her work is very interesting.

ACTING CHAIR—What is the objective?

Ms Gray—Developing and picking out young entrepreneurial spirits, really.

ACTING CHAIR—Then she works back with you to take them to the next step?

Ms Gray—She would like to do that. We are looking at those sorts of programs. She is identifying all these people and they are crying out for her to go back to their communities. But she is just one person, so we are trying to develop her business and her linkages.

ACTING CHAIR—And she is, apart from working in TAFE within Cairns—

Ms Gray—No. She has her own business called Black Business. She is a training—

ACTING CHAIR—And she is linking up with current Indigenous students at TAFE?

Ms Gray—No. TAFE is—

Mr Allen—Businesses, yes.

Ms Gray—Business and entrepreneurial.

Mr Allen—Consulting to the two businesses.

Ms Gray—Yes.

ACTING CHAIR—From that is she identifying people with interests obviously beyond the big three of tourism, agribusiness—

Ms Gray—That would be our forward plan, but that is what she is actually doing by default now when she goes to communities. The communities themselves through her reputation have asked for her to go to their communities and she identifies all these terrific potential people but there is no next stage for them.

Mr Allen—People and business opportunities. She identifies the people, does the human capital development, and does some business planning on small businesses, but has no access to money. At the end of the day you do not build too many businesses without money. If I could add one other thing, we have looked a lot internationally. We have participated in President Clinton's global initiative where a lot of this sort of stuff was happening in Africa and Asia and the like in developing countries. They have really set upon venture capital as the model. We have just read from a conference in Berlin which was about venture capital with a social dividend. That was the theme of the conference. There has been a new venture capital fund set up for businesses in Africa. There are a lot of examples, particularly in South Africa, of venture backed businesses.

There was another conference put on by the OECD, the World Bank and the UN which we spoke at last year in Turkey. That was a global conference. Providing capital and all the discipline and mentoring and human capital growth, if you like, is seen as the model. Mohammad Yunus has moved from his Grameen Bank and micro finance to now doing these social ventures and social business. His latest book is about social businesses that he has been building in Bangladesh and other places. We have also done a number of social businesses, as we call them, because we are not-for-profit. ICL is not-for-profit at the top level. We, as experienced businesspeople, are not seeking to make money out of this. But underneath that, it is definitely for profit. We are trying to create these entities. Whether or not they choose to have them as for-profit entities or as community owned is up to them. But everything else I do is exactly the same as I would do with any other venture backed business.

ACTING CHAIR—Is the message that even if you are in it for the social return you want to be thinking of it as a for-profit entity—

Mr Allen—This is the issue. This is why I think, ultimately, to create a meaningful fund we were looking at \$30 million; that is about 10 projects with an average of \$3 million, which is very different to government grants and micro finance. You kind of create some meaningful employment opportunities complementary to the very small businesses. But it is something you can get your teeth into and build something of some scale. They might end up like Ngarda which is probably the best example of really scaling up. That is what we said when we went to corporates, 'We are not asking for money. We are asking you for work.' The number one thing a start-up business wants is revenue; sustainable, meaningful sort of revenue. That is what corporates can deliver if they think you have got the skills to actually deliver to fulfil their service. I think that is where a venture-backed business works.

I do not like going down the philanthropic path, just going to pure philanthropy. Firstly, it is very, very hard to raise that sort of money. There are all sorts of strings attached. You know, charities cannot invest in for-profit businesses. It goes all the way through. There is a significant

issue there. I do not think you can go to private investors. Even with Bill Moss's tax credit I do not think you are going to get corporates and privates there because there is no track record, there is no investable track record here. This is genuinely a role for government. If commercialising R&D out of universities cannot get private sector support, which it cannot, then how is this going to get private sector support in terms of investment? It will not. In November last year the government released a new venture capital backed thing called an early stage VCLP, an early stage venture capital limited partnership. It is a bit of a mouthful but it is 100 per cent tax free. You invest in it and all the returns you get are tax free. No-one has taken it up. And in the current environment no-one is investing. That is just because it is early stage and it is just too high-risk. It is illiquid, et cetera. I do not believe you can raise money of any scale from private people and promise them any form of return. The only way venture capitalists get returns, by the way, is to sell the business. And here you do not want to sell the business underneath. You are going to be providing loan capital more than equity capital, probably. Our aim is to get our capital back. That is our charter. Go in there, create something and get our capital back, but to recycle it then into the next deal and not take any profit out of the top. I include state governments in this and even a little bit of local government, although they do not have much money; I will not say that ICL got firm written commitments but we certainly got strong verbal commitments from Queensland, the Northern Territory and WA provided there was matching federal government money. And we were unable in that time frame to raise that money.

ACTING CHAIR—There has not been a large focus from ICL on micro finance. You did mention it just briefly there but you are looking at employment generating businesses?

Mr Allen—My background, as I said, is really in venture and I really wanted to do something with a bit more scale than providing a few hundred dollars or a few thousand. Even to do this study, which was done by the company Arup, with at least double or triple pro bono work from us, was \$150,000. With micro finance maybe you employ one person or something. I think someone else mentioned the issue of occupational health and safety and all these other things. If you look at the sort of projects that are funded in Bangladesh and other places, you know it is never going to work in Australia. You do not do much with a few hundred or a few thousand dollars in Australia and we have all the same regulations which will apply to Indigenous businesses and non-Indigenous businesses. We are looking at it from the point of view of transport within our tourism venture. Everyone has to have the same standard of vehicles, the same regulatory environment and the same training. It just works on a bigger scale. Within our tourism business, with our franchise model we will provide micro finance. For instance, in our model someone will have to own the vehicles. We want the local franchisee to own those vehicles. We will provide the funding for that. You have to build a camp, you know, the tents and all that. In our model there is a boat that goes down the Daintree. We will provide that. We do not want to have an employee mindset. It is hard enough to get them off welfare, let alone say, 'Now you are paid a salary.' We know what will happen. We are basically saying, 'No, you are running your own business and here is what you have got to do. We are going to bring the tourists in. That is our job as the management company, but you have to actually execute.' This is within a franchise type model. There is a lot of training, skills development and quality assurance. We will do all the finance and accounting and that sort of stuff but we believe they have to carry the entrepreneurial model right down to the grass roots.

ACTING CHAIR—Thank you for your evidence today to the inquiry. We will close now for a short lunchbreak before reconvening for the roundtable.

Proceedings suspended from 12.43 pm to 1.28 pm

ASHBY, Mr Anthony Neil, Private capacity

BLANCO-FRANCIS, Ms Lani, Private capacity

BROWN, Mr Daryll, Private capacity

BROWN, Mrs Jennene, Private capacity

HOFF, Ms Marcelle Collene, Private capacity

MUNDINE, Mr Warren, Interim Chair, Australian Indigenous Chamber of Commerce

AGGETT, Mr Adrian Bede, Head, Citi Business Services Australia and New Zealand, Citigroup Pty Ltd

DICKENS, Mr Grant John, Director, Construction and Site Support Group Pty Ltd

DELANEY, Mr Doug, Diz Homes

GORDON, Mr Colin Daniel, Director, Exceed Security Services

ALLEN, Mr Roger William, Director, Indigenous Capital Limited

McLEOD, Mr Michael, Chief Executive Officer, Message Stick Group

RUSSELL, Mr Dugald, Director, Message Stick Group

DODD, Mr Paul John, Chief Executive Officer and Director, World Indigenous Cultural Exchange and Economic Development Organisation

LOGAN, Mr Russell Mark, Director, World Indigenous Cultural Exchange and Economic Development Organisation

ACTING CHAIR—I am sure these discussions will be informative. We have plenty of time, until 3.15 pm. The structure will be that we will canvass a range of free discussion but focussing on a minority business council towards the end of our approximately two-hour session. As the Indigenous Chamber of Commerce with Mr Mundine has been recently established, we might start the discussion with a very quick introduction into their history and objectives. I advise that the committee does not require any of you to speak under oath, but please understand that the hearings are formal proceedings of the Commonwealth parliament, and giving false or misleading evidence is a serious matter that may be regarded as a contempt of parliament. Mr Mundine, please give an overview of the Chamber of Commerce.

Mr Mundine—We came from the Indigenous section of the 2020 Summit held this year. There was a bit of frustration about economic development and too much of a focus on the rights agenda rather than the economic development agenda and driving forward. A number of people

at that summit got together at the behest of Danny Gilbert, of Gilbert and Tobin Lawyers and met in Sydney about a month ago. We decided to form a group that could liaise with government, play a role in promoting trade and commerce between Indigenous and non-Indigenous Australians and businesses, to advance Indigenous entrepreneurship, and to commission research into Indigenous economic policy and social outcomes, promote excellence in Indigenous economic policymaking and research, promote business-to-business mentoring, dialogue and networking opportunities between Indigenous and non-Indigenous Australians, and also to represent and advance the interests of Indigenous business. We make no apologies for the approach that we take in that it is a private sector drive. It is a drive that we think is a capitalist drive, if we want to put it that way, and we see it as an important role in advancing the economic development of Indigenous communities.

ACTING CHAIR—Obviously this inquiry scope covers both urban and remote business development. I wanted to start perhaps with some structure and turn to the urban context. Would anyone like to initiate the discussion insofar as what are the networks that need to be encouraged to promote Indigenous business, and what is lacking at the moment that prevents more Indigenous business? Thirdly, is there a role for government for fostering that development?

Mr Delaney—I am excited about this inquiry. I could go into my life story and talk about the things that I believe in, but I will not do so; we would probably be here all day. Firstly, I have been running my business now for about 18 years in building and construction in Mount Druitt. I have come here today to urge the House of Representatives to look at a very positive issue, an issue that I have been researching through two initiatives from the royal commission into black deaths, initiatives 307 and 326. I walked into Mr Paul Gibson's office, the local MP in Edmonton, about 20 years ago with these two initiatives. It was about selective tendering and how government could help put Aboriginal people in the work force. Mr Gibson pointed out to me that these initiatives could be something positive for Aboriginal people in Mount Druitt, especially with the unemployment out that way. I have been on that journey for a long time. I will leave some relevant information here for the committee on what I have been doing. I am going to move on to do something different after this committee. I have played my role in trying to establish an Aboriginal business that is more focussed on employment of Aboriginal people and also putting something back into the community.

I have struck up a partnership with Delfin Lend Lease on the Ropes Crossing project. This is all about building and selling house and land packages. Delfin and Arthur Ilias have partnered with me in developing the employment strategy that I have in place with my business.

ACTING CHAIR—What location was that?

Mr Delaney—Ropes Crossing. That is at St Marys. They are building about 5,000 homes out there. I received funding through Indigenous Business Australia. They gave me a couple of million dollars to go out there and start building house and land packages. I sort of laugh at that, too, because I grew up in Mount Druitt and I never thought I would do something as exciting as that. I have done some other things in my life like playing first grade Rugby League, and I have never asked anything of anybody. But I would like the House of Representatives to look at my submission and share my passion for Aboriginal people. Also, being in business and dealing with non-Aboriginal people, I have hit my head up against the wall with the New South Wales government at senior levels over contracts and asking them to uphold the two initiatives 307 and

326. There is bureaucratic red tape. I sort of laugh about it. I am an Aboriginal person, I have the model and I have complied with the conditions and their contracts left, right and centre. Unfortunately, they just keep knocking it back and I do not know why. Aboriginal self-determination is about dealing with people directly and not as a third person; otherwise we cannot move on in this world to be something.

ACTING CHAIR—I think a neat segue there was our discussions this morning with Mr Dodd and a reference to gaining contracts for construction.

Mr Dodd—Direct contracts.

ACTING CHAIR—Were you discussing that you had to be a businessman of a certain size to even be able to compete for contracts?

Mr Dodd—For the Northern Territory housing intervention, you had to have an expenditure of \$50 million to actually put in for the alliance. However, that alliance structure would have a downstream effect on subcontractors, builders and so forth. Besides Ngarda, there probably would not have been another Aboriginal company that could have actually gone into a joint venture with Leightons.

ACTING CHAIR—We are still looking at the urban environment. What is unique about promoting Indigenous business in the urban setting that does not simply also apply to non-Indigenous people setting up a business? Do I simply take a cookie cutter approach and use the same programs to promote Indigenous business? Is it just the lack of capital? Is it the uncertainty about jumping into entrepreneurship, from your own experience?

Mr Delaney—Basically, I was thinking of a situation where, back in the seventies, the government set two per cent under equal employment opportunity as the number of Aboriginal people in a workforce. Perhaps that same principle could be applied as in a two per cent letting of government contracts—and perhaps a bit higher in rural areas. In New South Wales they spend about \$7 billion on their capital works programs, which includes everything from supplying government, for example, with pens and paper. If that was an opportunity there, you would see a lot of Aboriginal people being able to go up to government to say, ‘We comply with all of your conditions.’ They would quarantine X amount of money. In New South Wales it adds up to about \$120 million. The best part for the government is that there will not be any cost to it, because it has to be done, anyway.

ACTING CHAIR—Does anyone have any other views on whether that would work, deliberately setting aside a proportion of government expenditure?

Mr Allen—Overall that is a good idea, but government purchasing and doing business with government is very expensive, whether you are in Indigenous or non-Indigenous business. For an early stage business there will be a lot of overheads. There is a very long lead time, there is a lot of red tape and there are lots of minimum qualifications. It is the most expensive business you can do as a private sector company. I would not set up a business that was exclusively targeted on government purchasing.

ACTING CHAIR—Mr Russell?

Mr Russell—The short answer is, yes, with the note of caution that for Australian government, Aboriginal businesses and non-Aboriginal businesses to get their heads around this you would have to take it very slowly and very carefully. You would have to look on this program or initiative in terms of decades, because to do it in a large way, in a quick way, will obviously result in failure. If it is done very carefully and is well conceived, the answer in this day and age has to be, yes. As to your earlier point about whether I should plug into—my words—the remote rural regional the same as the urban, I would have to say again that it is not about plugging in. This is a long-term process that we are talking about here and it is going to go over many terms of government as well. Whatever happens has to somehow survive new governments. Aboriginal people will tell you that what they are sick of is government programs stopping, starting, stopping, starting.

ACTING CHAIR—Mr Dodd? Then I might ask Ms Hoff to comment on the urban implications for dealing with government as an Indigenous business.

Mr Dodd—I know a bit of the history of Mr Delaney's business; I work as a consultant for him. One of the points that Mr Delaney was wanting to highlight is that with direct contracting what currently happens is that you have, say, six main contractors. I will not name any, but they are large contractors, and then an Aboriginal business will put in to be a subcontractor. The rates that they impose on the subcontractor to run almost negative puts a lot of pressure on those businesses. What I am saying is that if you apply this direct straight to the Aboriginal business they will get that cream there. They are still doing the job anyway as a subcontractor, but they have to do a lot more work to make up for that gap. By going direct you are getting the job done, anyway, as Mr Delaney said. His business is doing that. But if you have to go through being a subcontractor to those major companies, it puts a lot of pressure on to your business.

ACTING CHAIR—Ms Hoff, what are the implications in dealing with, say, a council? Is it any less Byzantine than with state and federal governments?

Ms Hoff—Perhaps not. Something that no-one has mentioned here—and I understand why they have not—is discrimination. As a white woman standing up for Aboriginal rights I run into discrimination, and that is very frustrating. I am fortunate enough to be in a position to be able to address it, but it does not mean that it does not make things more difficult than it would be in trying to do something for an ordinary white businessperson. The model that I support wholeheartedly is the supplier diversity model. For that to work we have to get local, state and federal governments on side. They need to embrace the model and actively work towards it. As Mr Russell says, it will not happen quickly, but it needs an absolutely determined approach and people who are willing to champion it.

ACTING CHAIR—How does a council, for instance, actively promote Indigenous business in that arrangement?

Ms Hoff—In my opinion as an independent person, speaking apart from council, it is not happening well enough at the moment. I know there would be people very angry to hear me say that. There are Indigenous employment programs, but I think we need to be doing more than that. I do not believe we should be offering Aboriginal people jobs working in our parks. It is about that, too, but it is not enough to have people working in our parks or cleaning our streets. We need to promote all sorts of levels of involvement and that is the only way we will ever gain

true reconciliation. We have to reach out and have people working at all levels in government. That means mentoring people much of the time and having an expectation that they will achieve the same as white people will and giving them the opportunity to do so.

Mr Delaney—I have a couple of trainees. This is about employment as well. My father once told me that if you get a job, whether you are black or white, the whole family environment should be good. When someone has not got a steady income, then you get all these other social problems. What I have found with my business and from talking to Aboriginal kids along the way—I am talking about between 30 to 60 kids—I have employed people who never would have been employed by anybody else with their social problems. It is very hard being a blackfella just to get a licence to drive a car. There are all these other little things that happen all the time.

The selective tendering process gives an Aboriginal person the motivation to get off his backside. I am a bricklayer by trade and it has taken me 25 years to get here. It is a long process. You could draw a map of Australia and put a pinprick in it. I am very happy today, looking at it, and there are a couple of more pinpricks here for Aboriginal businesses. They are probably doing something with the Aboriginal workforce as well. I have employed about 80 per cent Aboriginal people as I go from my traineeship programs. It is all about mentoring and visualisation. They will say, 'Look at Dougie. He has played football. He has done this and done that. I can do that.' It is about talking to them and saying, 'If you apply yourself in this way, you may do something for yourself.' What that does is send a message. I have had a couple of kids who have started their own businesses as contractors mowing lawns. I was only having a spa with one of the kids the other day at a swimming centre in Penrith. He is 18 years of age and has started subcontracting. He was just so excited that he was starting a business. I said, 'Look, son, I hope it does not take you as long as it took me and all the other things that I had to go through', because it is a very hard process when you are dealing with anybody, especially with government departments. They always say that they are doing something. When I was putting proposal to them I said, 'You've got a funny way of showing it.' Like I said before, I am very positive about this and the supplier diversity. That is another stepping stone. It gives Aboriginal people an opportunity perhaps to work with government for a period in their little pond. When it is time for them to grow a bit they can say, 'I want to go to another level. I don't want to get work just because I'm black, I want to get work because I am good at it.' All of my business that I have been doing is also about the product I supply and everything else. That is what I am very proud of. It is a very hard task to do it, but once you have been doing it for as long as I have, it just becomes so easy because you just do it all the time. Whether it is another kid doing this and doing that.

ACTING CHAIR—That issue of training almost becomes one of mentorship and that sounds like what you have been doing with Ability Plus. You have been working in that area. I am asking the question: is it more about the push to get people into employment or the pull to identify individuals who can go on to be entrepreneurs? How do you identify which strategy is appropriate?

Mr Brown—We employ them just so that they can actually get a start. We do not want to just make painters, we want to make entrepreneurs as well. If they stick with us down the track that is great. If they can jump off and jump in the big pond it is even better. That is what we like to see. It has always been one of my dreams to see a whole lot of Koori qualified painters out there,

not just brush hands or whatever else or people who have just picked it up. With our business one of our requirements is that all of our apprentices are Indigenous. That is the one thing that we do have. Down the track we would like to have a whole crew of Indigenous painters and apprentices. The opportunity is always there for normal painters; of course, we need them all. It would be great if this got bigger and bigger.

Mr KELVIN THOMSON—How do you think your Indigenous apprentices go? Across Australia generally there is a fairly handsome dropout rate in relation to apprentices and it is partly to do with low wages and a whole range of factors at work.

Mr Brown—They go fairly well. They are good. We do get a dropout rate.

Mr KELVIN THOMSON—So there is a dropout rate?

Mr Brown—Painting, unfortunately, is not for everybody. Most people have had a go at painting their own houses and, trust me, they are usually sorry they did not call in someone.

Mrs Brown—With our guys from the beginning when we put them on, a painting apprenticeship is actually four years and in the fourth year they are encouraged to go to TAFE to do a small business course. If they wanted to become their own subbie to us, we encourage them to stay on with us afterwards. We have had guys work for us, and I am sure Mr Delaney would have had the same things. Once you put one of them into a job, even if it is for three months or six months, they have started an apprenticeship. We have one guy who is now a butcher. He moved back home where his family is from. It just gave him that leeway into the workforce to work with his own people. We have one young girl who was an apprentice for us with 10 brothers and sisters. Every single person within the six months she worked for us got a job. We were able to encourage the whole family. They may not stay on with us. Sadly, at the moment we have three girls who have just moved back to Coonabarabran, but one already has a job doing fencing. Another one has a job working in the local school there. They are not leaving to just be sitting back on the dole queue. I do want to bring up a point. Going direct with council would be wonderful. We are one of the subcontractors mentioned. We subcontract through another company and they take 10 per cent to 15 per cent off every job that we do. The other point was the Aboriginal participation in construction. I am sure Mr Delaney would have had this happen to him as well. Because of this legislation with the module that has been given to us, these people who are going to ask us to do work are asking us personally. There are companies that come and ask us to tender on construction jobs. It could take us up to three or four weeks to do a quote on a job. They just want us because they need to have a black company tender for it. It is not that they actually want us to do it. We are finding that Daryll is almost full time doing tenders and out of that we have got one job.

ACTING CHAIR—Out of how many?

Mrs Brown—About 50.

Mr KELVIN THOMSON—Why would they want a black company to tender?

Mrs Brown—Because now they have the Aboriginal Participation in Construction Guidelines. I was going to bring that in today; it is at home. These companies need to employ

Aboriginal companies or, as is stated, 'offer it to'. We have actually been offered it. Whether we are too cheap or too expensive, they do not have to give it to us. Daryll is doing quite a fair bit of tendering, and I am sure Mr Delaney has been in the same position. They put that in your face.

Mr Delaney—The Aboriginal participation guidelines were a very good initiative back in 2001. Unfortunately, when they have done the updated version, the 2001 version had the royal commission initiatives that I spoke about before, 307 and 326. Basically, to put it in a nutshell, what the New South Wales government has done is put this in their contracts for their big head contractors to make them comply with their contracts arrangement. They removed those two initiatives out of there and they have watered it down. They use one of the categories, I think No. 3, about employing or engaging Aboriginal people in any tangible way. That means, as Ms Brown said, that basically they say, 'We went to an Aboriginal guy. He put in a tender. The money is too big.' Basically, that meets their contractual obligations. But if the government went to any person and asked them to put in a price and they said they had a plan, 'This is what I want to do with my business. I am going to employ Aboriginal people to do this', they then are able to have that direct contact with that person who wants them to do the job. They have a percentage that they are asking for. If you dealt with, say, one particular contractor such as the New South Wales Department of Housing, on its schedule of rates everyone works under a minus. The way they have set it up is that they call enterprise one person. If I were an electrician, they would want me to work under this rate. But if you are a company like myself and Mr Brown's company, it is very hard, because at the end of the day you have to pay your wages, super, and workers' compensation. You have to put in all of that cost. Dealing with these other contractors is very difficult, but under their contract obligations it is very easy to say, 'We had a go.' That is the whole thing about it. It is watering down Aboriginal participation. I know I might be putting out a lot of people in the New South Wales government, but this is not worth the money that it is written on. It is just a bureaucratic way of saying, 'We tried to help out blackfellas and they do not want to do it.' They think there are a thousand blackfella businesses out there.

ACTING CHAIR—You have raised a very good point and also in part a solution if there is a proportion that has to be sent to Indigenous business. It might be a good time to mention Citigroup's procurement initiatives. Does that fit in with what we are talking about at the moment, where you have a major firm making procurement decisions?

Mr Aggett—Firstly, one of the issues in terms of trying to promote Aboriginal businesses is giving them credibility and opening the doors. I have actually worked in government procurement as well as private enterprise. One of the biggest issues in procurement is doing risk assessments of suppliers that you are dealing with, and that is why the government and private enterprise to a major degree go for large companies that appear to have the mechanisms and the structures in place to avoid the risks. That is why these indirect arrangements operate, and it is a disservice to the Indigenous businesses because they do not get the opportunity. As you can see from that evidence, essentially it is just tokenism; they are just ticking the boxes and no-one is getting any benefit out of it. What Citigroup wants to see is Aboriginal businesses being appointed on their own merits and being able to be appointed directly either to government or to Citi itself. We have a program that has been running in the States for 20 or 30 years where we invest a lot of time and effort supporting supplier diversity councils. We also work in Europe and the UK. When I say 'support', firstly, we contribute to the operation of those councils through our membership fees. We also have helped councils establish themselves through seeding grants, a lot of resource support, training and developing, mentoring and coaching. We really see the

future as being to sell the benefits of working with Aboriginal businesses, helping them demonstrate the successes that they have already achieved and build on those successes by providing a lot of resources. Everyone in business knows that deals are done through networks and what we want to do is establish a viable network for Aboriginal businesses here in Australia.

Mr KELVIN THOMSON—What do you think of the supply diversity councils? What do you think of their good points or weaknesses?

Mr Aggett—The beauty of it is, as people have alluded to today, it is not about trying to give a handout or affirmative action, it is about giving good businesses a go. I think there is a predisposition in the Australian community to write off Aboriginal businesses without giving them a fair go. What corporate Australia needs to do is to give some credibility to those businesses and open the doors to corporate boardrooms, and that is what this is all about.

Mr McLeod—It is interesting to see Citigroup were actually our second customer that we picked up four years ago. I have to admit that the process of doing business with Citigroup was really hard at that time but we know of their credentials within the US. Supply diversity has actually got a whole unit within Citigroup globally over in New York. We brought that knowledge before Mr Aggett was actually there to Citigroup Australia and said, ‘This is the way we want to go. We want to prove our credentials. We want to do business. We do not want charity.’ Of course, my entry point is to the CEO of each one of these corporates; it was to Stephen Roberts. He said, ‘Okay, I will give you a chance.’

ACTING CHAIR—Just by way of clarification, were you offering communication or media services or what were you providing?

Mr McLeod—Communications. I will just expand on that, too. I do not provide employment opportunities for Aboriginal people. That is not what it is about for me and what I am trying to achieve here. The supply diversity component is what I am giving back. My sense is that I am an entrepreneur. I am here to make money for my stakeholders and for myself and that is my entrepreneurial spirit. From that I will give back. Everyone else is providing employment so I am feeling a bit guilty here, but that is not actually what I want to do or what I am trying to prove. I am here to prove that corporates are here and that in corporate Australia the goodwill exists and that Aboriginal Australia can do business with them. We will set up the mechanism, as such. The first customer I wanted to have on board was Sydney City Council. It was a nightmare. We did. We got them—

Ms Hoff—And we ran into discrimination.

Mr McLeod—Full on.

ACTING CHAIR—In what way?

Mr McLeod—Credibility. It was about an Aboriginal telecommunications company being able to deliver in the same way as the main carriers, Telstra, Optus or anyone else out there. Here am I actually saying I just want to give that tiny percentage that opportunity and I ran into a barrier—a roadblock—like you would not believe. But we got something.

Ms Hoff—My efforts to get Mr McLeod into a position where Message Stick was doing well reached the stage where someone quietly said to me, ‘You really cannot push this too much further because you could end up in ICAC.’ That makes sense too if it looked like I was trying to get business for someone who was my friend. But what I was trying to do was promote Indigenous business and, leading on from that, work really hard on getting the supply diversity model working.

Mr McLeod—I suppose I have got to go back to the point of Citigroup and how we worked with them with an Aboriginal business and they were giving us this opportunity. We were not given any preferential treatment whatsoever. We had to prove ourselves. But Citigroup proved itself to me, I personally believe, in the sense of how they went about the tendering processes there. Can I actually hand this over to Mr Russell because he has more detail on the actual process. What Citigroup did was enable us against all the big carriers to have a little bit of business. They wrote that within their scope. That happened throughout the whole tendering process. So, it was like, okay, there was the beginning, which was the seed for me to move on to other corporates and say, ‘Right, within your tendering processes are you able to include Indigenous businesses?’ Again, from my experience with Citigroup—and they are one of our biggest supporters in that sense—it has been difficult but it has also proven to be successful.

ACTING CHAIR—Which other major corporates has Message Stick dealt with? I am not sure if you gave us a list this morning, or not.

Mr McLeod—I will try.

ACTING CHAIR—Just give us half a dozen.

Mr McLeod—We have got Macquarie Bank, IAG, MBF—

Mr Russell—St George, Downer EDI, Accor, Seek, New South Wales Department of Education, Premiers and Cabinet, Federal Magistrates Court of Australia and World Vision. The thing about it is once Aboriginal businesses have credibility, Qantas will be easy.

ACTING CHAIR—If I could go to Mr Ashby and perhaps also to Ms Blanco-Francis?

Mr Ashby—We have spent a lot of time so far this afternoon talking about engaging with government, terms and conditions of government contracts and also supply diversity. I am a supporter of having initiatives and programs in place in both those areas and believe that both of them will achieve great outcomes. I also think there is a systemic problem with respect to Indigenous people and communities from the perspective of having the self-employed, entrepreneurial cultural background in a western society. If we have a look at migrant communities that have come over to Australia even in recent decades and see the impact that they have had from day one in terms of establishing businesses and how successful they have been, we have identified that those migrants who are coming out here are coming out here because they have got some capital behind them, which is one of the main reasons why they are allowed into the country in the first place. So they have got that capital to actually establish small businesses, but the majority of businesses in this country do not service government. They will not be a subcontractor under those types of arrangements. The majority of businesses in this country will not be directly providing their services or goods to the major corporates who would

be part of the supply diversity model. I am talking about the small entrepreneurial business operators who open a cafe on the corner, a corner store, the plasterer and painter, or someone who is a dentist opening up a practice.

That systemic problem of having role models, positive news stories of people who have actually done that and have achieved I think is extremely lacking. There are people out there but no-one knows who they are. I think we as a society, the government and the community need to promote those people more so that in time those positive messages are relayed to youth. I think those successful small business operators also have a responsibility to mentor, foster and encourage the youth coming through so that when they do reach the age of thinking about 'Do I become employed or do I employ myself?' there is that self-belief that this can be done, that it is not an unachievable goal. It is not climbing Mount Everest. There is a process that we need to go through to achieve it. The point I am getting towards is that all the programs and all the initiatives need to work in tandem with a holistic approach. But I think the most important criterion is focusing upon those small, self-employed boutique businesses and fostering the youth coming through so that when they do start their own businesses they are better prepared than the existing generation are and have been at dealing with red-tape and dealing with regulatory requirements. We all understand the attrition rate in small businesses. Obviously, one of the ways to improve the sustainability of businesses is to ensure that people prior to going into business know what they are getting themselves into and have got certain fundamental, basic skills behind them. I think if something comes out of this inquiry it is that we need to really focus upon fostering that basic business knowledge in our youth coming through now so that when it is their turn they have a higher probability of success.

ACTING CHAIR—They are very good points that I want to come back to but perhaps from your experience with Qantas where were the roadblocks for Indigenous employees and their advancement within the organisation? Also, was there any element to building enough confidence to actually go out on their own and take skills that they have learnt within a corporation and apply them externally?

Ms Blanco-Francis—I left Qantas quite some time ago. In order to give you a bit of background, I am here in a personal capacity. I worked for Qantas probably for seven years and it would have been about seven years ago and coordinated an Aboriginal employment strategy with Qantas for that period of time. If you are looking at purely employment and training, Qantas were probably one of a handful of companies and organisations that were leading in Indigenous employment at that time and had some great best practice initiatives on that. It was purely straightforward employment and training opportunities. I think that Qantas then led out into partnerships with the likes of John Moriarty with Balarinji and looking at that partnership in Panning the Plains and getting a bit more artistic work out.

To me, that was a soft approach to doing direct business with an Aboriginal organisation. A lot of the Aboriginal people who went to work for Qantas at that time tended to stay and work with them as an organisation because it provided great benefits, you know, wonderful career development and they stayed for a very long time. What I would like to comment on is Mr Ashby's point around providing support for Aboriginal business at a fundamental level. I have not actually worked in the public sector so I am just coming here with corporate experience. When I left Qantas and then moved over to Insurance Australia Group, having worked in employment and workforce diversity as well as having access to preferred recruitment

suppliers—and at that point in time we are looking at the big firms such as Julia Ross and Recruitment Services and other recruitment agencies—I found it really frustrating and really hard to get Indigenous people in and taking up opportunities within these organisations. If it were not for my direct contacts with the Aboriginal community networks and other people out there that I could go to I would find it extremely frustrating and you would almost be pulling your hair out because you could not get them through any of those preferred recruitment suppliers unless you actually said to them, ‘Look guys, I will put you onto a few job networks or people you could talk to about getting some more Aboriginal talent in as clients for you and then you can funnel them through to the organisation.’

ACTING CHAIR—Where was the speed bump there? Was it the HR firms’ reluctance to identify them?

Ms Blanco-Francis—Yes. I think it was a number of things. There is a specific Aboriginal recruitment agency out there other than what you have got now, the AES, and a few others, big enough to be able to tender on the procurement side for corporates. But they were not big enough to be able to provide their services; therefore, they were sort of left out. When I was working with Insurance Australia Group at that time, they were pulling 32 preferred recruitment suppliers down to 10 to 16. It was very, very hard. As Mr McLeod said, it is about doing business with those companies. And it was about the risk assessment basically. The way in which I had to manoeuvre around this was to go directly to the community and try to siphon people directly into any employment opportunities, whatever they may be.

The point here today I think is about both the public and private sectors having Indigenous business take a little slice of their services either by supplying to preferred recruitment supply or a preferred supplier for whatever your background is in the services that you provide. But it is actually about either working in alliance with the provider or building your business to be able to take that opportunity head on. Can I again go back to what Mr Ashby said, that it is about providing the fundamental transferable skills onto the small businesses? When I first started out in business, although there are a lot of programs out there I had virtually no-one to go to other than Redfern Waterloo Authority which was offering professional advice. So, like a dog with a bone I thought, ‘Great, I will hold onto that one and I will go.’ And religiously I went every week, or every two weeks, out of my own time to go and get an idea. I would go because I knew there was a gap in the market. I am talking specifically employment and training for Indigenous people. I knew that there was a gap there. I thought, ‘How can I actually come in and make a difference and try to fill this gap?’ So religiously I went week after week and it built up my self-esteem and my business acumen, not that I had any then and I still have my Learner’s and Provisional’s on my back here, but at least it gave me an opportunity to go somewhere to vent and say, ‘Hey, I have got this business idea that I want to get up. Can you help me?’ And so he did. His name is Phil Schwenke. I remember doing an article where I honestly did say that he sprinkled some brave dust over me because in a matter of weeks and months I then gave my notice and said, ‘It is either fight or fly here, so I am going to go in and do it.’ And I did. And along the way I met up with Michael McLeod, Dug Russell, Anthony Ashby, Terry Janke and people like that who are in real business doing business with corporate Australia. That is where I got my strength and my support and knowledge from. This country has not got anything for Aboriginal business, like a business hub, to go to for one person who is a professional person who is working from home. Mr Ashby can probably vouch for this; a lot of the time that you are trying to get out there and get business and organically grow your company so it has good cash

flow, and it is hard. It is so hard. This little rental property here in Redfern alone, just to rent out a small, 100 square metre property, it is just phenomenal—

ACTING CHAIR—You mentioned really two things there. The last point you mentioned about a professional hub. Is one of them a chamber of commerce which is effectively networking Indigenous business and finding support? Is there a way of addressing that deficiency?

Mr Mundine—There are a number of issues there. Following on from what everyone else has said, one of the things that I find interesting is that we have got to really go back virtually to the very beginning. What I find is the impediments that are put in place in these areas. In the private sector we always try to keep governments out of that. We try to keep the red-tape down. We try to encourage things to happen. What I find in Indigenous areas is the discouragement of entrepreneurship, the discouragement of Indigenous people to get involved in this area. It is sort of endemic within the whole system and it goes back to school levels. As an Aboriginal kid, there is no idea that you can go out and run a business, set up a business or you can go out into the private sector. If you go back to the statistics and you go back to things pre-1970, you will find a lot of Aboriginals did work in the private sector. A lot of Aboriginals used to do their own thing. They used to do things like shearing work and have teams of people going out and doing the cotton chipping and so on. The list goes on.

But through the government policies from the mid-seventies onwards we put in place the discouragement of private enterprise. In fact, there is almost a culture out there that says for Aboriginal people to be in business to make profits, to be an entrepreneur, is against their culture. That is the sort of message that is put through from government policies at the federal level across this country. I can give some examples in a minute, but what I would like to see is government audit the policies, the legislation, the taxation and everything like that, land legislation and so on, that create an impediment for people to do entrepreneurship to create their own business and then to move forward in a lot of areas. I will give you an example of the CDEPs. This is why the CDEPs have to have a major reform. CDEPs for me was about taking people from unemployment, getting them back into the workforce and then going on. I have seen some CDEPs buy up businesses and then strangle those businesses to death where they should have trained people through. There is a good example in Dubbo. There was a wheelie-bin business. It was not a fantastic, great business. It will make a person \$100,000 a year; \$100,000 a year is not a bad salary for anyone. What happened was the CDEP bought that business. They got a young Aboriginal bloke to work on that. But he was still working for the dole and he was never able then to go forward. So, in the end, after a year and a half he said, ‘Why am I working here driving this business when I am only getting dole payments virtually?’ So he left and the business collapsed. What they should have done with that young bloke was say, ‘Okay, you have got this business worth \$100,000 a year. You can feed a family with that. You will be able to buy a house. You should have that business. Go. We will let you run free.’ These are the types of things that are stranglers.

We have really got to start going back to education of the kids to say it is not un-Aboriginal to run a business and run a successful business; in fact, we encourage you to do that. We want to move away from community based businesses because the fact of the matter is that they do not work. We have really got to get an entrepreneurship, a small business mindset going, and get people to create their own business and drive them forward. My little dream, I suppose, is that we do an audit and we look at those impediments that are strangling Indigenous businesses from

operating and driving them forward. Of course, we are not talking about a lot of people here. We are talking about half a million people on the statistics. That is the size of Luxembourg. Let us put it in that context and start working from that level.

Mr KELVIN THOMSON—You have raised a question about culture there and Anthony Ashby said something that made my ears prick up on this front. I represent an electorate in inner Melbourne which has many people of non-English speaking background, many new arrivals, and a lot of them find it difficult to get work when they arrive because their qualifications are not recognised or they face discrimination in terms of getting public sector jobs or whatever. Their entrepreneurial talents are unleashed and, of course, some new arrivals are outstanding successes, Sir Peter Abels and John Ilhan and so on. One thing I would note about them is that many of them are very hungry. I am not running this as an unabashed supporter of market forces; some entrepreneurialism is about crime and drugs and prostitution and whatever. But my question is: are Aboriginal youngsters hungry? Is that entrepreneurial instinct around?

Mr Ashby—I believe really all you have got to do is scratch the surface. It is there. What is lacking is the belief that it is possible. I am a chartered accountant and have been for about 12 years now. To my knowledge I am the first and the only Aboriginal registered company auditor. When I decided to study accounting and commerce at the University of New South Wales I was fortunate to get a job with Ernst & Young as a grad there. I was with them for a number of years. I was interviewed by the ABC a couple of years ago and the word I used to describe that decision-making process I went through to undertake a business degree was ‘audacious’. I am supposed to be a fantastic sports person. I should be able to do fantastic paintings and I should be able to be involved in the performing arts base very well, but who out there is successful as an Aboriginal businessperson. I do not know them and I did not know them at that time. Whilst you might get one out of every thousand or 500 that will actually push themselves through all the barriers and obstacles and discrimination in front of them, if we scratch the surface and support and encourage and make kids believe it is possible I have 100 per cent confidence that that ratio will jump from one out of 500 to 50 out of 500, 70 out of 500, et cetera. It is not an impossible task. It just takes time, concerted effort and goodwill.

ACTING CHAIR—At this moment if I could just welcome the third member of the committee, Kerry Rea from Queensland, as well. Are you picking us up more clearly than you did this morning?

Ms REA—Yes, thank you. Can you hear me?

ACTING CHAIR—We can. At this point we are about halfway through the roundtable. We have had a specific urban and regional focus at the moment looking at impediments to Indigenous entrepreneurship and setting up small business. We have just discussed some of the blockages and some of those speed bumps. I just wanted to make sure that before we moved to a more remote setting that anyone who does have specific recommendations as opposed to further defining the problem that we probably do need to articulate those now. If we are looking at the lack of positive role models, do people have a suggestion there? If we are looking at financial literacy deficits or problems within the conventional education system, let us talk about some possible recommendations. But we have only got five to 10 minutes to do that so it will have to be quite punchy.

Mr Delaney—I was listening to Mr Ashby and Mr Mundine before. The issue I have with the kids that I have engaged in my traineeship programs is their education. Their band levels are lower than normal people in Australia. Like I said before, what I intend to do in my business is to actually start an education centre. I too was a sports person and coming out of rugby league for a period of time—I have said this to a lot of people—people just think that blackfellas just put two sticks together or they can play sport, but they do not know how to run a business. It is about educating the kids. Basically, I am putting my profits into that. That is where I am going to go because that is where I believe the future of our future generations—

ACTING CHAIR—Is that coaching on personal development or specifically in business entrepreneurship?

Mr Delaney—No, that is about personal development, to nurture them, to say, ‘Listen, to get on in this world you need to know your numeracy and literacy. You need to develop those competencies to go onto the next level.’ Most of my trainees have struggled with their maths. They have no confidence in that way. The ones that you keep, you keep on nurturing and promoting them and you keep on telling them, ‘Look mate, not only can we rub two sticks together but we can run businesses. And we can play sport. We can do anything that anyone else can.’ So, it is about being positive. That is the message that I am going to keep trying to send even if it takes me another 20 years to do it. But it is about creating a flow from an early age right through to the next period.

ACTING CHAIR—If you could provide some more detail on what you are attempting to set up for the inquiry that would be appreciated.

Mr Delaney—No worries.

Mr Gordon—Just getting back to your question about are our youngsters hungry, I think everybody here has set up their business not only to make money but to give something back to our community. I think you will go from a two-year-old right up to an 80-year-old in an Aboriginal community that would be something, if they had a chance to start a business that would drive them forward more than the monetary outcome; it would just be through the personal experience of how things have been done, even though they have not actually worked. But as a bit of a recommendation, if we could get to that central point where you could go to maybe get your business to a standard where you could deal with a Citigroup or someone like, that because I do not know where to go. I would not know how to get there. I can get some people off the dole and into work and flounder along but as to dealing with a big corporation, how do you get your business to that standard? Where do you go? When you do ask for some help, it is, ‘We do not do that. We can do this.’ ‘But what if I do not want that, I want this.’ Putting the cart before the horse, maybe you have to go straight down to basics. I think all of us here have got the drive and the passion to make our businesses successful but we just may need that assistance to go that step further.

ACTING CHAIR—In addition to your comment, are you and your organisation in a position to address that need?

Mr Mundine—I will give you an example. One of the big issues in business which was raised here earlier is about networking. You have got to have your networks. You have to have

everything going. One of the proposals we are looking at is unique in the sense that we are not even looking at government money. It is a whole bunch of businessmen who are going to invest in this. They are going to invest in it because, one, it is good to invest in Aboriginal people but, more importantly for businesspeople, they are going to make money out of it and that is the important part. It is taking the trades person—and there are a lot of Aboriginal trades people out there who have been trained around this country—and getting them to take that step further in regard to self-employment and going from there. Of course, as we know, with tradesmen and tradeswomen, it is not the case of black, white or brindle. We have identified certain issues which are a problem. One is about administration support, that background support in regard to red tape, doing all that type of stuff. There is the idea of invoicing, getting your tax invoices out there, the collecting of your tax invoices and stuff like that. We are looking at a model at the moment that we are probably going to be pushing in the next 12 months about where we set up that end of the business that will do that type of work. You will get a phone number and call in. We have worked with a number of tradesmen and have identified three communities that we want to work in. When I say communities, I am not talking about isolated communities, I am talking about Sydney, Melbourne—

ACTING CHAIR—Did you say you have identified three communities?

Mr Mundine—There are three communities in large rural country towns and cities that we will trial this in. We will do that background work for them. We will do the tax invoicing, the collecting of the funds, chasing that. All they have to do is book them in for the job, get them out to do the job, do a good job and then come back and then we just keep on rolling out work for them. Eventually the idea is that they would then be able to take over the admin side as well. What we believe will happen from there is, one, you start creating that self-employment for those people. They will eventually become the role models because you will start to see Aboriginal people working in these areas. That will have a spin-off effect into the communities and then you will have a roll on from there.

ACTING CHAIR—In Queensland we have a small business solutions program run through TAFE which engages mentors to partner up with businesses seeking that kind of support. The idea is that they pay \$300 or \$400 for a three-hour session and two or three of them lead to a Cert III or IV in small business. They are run through a TAFE channel. Whether there is a synergy there, I am not sure. But if I could just look for other potential solutions to this particular blockage of being able to take people who want to go into business or advance their business to the next step; how do we break through that?

Mr McLeod—Am I able to put forward a recommendation here? I heard you use that word. If I am able to I would say that the government, this committee, support supply diversity here in Australia. That is the vehicle which will drive and provide the mechanisms for everything that has just been discussed here—

ACTING CHAIR—By creating the demand?

Mr McLeod—Yes. Aboriginal business owners are here and they are out there. We have not seen them all. We have scratched the surface there. And they need the support. I hear what Mr Ashby says and what Ms Blanco-Francis says, ‘Where is the support?’ Is it through government? Personally, for me, no, it is not. It is in corporate Australia and I can get that. But if I were to say

something with regard to how government can support it, it is the endorsement in September of this US delegation here to Australia. It is about us listening to how they have done it over there. It is about us establishing what I would consider the Australian Indigenous minority supply council here in Australia which will have the whole mechanism structures in place to look at every area that we are looking at.

Mr Russell—The committee has received, I think and hope, submissions from America, Canada and the UK from the peak bodies of the supply councils in each of those countries. In those submissions there is 100 per cent support and endorsement for the introduction of a model. Representatives of at least two of those bodies are seeking to meet you in September face to face to put their support to you directly. I back the recommendation put forward.

ACTING CHAIR—Without trying to structure this too much, I do want to make sure that we focus on remote issues. We are just about to move across to more specific remote concerns. It does not exclude contribution from those working in the urban environment but we are now looking at some of these challenges in areas where the conditions are substantially different. We have moved away from the obvious challenges of accessing capital, for instance, to really working out what is actually going to work in a remote environment. I will give you the example of Cape York and the community of Coen, for instance, where they felt they were well away from options in agribusiness, in mining or tourism. So where do we go with a community like that that is looking to promote business activity? This is one of the toughest tests, of course. Would anyone like to start that discussion of a remote community if you are looking at interventions at any level along the education spectrum through to setting up a business?

Mr Mundine—This is one of the things I am looking at in the housing area. As a result of going into the small and remote Indigenous communities and so on I just find it quite bizarre. This is where governments are a problem. It is not only the federal government but also the state governments as well. This is one of the issues that we have got to look at on the National Policy Commission on Indigenous Housing. I have been to communities where we fly people in from Darwin and from Brisbane to build houses and to build schools while there are 200 Aboriginal people sitting around on the dole. You sort of wonder why doesn't government link into this area? I was sitting on the wharf at Palm Island. There were 30 non-Indigenous people working on that wharf. There is a population of 5,000 Aboriginals on Palm Island and the unemployment rate is about 70 per cent. So you are sort of sitting there saying, 'There are 30 jobs here. Why?' You wonder about the expense that government's have in regard to housing and you wonder about the expense of the programs in Aboriginal communities in remote areas when you actually see that you are flying people in and out constantly.

I was in one community up at Blue Mud Bay in northeast Arnhem Land and that community took matters into their own hands. They had a school complex there that was only a third completed. I said, 'How long has that been sitting there?' They said, 'Oh, about three months.' I said, 'How come it has not been finished?' The response was, 'Because we hunted the workers out.' I said, 'Why did you do that?' They said, 'They just flew them in from Darwin and they were flying them in every week, backwards and forwards, paying them to travel, paying the accommodation, paying the airfares and we just got sick and tired of not working. So we said, "If you are not going to give us a job, buggar off". And that is what they did. They buggared off and it has been sitting there for three months.' These are the things that I talk about when we talk about impediments, about discouragement. What could be more discouraging for an Aboriginal

community or an Aboriginal person than to be sitting there craving for a job and with their children craving for a job while they are watching 30 people work on a wharf. It is not as if the jobs are not there. The jobs are there. It is about time that we started working in that area.

Mrs Brown—I just have a comment about what Mr Mundine just said and what Mr Thomson said before about being hungry and are our youth hungry for work. If you look at the new Australians that come here, as you mentioned before, from the places you mentioned, as Mr Mundine just said on Palm Island and so forth, they live in this country and they hear when you get a new Australian who comes in who has been in a certain situation, they have actually moved out of their own country to this country for an opportunity. These people that are living in these rural areas, they are there expecting the opportunity to give back to their own people. So when you see white Australians coming in doing work that you are quite capable of doing and you know you are not going to get paid for it because grandma never got paid and, you know, the generation before did not, it is discouraging. Why do the work if those before them did not get paid. I do not know if anybody else is behind me. I am a bit nervous saying this. I know it opens a whole can of worms. But the kids are starving for work, they really are. They want to be the next Australian Prime Minister. There is so much out there for them.

ACTING CHAIR—That is a practical challenge if you are a remote community of 1,500 with a critical mass; there is no doubt about its viability. The question is why are there only three businesses operating in that town, the petrol station, the canteen and usually one other? How do we completely reorient that environment? Are there any recommendations?

Mr McLeod—When I look at how you commercialise and get business operating in there, then I would love to put forward something in regard to what we can do in the future. There is the carbon economy that is coming. It is the policies that we put in place. One of the things in our message to the carbon group on what we are trying to do is look at how do Aboriginal communities own and manage the whole process for themselves and own the carbon credits so that they can go out and sell them and have all that come back in. That is our model. One of the things we have come across is, like Mr Mundine says, that these impediments are in place and when it really comes to native title, who owns the carbon credit? If there are national parks on that land—and I think 13 per cent nationally of Aboriginal land is under national park—it is a case of who owns the carbon credit. There are opportunities here that I see whereby if the government would seriously like to move forward on it, this is the future I believe from a commercial point of view. Using that, we need to look at any policy or legislation that is made in regard to carbon; it has to address the Indigenous issues here. How do we bargain? When you open that up it allows Aboriginal landowners, Aboriginal communities, to engage in Australia at home. That is remote and isolated Aboriginal communities that I am looking at.

Mr KELVIN THOMSON—I think that is a good point. As soon as we opened up into this remote area it does seem to me that the carbon credits thing that we were talking about this morning is important. I like the permaculture, food forests, carbon credit combination. It sounds to me like you could have your quandong and eat it too. In terms of who gets the credit, the way that we anticipate this scheme will be designed is that it will go to the landowner or the person who is providing the service. So you could envisage a situation where you get the credit either way. Obviously, the person who is purchasing it typically will be a large company which needs to purchase a permit, but purchasing it either from the landowner or from someone else who is providing that service by storing the carbon.

Mr Gordon—I would like to put my two cents' worth in here. I think because of the vastness of our country and because those remote areas are so far away, I think technology could be of tremendous benefit. A friend of mine came up with an idea, 'Why can't we have call centres out in the scrub? We can go to India but we cannot go to Brewarrina.' So there may be an option there. Also, getting back to the issue of flying in and out, why can't they fly the people out to the jobs rather than fly them in? Is it different? I do not know. If you can fly someone into Palm Island, why can't you fly them out?

ACTING CHAIR—Focusing on recommendations, though, I am putting the question to you again: once you start having disengagement from primary school between the age of 10 to 12 and going to a period of initiation and other distractions and family committee movements and the impact of sorry time, what is actually going to take and carry through a substantial proportion of an Indigenous community to the point where they can set up business at the age of 20 or 25 without being potentially diverted into a career of choice being CDEP?

Mr Delaney—Talking about the remote communities I am not experienced but does the government do an audit of how many people who live in these communities of when they go out of their community, like the stories that people have mentioned here today? Most blackfellas in the city have come from remote areas. From there they usually go back. They may be stuck out there doing whatever they are doing. Mr Thomson just mentioned something about the carbon credits and all that. I am not an expert on that. I would not have a clue. But if I was in a mission out in the bush all I would know is if I wanted to do something, if I saw someone say two years down the track go to the city and come back and develop some sort of skill, it gives them the visualisation. I would recommend to the government to go to these communities, find out the success stories in their communities and then go and promote that to them. Say, 'If he can do it, why can't you?' And then all these other issues will probably look after themselves from a political view as they always do. But you have got to be positive. Like everyone, if you see something successful, promote that.

ACTING CHAIR—The issue of orbiting people out to other locations where they can pick up new skills?

Mr Dickens—We do traffic control. You were saying before about Indigenous people and how they are going to get work out in regional areas. One of the biggest industries out there is road maintenance, bridge building and all these things. As a company, we have always had a vision when we started that what we could do is start here on the construction industry side of it in the city because there is availability to workers and people for us to train. We visualise employment through the tribal lands all through Aboriginal Australia, with government assistance and backing and education at a level where they are leaving school. The Indigenous kids out there unfortunately are not kicking-arse scholastically, or anything. They are not making any great achievements in that. To be taught something like traffic control and to obtain a traffic control ticket at the school level, a green card ticket which is a necessity anyway because it is for safe work practices so they do not die on site, then the contracts through these governments and the big Australian companies, through that training they can work within their own areas on their own roads and maintain their own businesses, putting back into their own tribe, their own mob.

ACTING CHAIR—Vocational school based training coming back as early as the early teens?

Mr Dickens—You go to high school at 13, don't you? Between that age of 13 and 16—because that is when a lot of people leave school—they should be getting their green card at least. With that there should be guidance and a directive to use that green card and obtain a licence and then there is a job sitting there within your tribal lands.

ACTING CHAIR—Are there any comments on that before I go to Mr Logan?

Mr Mundine—I wanted to address the fly in, fly out situation. The Aboriginal communities in western Queensland and the north-western Queensland area did not want to leave their lands. They are actually staying on their lands and living on their lands. Through a native title process they were able to provide a service to the mining companies out that way. From that the military actually trained them in plant operations, maintaining the roads and so on. From that they have actually now tendered out and won contracts in Townsville and places like that doing road maintenance. They have this turnaround. They fly people out of their communities, do their two or three weeks, whatever it is, working in Townsville, and then they go home. The reverse of that has happened. You have got people who have been exposed to a different environment in Townsville. They are taking money back to their communities and they are spending money in that community and that is creating other jobs. Because they liked their café latte in Townsville they are now asking for that in their own community. That has opened up a business for other people to do. If we can have more examples of that a lot more can happen.

ACTING CHAIR—But noting that even from Yarrabah there is not even a drive in, drive out of 40 minutes, let alone a fly in, fly out.

Mr Mundine—Yes, there are those sorts of things, but there are impediments. We do need to look at the permits process. Everyone knows my stance in this area. And I am glad that the previous government and this government is really pushing forward in regard to how you do leasing of land and get joint partnerships, joint projects, happening next. There are a lot of good things that can be done.

Mr Logan—In relation to remote communities, our company is more involved in looking at I guess what Aboriginal people have been doing in this country for the last 40,000 years and tapping into some of the bush foods and the collection of them and utilising them, as Mr Thomson raised earlier in relation to the permaculture, which allows that. We all know in this country rain falls somewhere in a 12-month period, but even where I live at the bottom of the Gold Coast we do not capture too much rainwater. The rainwater has gone away and the next minute Gold Coast City Council is on level 3 or level 4 restrictions. I guess what we are looking at is utilising industry that is already out there, bush foods, and working in with universities such as Charles Darwin to basically identify some of the traditional stuff which the young ones are then learning about their own culture through the education curriculum that we have taken away over the last 200-odd years and that they have not had access to. Looking at it from a government point of view, they have lifted CDEP in a lot of the remote areas but we need to bring those programs back in to allow the initial set-up to create fair dinkum Indigenous business and also tapping into the carbon trading, as permaculture allows barren ground, barren deserts to have forests. And the ownership is back to the community. So, it is only utilising Aboriginal companies. I am making sure that they are Aboriginal companies, rather than a lot of other companies out there that are not what they say they are, and being honest and getting the best deal.

ACTING CHAIR—I come back to your point about CDEP and whether in its current form that is actually helping or hindering Indigenous business.

Mr Ashby—One recommendation I would like to make in relation to remote communities is at present if an individual flies in and flies out to mines or to oil rigs, et cetera, in the Australian taxation system there are quite a number of concessional tax treatments for those individuals in their personal individual income tax returns to compensate them for the high cost of living in those regions and accommodation, et cetera, which is all well and good. I would recommend that type of principle be applied over to small business operators who are looking to establish a business in those communities so that the income tax rate that is applied to their businesses is also concessional.

ACTING CHAIR—Before anyone builds on that interesting recommendation, I wanted to go to CDEP and whether its extension in its current form is going to help or hinder the environment.

Mr Dodd—I mentioned earlier about the project that northern New South Wales ICC and DAA have put together under their regional partnership agreement where they are wanting to commercialise the CDEP and create that proper pathway that it was originally made for. I think it is a good stepping stone but it has to be managed right. In the past people stayed on CDEP generationally. The manager of the CDEP is better paid the more people on the CDEP, and not so much when people go off it, so there is no incentive for the CDEP manager to get people exiting CDEP. I think there needs to be a rethink about the incentive for the managers of those CDEPs on getting exits and get credits for exiting rather than getting people onto CDEP.

ACTING CHAIR—Perhaps on that note, while we are still dealing with remote areas, I wanted to ask about the kinship obligations as opposed to that very self-centred business notion of profit; how are we going to be able to promote business in an environment where potentially there is expectation that no matter what you are doing you should be looking out for an extended group of family; how does that undermine setting up a business and what is the solution?

Mr Dodd—I have not got a solution. I think that moiety can play a negative effect for some groups in remote communities. One family group will be the dominant group and get all the business coming in from government and from corporates. I have not got a solution for that but it is an impediment for business because there is always going to be somebody on the outside, a family grouping or a clan group.

Mr Mundine—This is my experience also with migrant groups. I always find it interesting when people talk about Indigenous affairs, they talk about family being an impediment to business growth. When I was a young boy living in Auburn a large Lebanese family lived next door to us. What they were doing was one brother would run a business, the other brothers would work for nothing for that business for 12 months and then he would set himself up and then the next brother would run a business. They set themselves up over a period in very successful businesses. The issue is not about an impediment; it is about how we utilise that family. Also, talking about government impediments, people here say, 'That is only one family group running the business.' That is not the issue. The issue is about them delivering a service and delivering that service that is competitive and is freely available to everyone. I think we need to really reassess the family business approach because I see that as a positive that can be used in a very positive way that could develop a good, strong, family business. If you are

looking at small businesses in remote communities and even some businesses around Sydney, Melbourne and so on, how do we utilise those structures that are there—using a Maxwell Smart line—for good rather than bad; how we can do it? That takes a little bit of imagination. To me, I think we can address it. We can learn the lessons of other migrant groups and other groups about how they use families for their betterment. I do not necessarily see it as an evil.

Mr Delaney—I would just say it is very hard with a business anyway with the Aboriginal culture. Over the years I think it has just passed on to an individual. Do you know what I mean? It is about clanship, if you do one thing by yourself or you do it with your family. It is the same as an individual. Whatever you put into it is what you get out of it. I have found over the years it is a very, very hard thing and for government to understand the way that Aboriginal people think—we all do not think alike—but at the end of the day Aboriginal people will always use their family model. When we talk about seeing people coming from this other country who do this and that altogether, that has been built in as well. Because they do things differently to us we sort of get judged in a different way. I do not know why. That is just one of the answers. But it is just about getting out there and having a go. That is all it is. It is positive. That is all I can say about it. I do not judge anybody. I do not judge family. I am totally neutral in that way. But seeing Aboriginal people work together; it is not an easy task and we could all say that in some way but when we do, jeez we can do some good stuff. I have seen it and that is the whole thing about it. That is what should be promoted. You know, promote the good stuff about Aboriginal people. I could say that a million times but all we see is images of riots in Redfern or see something bad. People out there do not even know the Aboriginal people who are in businesses with their values of what we believe in. You can lead a horse to water but he will not drink if he does not like it, but if you put a glass of milk there he will love it and he will keep on doing it. But there is not enough passion in this country whether you are black, white or whatever; people have got to understand how we think. We are all individuals as well but at the end of the day it is how we work together. If we can work together that is what we are going to get. It is about self-determination, working together. It is not telling me what to do; it is about working together. I think that is what we need in this country, not just for blacks but for everybody.

Ms REA—I am sorry I have to go because I have a 3 o'clock meeting. It is a shame that these people do not get much of a chance to contribute. I think that this has been interesting and I think there are some good ideas coming out of this afternoon but, unfortunately, I have to leave the hook-up now, so I just wanted to let you know.

ACTING CHAIR—Thank you. It was good to have you with us.

Ms Blanco-Francis—Going on from Mr Mundine's point as well as Mr Russell's, it is actually about exposure, exposing our people to different things, about getting them out of their communities and into the city even if it is for a short period of time. I come from Cape York. I am a Murri woman, born and bred in Weipa where the mining companies are and I actually know what goes on in the mining companies. In fact, that is all the Aboriginal community have in terms of employment to go off. Fortunately enough I do have a brother who has worked as a painter and decorator for the past 30 years-plus and has a business that has been doing business directly with Rio Tinto. I also have a sister who has just started up business.

For them it was about getting out. My brother did his apprenticeship out of that remote community. He went to Cairns, got his trade and had exposure there. Welcome to the world of

work as we all know it. But my family back in the remote community of Mapoon of 200-plus do not have that exposure. I know that we say, you know, 'Let's look to CDEP for a two-day career', but for all its woes and silliness where everyone looks to go to CDEP and work for whatever reason, it did expose our people to developing their skills and exposing them to the world of work and work ethics. Now without them in some of those remote communities there is nothing. I would recommend, if anything, that the government take stock and audit what is actually happening in the remote communities. What businesses are there? What businesses are surviving? We were at a luncheon earlier this week and Geoff McMullen had said there are not enough good news stories out there about Aboriginal business. No-one hears about that but the whole of Australia hears about all of the other nastiness about what happens with the Aboriginal communities. We want to hear more good stories and get those out into the community. It is not for the rest of Australia, it is for those young brothers, sisters and cousins that are out there in those remote communities who are just sitting there going, 'Well, what do I do next? If CDEP is taken away from us then what am I doing?'

The other thing I would like to point out in terms of culture, for most of us when we go back to our communities although we might have our ups and downs as an Aboriginal person I can say one thing that when we do get to band together we are headstrong in doing the right thing by one another. The other thing that I would also like to say is that with my business I think it is about utilising other Aboriginal businesses if you can to support them, like I support Terry Janke, who is a lawyer. I use her as my company lawyer because she is an Aboriginal person. I want to support Aboriginal business and I can do that. I am putting back in my way. I utilise Mr Ashby's services and everyone else that we can tap into. That is about us banding together for the common good.

ACTING CHAIR—That would be another role for the chamber as well to promote that?

Ms Blanco-Francis—Absolutely, the chamber and the business hubs.

ACTING CHAIR—I want to come back to one point you have made. You have said Mapoon has a population of 200 with probably 15 children going into each age cohort, each year at school, and about 70 of them between the ages of 12 and 20 that fall out of the system. I want to put the proposal to you that rather than X number of CDEP places being allocated according to some funding formula and a lot of them being wasteful with no training at all, is there a role for a community by community approach to say: we have got this number in our community who want to either work, earn or learn in some form or be training, so we actually form a solution for the community helping each person individually until they are either earning, learning or training, orbiting, whatever it might be, converting all of CDEP across to genuine jobs and finding a solution for every other individual and letting them go from there?

Ms Blanco-Francis—Yes absolutely, because we are all at different stages with our businesses and we are all at different stages with our learning as well. I think, if anything, the government should be looking at a number of programs where you are looking at the fundamentals of business. You are looking at leadership education for the youth and the exposure there. I actually think it should be done community by community. The biggest employer in Cape York we all know is Rio Tinto as opposed to what is happening down here in New South Wales or over in WA or wherever else, so I think those communities should be assessed or audited on an individual basis.

Mr KELVIN THOMSON—On the question of remote communities it does seem to me that that point that Mr Mundine was making about local employment is very important. When we went to Yarrabah earlier this year outside Cairns the local community was very anxious to get contracts for building and construction work in its own community. Indeed, they gave us a bit of a touch-up with placards and the like. But they did have a very serious point, that they can kind of see the bright lights of Cairns over the horizon and Cairns is thriving—it has jobs—but there is discrimination. They are just far enough away that it is a very long commute to get there. It takes up your full day. If you are thinking about living in Cairns, the fact that Cairns is thriving means that the rents and property prices are very high. Being able to stay and work in your own community is very valuable in that sort of setting. And from where I sit, it looks to me to be very valuable for remote communities if we can organise the work that way.

Mr Delaney—With this big housing thing that is happening up in the Northern Territory, maybe there are some people up there who do not want to do building. I have done a couple of jobs up the north coast and the south coast. I just wanted an excuse to get out of Sydney. But I went up there to approach a couple of CDEPs and some of those fellows did not want to do any building work. They were more into the land. They wanted to work with the land and do all that stuff. It is the ones in these communities who want—like you just mentioned a minute ago—to do something and they are the ones that you want to get into. Another thing about having an Aboriginal business, one of the things that I have found is that I have had to go out and promote my business at a marketing level. Just for the record, I actually sponsored the Penrith Rugby League Football Club. And it is about getting out there and networking and all that sort of stuff. The whole focus of that sponsorship was—we are talking about Aboriginal people in business—that one of the things that I wanted to do was put a sign there. You will see it if you watch the football tonight. Watch at about the 20-metre line for ‘www.dizhomes.com’. I have put it all there.

When I was doing the marketing I said to myself, ‘Do I put an Aboriginal flag there? Do I put a little Aboriginal flag there saying I am an Aboriginal person in business or do I just leave it?’ And I think Paul said something about you do not have to tell people you are an Aboriginal. But what I want to talk about is when I first got into business it was very hard, there were people who did not want to deal with you because you were black. They said, ‘You will not get your money, mate, off that fella there.’ I have nearly gone bust about 10 times but I always paid people along the way. But when I was talking about promoting my business I said to myself, ‘I will put something back into rugby league because rugby league gave me something.’ But I was very conscious that if I attached an Aboriginal flag to my sign that people in this country would say, ‘Oh, he is only doing that because he is black.’ Do you know what I mean?

I wanted to try to do something where it was positive so that when people clicked on the website they would see a couple of Aboriginal faces there at a construction job. But that is one of the things that I have found with this. If I found that out here in urban centres, I do not know what it would be like for a blackfella out in the remote communities who wanted to get into some sort of business or how people here would judge, because they would say, ‘He is a black fella, he does not know anything.’ But to me, from my marketing point of view, I have had to sit back and look at myself and think, you know what, I might do it next year, just put the Aboriginal flag there and say, ‘Stuff the rest of Australia.’ Do you know what I mean? I should be promoting it. After hearing this today I feel I am guilty of that. I might just go and get an Aboriginal flag and put it there today, or something like that, just so everyone can see it.

Mr Allen—I have two points. I think someone else mentioned it but I think information technology and telecoms are critical for any remote business. You cannot run a business these days without proper telecommunications, a website and all that. If I talk about the Daintree area which I was talking about before, China Camp has the power lines running to Cooktown going over the top but there is no electricity and it has a Telecom microwave station going straight over the top to Cooktown but no internet connection. Wujal Wujal, which is a bigger township, has virtually no broadband internet connection whatsoever. So, in all the work that is going on in remote and regional areas, it is critical that decent infrastructure goes in to remote places. The other point is that nearly all of this discussion has been about the human capital side of things without which nothing happens, but I am just concerned that we have not talked much and do not forget the financial capital. If we are having this discussion with non-Indigenous small businesses—I have been in lots of those—many of the same issues would come up. But the biggest barrier they would put up would be access to capital, risk capital. How do you start up a business, whether it is a very small business, a micro business, even trades or whether it is something of a bigger scale? If we do get this human capital going in an entrepreneurial spirit the first problem they are going to run into is lack of capital.

ACTING CHAIR—Just because it is a problem for non-Indigenous business does not mean it is not for Indigenous, but we have really focused today on what is unique to Indigenous business.

Mr Allen—That is true but I am just pointing out that we do not want to lose sight of that because also I have seen it have a really positive effect if money is available—not easy money but money is available—you will actually stimulate entrepreneurial behaviour. People will start to put their hand up and think, ‘Well, I will have a go at that.’

ACTING CHAIR—If we could focus in closing on an indigenous development council proposal but in particular in the time we have got: what are the challenges, what are the obstacles, what is going to prevent it from occurring and how do we address them? If anyone wanted to start with where do you think the challenges will be for a council proposal?

Mr Delaney—The challenges for this council are to change the attitude in government, with the bureaucrats, the ones who write the policies. The thing that I have found is that we need to utilise those two recommendations about the selective tendering processes and putting that in stone in a policy. Before we were talking about the capital investment; I actually started my business with no money. I actually turn over \$2million to \$3million a year these days.

ACTING CHAIR—Do you make the point that there is this selective tendering issue?

Mr Delaney—It is this process of the selective tendering. If I had the accreditation and all the experience in one particular field and went to the government and they said, ‘This is going to be quarantined for Aboriginal people.’ If I said, ‘We have got five blackfellas here.’ Now we are going to say, ‘Which one is the best?’ Okay this guy has got the financial resources. This one has had a couple of failures; they do credit checks on you. Through that process you get investment in Aboriginal business. Quarantining only gives them the site to see what can actually happen.

ACTING CHAIR—That was your point over here, wasn’t it? It is not just the access to tendering but it is the next step in getting the job.

Mrs Brown—It is removing the word ‘offer’. That is not a doing word and that is what needs to be altered. If we are looking at Aboriginal participation guidelines the word ‘offer’ is such a cop-out.

Mr Russell—I do not think there any major barriers to the way it is proposed to be brought into Australia other than the funding of that three-year pilot. If that funding occurs then we have three years to prove something, ‘we’ being corporate Australia and Aboriginal businesses. I think there are eight privately owned entrepreneurial Aboriginal businesses in this room. We have the businesses ready to try out the pilot. We have a board of directors ready to represent the model. We have corporate America and we will have corporate Australia ready. We have local government ready to represent state government and good indications from federal government. One challenge is funding but other than that—

ACTING CHAIR—Has the regulatory environment been complex?

Mr Russell—No, it is irrelevant.

ACTING CHAIR—It will not make some Indigenous providers unable to qualify to be able to access those resources, the regulatory requirements to be able to tender and access?

Mr Russell—They are changes that we would all love to see happen. I would love to see it happen very carefully and slowly, but they are irrelevant to the three-year pilot.

Ms Hoff—I see an obligation of this peak body of a supply diversity council being in a position to educate people up to meet the guidelines so that they fit in to becoming one of the acceptable consultants that are involved with it.

Mr Dodd—I think you have mechanisms to build business’s capacity and capability to deliver, yes.

ACTING CHAIR—What about the role of Indigenous Business Australia as an input to the model?

Mr Russell—It has an input to the model. It has an input. They can invest in any one of these eight businesses or other Indigenous businesses that have privileged access to procurement doors.

Mr Dodd—I think that it creates investment because if you know that there is a contract there and you can say, ‘We can get this’, you will create joint ventures and investment into your business to go for those contracts.

Mrs Brown—We endorse this in a huge way. We are so impressed with the idea. In one of the first meetings that we actually had together with Mr McLeod and Mr Russell they went through that process that, as you just said yourself, they would help us and assist us to make sure that our accreditations and licences were all in order so that we can go forward and we do not look like idiots going to these big companies saying, ‘Employ us.’ They will know straight out that, yes we do, because the council members have already made sure that we do. We look professional, which is great.

Mr Delaney—I support the idea. I think it is very unique in its own way because it will stimulate employment as well for Aboriginal people. That is one of the main objectives that I am about, employment. As long as it is done in the spirit of what it is all about I think it will be successful. I have heard the word ‘guidelines’ used here. To me, you need policy written in there by the bureaucrats that write this business stuff. It is all going to happen. There are too many guidelines in this country. It just keeps going on forever. Make a policy, legislation, whatever. If the government can help with that, it would be good.

Mr Ashby—At the end of the day I think this is just a no-brainer. I do not even know why we are debating it. It should be signed off on and let’s move forward.

Mr Aggett—I think you just stole what I was going to say. It is a proven model. It has been established and operating for many years overseas. I think the way this has been proposed is very smart. A lot of the corporates involved are actually global corporates whose parent companies have been involved in the supply diversity model overseas for many years. It is not an issue for corporate Australia at all.

Ms Blanco-Francis—I wholeheartedly agree with you. It actually creates focus on Indigenous business. That is the point that I want to get across because so often we talk about it and everyone is working in silos but this actually creates some kind of focus or somewhere where people can go: corporates, individuals, Indigenous businesses and those other support groups that may sit around in the periphery.

Mr McLeod—I would just like to say in regard to the Indigenous council is that one of the things that it will engender here is black Kerry Packers and black Rupert Murdochs. It will give our youth aspirations and dreams for the future. As far as I am concerned if in five years’ time we have 50 Aboriginal businesses here in Australia that have been supported by this mechanism that will impact every Aboriginal person here in Australia. The corporates associated with it will make sure that, if there are any concerns with regard to it failing, they minimise that because it is in their best interests to do that. For me, we need to move forward on it. Of course, I am very pleased and I endorse it as well.

Mr Dickens—As a worker who started with nothing, we pretty much do well and then do badly. Like most businesses we are up and down. It would just be lovely as a Koori in business Australia to be part of something that belongs in business Australia and corporate Australia so that I do not feel like an exile or some strange little barnacle on a rock. It would be nice to be accepted 100 per cent, and I think this is the way to get there.

Mr Delaney—I think the model that we are talking about will put a challenge to Indigenous Business Australia because of all of the work that is going to be involved with the contracts; there is equity in that contract. It is very hard getting money out of Indigenous Business Australia but I think if they look at it and there is equity in this model, that is the word. I think if Aboriginal people are motivated enough to do it, they will do it.

ACTING CHAIR—Thank you everyone for your participation. Please stay with us. We will have a couple of submissions after afternoon tea, but, to everyone, thank you once again for your contributions.

Proceedings suspended from 3.20 pm to 3.40 pm

NEWHOUSE, Mr George, Executive Director, Australian Indigenous Chamber of Commerce

MUNDINE, Mr Warren, Interim Chair, Australian Indigenous Chamber of Commerce

ACTING CHAIR—I know all the introductions are out of the way, but I will now call Mr George Newhouse and Mr Warren Mundine of the Australian Indigenous Chamber of Commerce to give evidence. Although the committee does not require you to speak under oath, please understand that the hearings are formal proceedings of the Commonwealth parliament, and giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I would like to ask for an introductory statement, mindful that you made one earlier, with a focus on the strategies that you employ to gain the Indigenous business as members, and what are the costs to those businesses?

Mr Mundine—As I stated earlier in the roundtable discussions, over many years there has been talk about a focus on Indigenous business and how we could have an industry group getting together and driving forward in this area. At the 2020 Summit there was a huge discussion with regard to Indigenous rights and there was a bit of frustration coming out of that discussion that we should be looking at economic development, entrepreneurship and development of Indigenous enterprises if we are going to make some major changes. People identified that, yes, you need government activity to happen and, yes, you need to have community activity to happen, but at the same time you need private enterprise activity to happen if you are going to stimulate communities and make them drive forward. All three are very much important and work together.

From that I was approached by a number of the delegates from the 2020 Summit who were lawyers and business consultants from the mining and civil engineering services. I do not know whether the committee is aware that there is an Indigenous mining association made up of about 100 members across Australia who service that mining industry. They approached us and said, ‘We are very frustrated about what happened and we need to have a clearer focus on what needs to be done to drive forward.’ They acknowledged the importance of symbolism and the rights issue, but they said there should have been more emphasis on the economic issue. I said to them that it is no good whingeing about this and we need to drive forward. They had a meeting just over a month ago. Twenty of these organisations from Cape York, the Pilbara, New South Wales, Victoria and so on got together. That was coordinated by Danny Gilbert from Gilbert and Tobin. They decided to forge a chamber of commerce, for want of a better name. We are now incorporated now under the Corporations Act 2001 under the name of the Australian Indigenous Chamber of Commerce. The chamber has been incorporated for only a week. Hence my comment about ‘interim chair’ until we get things properly operating and moving forward from here.

The timing of this inquiry is quite good for us. Our objectives are to promote trade and commerce between Indigenous and non-Indigenous Australians. We have a great belief that it is no good just dealing with government or just dealing with ourselves, talking to ourselves—navel gazing I suppose you would call it. If we are really going to have economic development and growth within our communities and industries that drive forward, we need to be part of the wider

Australian economy and commercialisation, part of the regional economic, and we need to be part of the wider Asian and world economy. Hence, we want to promote international trade and commerce for Indigenous Australian businesses.

One of the interesting statistics that came from attending the Asian Society dinner and conference, and also the Mineral Council of Australia conference, is that 60 per cent of the resources industry is on Aboriginal land. These are not my statistics, these are the Mineral Council of Australia's statistics. That is owned Aboriginal land. When you add on top of that native title process and other processes, you are probably looking at another 15 per cent to 20 per cent of land that has an Aboriginal interest, and that of course through native title varies across-the-board from hunting and gathering rights right across to having royalties and so on out of those activities. A lot of what drives the Australian economy and drives the Asian juggernaut forward through China and India is coming off Aboriginal land. We see a lot of opportunities there for the development of Indigenous businesses. Ngarda is a good example of that, the civil and mining services company. That is probably a \$200 million business that works with Woodside, but as I said there is a large Indigenous mining group that is working this area.

We also want to advance the Indigenous entrepreneurship. We believe that it is there but has been buried and discouraged through policies and the way things have happened in the last 30 years. We want to develop and drive that forward for it to happen. If we are going to have Indigenous businesses, we need to have entrepreneurs in those businesses.

ACTING CHAIR—Is there any cost to business and those who are members or is it a fully externally funded service provider?

Mr Mundine—Membership is on a cost basis. We are great believers that what you pay for is what you get; if you do not pay anything you get nothing. It is about them having ownership. It is about the board of the chamber reacting to that ownership and making sure that they are servicing those groups. The other bigger picture role is commissioning research and economic policy of governments and across-the-board and looking at economic policy and social outcomes for Indigenous groups. We have forged partnerships with things like the Macquarie Graduate School of Management and are also talking with the Social Policy School at the New South University. We had talks with the Centre for Aboriginal Enterprise and Economic and Policy Research. We are about developing those things so that we get good scientific evidence out there and cause debate about policy across-the-board in a number of areas, and playing a role as other chambers and other industry groups do in developing good policy and good industry standards.

The other one is also talking about the promotion of excellence in Indigenous economic policy making and research, so that we are looking at not pretend type policies and we are actually engaging in a commercial/economic area in this whole process. We aim to grow business-to-business mentoring. That is an important process in this, as are dialogue and networking opportunities between Indigenous and non-Indigenous Australians. Also, we will represent and advance the interests of Indigenous businesses so that we have a growth industry that becomes a contributor to the Australian and the world economies and has a role to play in this whole area.

Those are our objectives. We also make no bones about the fact that we are a private approach. We believe the third essential element of building a strong, safe and economically sound and sustainable community has been missing in the past. We have seen the community and

government activity in a number of areas, but the third area, private, has not been fully utilised. We want to push more and more in that area so that these things happen. Of course, that means we have to look at education. We are currently putting together an education committee. The idea is that we cannot just have Indigenous people on that; we need to have a mixture. We need to have people who are engaged in business, and an academic approach from professors of economics, and also small business entrepreneurial stuff. We are bringing a range of those people on board to form education committees. We are also looking at regulations and policies and forming smaller committees in those areas to advise and help us to drive forward. We are looking at mentoring programs. Education is most important. We want also to advise governments about how education plays a major role in getting the literacy and numeracy levels up and also showing Indigenous kids that they can run a profitable business. In fact, it was not that long ago, 15 years ago, that I was actually told to my face that having an Aboriginal business that makes profits was not Aboriginal culture. We have to change that mindset and drive forward in these areas. That is a major role. It is not only about structured academic education through the primary and the high school systems; it is also more of a promotional self-esteem thing, so that they know that to be Indigenous is to be successful and you can have profits because they have benefits back to our communities.

We will also look at the legal and financial frameworks. As I said, we are also providing mentoring programs and networking so that we can line up successful businesspeople with Indigenous people and have mentoring programs moving forward to help out. We will also look at the streamlining of bureaucratic log jams within the system. This is not a particular Indigenous issue. If you talk to the other committees of the parliament they would probably say they hear the same thing from business across-the-board. We will look at tax breaks and incentives within the system, removing any barriers from moving from welfare programs to work and business and at how that can cause problems. One of the issues raised with us concerned apprenticeships and why kids would rather go into the CDEP program and work for the dole than go into apprenticeship. Apprenticeship salaries are down here and CDEP salaries are down there. It is about trying to get them to take a longer term view. In the long term you will be on a CDEP salary level, but as an apprentice your salary goes up and when you get out into the workforce you have an opportunity to grow from there and even set up your own business. We will be looking at those incentives, Apprenticeships could even be run through CDEP so that you get similar salary levels and are not disadvantaged. We will also look at accessing credit and lending programs. This is an interesting area. I find it is easy to go to the banks and get money and within a 24-hour period they would probably tell me yes or no. Aboriginal people seem to corral themselves into looking at IBA and other government programs, which takes longer and is a more expensive process to get a tick off than it would be to go to a bank. We are looking at how to change those things around. We will be encouraging business support and outreach programs in that as well.

These are the things we are looking at. We have identified a few areas, and this will be part of a more formal document that will come to the committee. For instance, we will be looking at the importance of land. As I just mentioned, 60 per cent of the resource industry is on Aboriginal land, and there are a whole lot of other areas as well. Billions of dollars are coming out of Australia, and yet you have some of these communities living in poverty. We will be looking at how we can turn that around and the impediments to that. We will be looking at land tenure, leasehold land, 99-year leases, 20-year leases and so on, and joint partnerships with the wider Australian private sector as well, and getting economic stimulus to happen.

I mentioned education. We really need to get our kids educated and get rid of the structural problems that are impediments to that. If we are going to be competitive on the world stage, if we want our kids to be educated in the job market and in the business sector so they can be competitive against anyone in the world, whether it is the Americans, the Chinese or other people in Australia, we have to open up that universe for them.

As I mentioned earlier, we see communications as an overall issue with regard to infrastructure within communities and the impediments of infrastructure that are stifling the development of businesses. One of the earlier witnesses raised the issue about communications and internet access. I had a funny experience going up to north-east Arnhem Land, which was good and bad. The bad part from a business point of view was that I had no mobile or internet contact. Within the first 24 hours I broke out in a rash. The good news was that after 24 hours I had a more relaxed lifestyle and I felt a lot better, but I do not think it would help business. We have to look at those types of structures and also roads and a whole range of transport impediments. Mr Chair, you raised it when I spoke about the western Queensland experience. They are using the fly-out approach and in some places they just do not have the opportunities to do that because there are no airports and no proper fly-outs.

Intellectual property is another issue that has been going on for a number of years. It is important that Aboriginal people have rights in this area. You are looking at capital and how we can break this poverty cycle, move things forward and start things happening.

We will be looking at bureaucracy and streamlining the whole process for things to happen. We will try to improve that area so that decisions are made a lot quicker. Businesspeople like the answer yes or no. 'No' is not bad sometimes, but we like to have a decision made quickly. In one of my experiences we waited months for that decision to be made, which makes it very difficult.

To be quite honest, in Indigenous affairs the bureaucracy can be seen as an impediment to growth in this area. That is why we try to look at how we can break down the red tape and the processes where bureaucracy can hold us up in making decisions and driving forward. They are some of the things that I wanted to raise with you today, and then I thought we could open up to questions and answers.

Mr Newhouse—A lot of the debate around the table has focused on very similar issues so I do not think there is much point in going over old ground. We will put a lot of these submissions in writing to the committee, which would probably be a better format for it. I would rather answer questions, if there are any, because Mr Mundine has covered most of the ground. There is one thing that I would like to add, and that was something that you, as chair, picked up earlier. There does need to be a community-by-community approach in terms of entrepreneurship. There is not a one-size-fits-all solution. You cannot sit around this table and have solutions that would fit in Redfern that would also fit in North Queensland and Central Desert. They are very different communities with very different problems.

My experience is mostly with local and Central Desert type communities. We have to send people into each community and ask them what their own strengths and weaknesses are and what business opportunities they see. I know we were talking about roads before but there may be others. For example, it may be tourism or a coffee cart at the Sunrise Platform at Uluru, which is one that I know of, and then assisting the community in training people and delivering those

businesses, rather than saying, ‘These are models that have worked else. Why don’t you pick one?’ Communities have to be addressed on an individual basis and perhaps people teased out, and there does need to be a legacy left, too, when governments provide services. I can give you an example. There is a desperate need for alcohol and drug counsellors in certain communities. We have talked about white people flying in and out, but it is not just jobs for local people on the docks; it is about training up Aboriginal drug and alcohol counsellors and identifying people within the communities who have the ability to go out, fill the identified jobs, and then putting them back into the community so that they are income producing and they are adding a social value to the community as well. That is not being done at the moment. Communities are getting grants for social workers. They are flying in and flying out. You are better off identifying someone in the community, training them and putting them back in where they leave a legacy. Those are the sorts of issues that we are looking at.

Mr Mundine—Also, governments have to be courageous. The history of small business is that there are a lot of failures before you get things right. We have to be prepared as a nation and as a group of people to see a lot of failures before we start getting it right. If you talk to any successful businessman, especially an entrepreneur who started from scratch and drove things forward, you will find a number of failures within their career, but they have learnt the lessons from that and they have grown from that. This is one of the areas that is going to be very tough for us, because we are going to have a microscope on us from the wider community, the media and other people who say that we have had 10 opportunities to do something and we have had seven failures. That is a statistic that is normal from small business and we will do that, but the most important part is not the failures, it is about how we have learnt from those failures and started to drive forward, and the people involved have driven forward and learnt from those failures.

Mr Newhouse—There are two points I would like to raise as well. There has been a lot of talk about how to promote good news stories. The chamber has one avenue for that, which I will throw on the table—we will be putting this in writing—and that is an Aboriginal business of the year program, where we have ambassadors, we select an Aboriginal business of the year and we promote that business, just as Qantas supports the businesswoman of the year. There are ways you can get good news stories across and we see our role as assisting in that process. The other matter I wanted to raise, which comes out of some of the discussion in the roundtable, is that the guidelines are a feel good approach to getting contractors to tender out work to Indigenous contractors and subcontractors. One of the things that we are strongly encouraging the government to do is to look at the tax system. You would get a much better take-up of Aboriginal contractors if you gave head contractors an additional deduction, a bonus or an incentive for taking on an Aboriginal subcontractor. Their tender may be X dollars but they get a kicker because the company gets an additional incentive; you get perhaps double the deduction. We have done this before for the film industry, and there is no reason why you cannot encourage Aboriginal business along the same lines.

In the case where you are a head contractor, rather than a subbie—if you are a subbie the tax deduction can be the kicker—the government might actually subsidise and provide an incentive to that tenderer so that they can quote quite efficiently and competitively against other tenderers. We see financial incentives, the dollar, as a great motivator, rather than regulation that only requires contractors to say, ‘We tried to find an Aboriginal subcontractor but we couldn’t or they

were too expensive.’ We are actually talking about getting them into jobs. Those are the sorts of things that we would be looking at.

ACTING CHAIR—To answer that question about ‘how you can help me as an Indigenous entrepreneur’ and many in microbusiness asking, ‘Why would I need a chamber of commerce?’, you have outlined a whole platform of areas that you want to focus on, but you are not specifically setting up to aid micro-Indigenous business to troubleshoot their problems and find solutions. You are not necessarily a broker of solutions for a micro-business or a small business? As I understand it, that is not your objective?

Mr Mundine—No. Our objective is about how we look at the Indigenous business sector, fertilise it and grow it to encourage things to happen and make sure things do happen in this area. As we said, we want to advance this area through research and evidential based outcomes that can help governments and other businesspeople in regard to this area. It is about introducing businesses across-the-board and getting us to play a bigger role not only on the Australian stage but the world stage. I made the comment the other day in the *Age* that because 60 per cent of the resource industry is on our land we should be sitting at the table with the Chinese and having those conversations. It was very funny because only a week later we had the Cape York situation where they sat down with the Chinese and did have that conversation. That is the role we want to play in driving forward.

Mr Newhouse—There will be some, but we are not an outreach organisation. We are not going to go out to Uluru and try to promote business. What we will do is bring people together so that our members will be interacting and networking with business. There will be mentoring opportunities. If people want to put their hand up, we will match people, but we are not an outreach group, although we will be working nationally. I think Mr Mundine is right. It is the big picture, but our members will get access to other members and they will get access to mentoring services. We will try to create as much business as possible, but the micromanagement is not something that we are equipped to do.

ACTING CHAIR—Thank you very much. Time has beaten us. I appreciate your input and in the roundtable as well.

[2.04 pm]

CONLON, Mr Paul Brian, Managing Director, Gunya Australia

ACTING CHAIR—Mr Conlon, although the committee does not require you to speak under oath, please understand that these hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I would ask you to start with a brief statement on your submission to this inquiry.

Mr Conlon—I will open by apologising for Mr Bill Moss. Unfortunately, his schedule did not match up. He was very anxious and keen to get here today, but unfortunately he was not able to do so. We see ourselves at Gunya Australia as a very unique organisation. We are a for-profit company, spawned with a philanthropic injection from Mr Moss. Our activities are probably seen more as a community developer than anything and we really see ourselves as a hybrid of philanthropy and commercialisation. What we try to focus us on is establishing cottage industry opportunities for Indigenous people in communities to drive employment. Our basic philosophy is through employment or the provision of employment we can address a large scope of the social issues faced by Aboriginal people today.

We first formed in 2003 predominantly as a tourism operator. We established a very high-profile tourism business trading as Gunya Titjikala in a small community 120 kilometres south-east of Alice Springs. We now have three tourism properties. We are working on an aquaculture program with a community transport model, and we have more recently developed an ethical property development where we are working with Aboriginal communities to ensure that they get retail profits from the development on their land, as against wholesale profits, and to try to break that traditional transactional relationship with developers to provide the Aboriginal organisations and/or communities with additional profits with which they can then spawn their own and address their own community infrastructure and community social issues.

In August 2007 Mr Moss and another board member of Gunya Australia, a gentleman by the name of Dennis Mycock, and I presented every parliamentarian with what we called the Gunya Discussion Paper. Originally it was to be a green paper but we did not have time to develop the level of detail required to call it a green paper, so we called it a discussion paper. In essence what the discussion paper was about was trying to encourage the federal government to provide tax-led incentives to gain the input in the investment and the support structures available through the private sector. Our views were held largely that we are seen as three sectors: the government sector, which in the main in our view had failed Aboriginal people. There was the philanthropic sector, which although providing much-needed provision of services largely had failed Aboriginal people in terms of generating commercial enterprise and employment opportunities. The third and the largest sector in the country, the corporate sector, is largely disengaged. On research through the contacts of Mr Moss and the like it was discovered that in the main in the corporate sector, the high end of town, did not seek to invest or would not invest in Aboriginal communities largely because of perceived risks. Those risks were very much perceived; there was stereotyping and so on. We have been able to break down those stereotypes we believe very

successfully just by presenting Aboriginal people with opportunities and capacity built into the model.

In essence, what the green paper was trying to replicate, as addressed by an earlier speaker, was the 10A-10B of the tax act. This has now been reintroduced, but in the early eighties the federal government offered 150 per cent tax deductibility on investments in Australian films, as a result of which the Australian film industry was spawned. Across the eighties it was probably seen as a very high-profile movie producer on the world stage.

Federal governments over the years have had a variety of incentive schemes for avocados, forestry and all sorts of different industries. Mr Moss and ourselves shared a view that when the government was motivated or wanted to spawn activity in a particular area it could do so through providing tax mechanisms. Research since the discussion paper with corporate Australia notes that largely corporate Australia is very willing to invest and would see the tax-led incentives as a very attractive option. I could probably take a step back as to where this tax incentive idea came from. Mr Moss and I were working for another Aboriginal organisation providing sports-led services to Aboriginal communities. At that time that organisation did not have DGR status. We were organising corporate lunches and basically tapping people on the shoulder asking them to present a cheque. When it was discovered that this organisation did not have DGR status a large number of the corporates said that unfortunately their corporate guidelines stated they could give only to bona fide DGR eligible organisations. Mr Moss's immediate response was, 'Give me half of what you were going to give me.' That was basically the net loss. People were still very rigid. We then worked and discussed that over time, and this paper was the result.

One of the frustrating things about writing this paper was the lack of information available. Across about a three-week period we basically contacted just about every senior public servant in Canberra trying to discover what the cash value was on taking someone from full-time social security to full-time improvement and what the economic impact was. Unfortunately, we had to recruit the services of Professor Kirby in the Northern Territory to establish that number. That number comes out at about \$68,000. Half of that is savings through direct net cost of savings to government and the other is then generated through economic activity as a result of someone now having a regular income. That was a very conservative estimate because it only took the real costs. It did not go into the educational costs, the health value costs and so on. When you put that into our model, using the example that we used, which was a company being spawned in an Aboriginal community seeking an investment of about \$750,000, the return to government by producing five jobs was \$3.6 million over 10 years. At the recent 2020 Summit we presented this green paper, and Prime Minister Rudd requested that each group put up a cashless or a free idea. Through the Indigenous cycle of the 2020 Summit we presented this as free, because we see the government is actually getting a net return.

The take-up rate, or the excitement level, within Aboriginal communities on this incentive has been phenomenal. We would have easily been contacted by over 200 communities around the country excited by the opportunity that this discussion paper presented, and not because they have seen it as a free ticket to access capital. As other speakers have said, there are other ways of communities accessing capital. From our experience it was more about having a corporate entity with some business acumen and some business skills to support, tutor and mentor that business through its incubation stages so that it can produce the economic returns that you are seeking.

In the main driving Indigenous enterprise within remote communities is problematic. We have heard a whole range of infrastructure issues and so on. They are starting behind the eight ball. Australia is the only continent in the world that has the one tax regime from border to border. Mr Moss regularly uses an example that the only reason Florida exists in the United States is tax-led incentives. It would still be a mosquito infested swamp if it was not for those tax incentives.

We know that tax-led incentives can stimulate investment. We know the corporate sector wants to invest. We are being inundated with small cottage industry development ideas from Aboriginal communities, so there is no fear of a lack of ideas. As an earlier speaker said, once investment levels are at a stage where people know investment monies are readily available, that is when the entrepreneurial spirit really starts to drive in. In essence, we are largely around cottage industry incubation and development, and from that good things will grow. In the main we are working with some of Australia's most remote communities, but a lot of our models also have urban and metropolitan applications.

Mr KELVIN THOMSON—You were saying that Florida is an example in favour of the tax subsidies, is it?

Mr Conlon—Yes.

Mr KELVIN THOMSON—Your submission states that the Titjikala Community Foundation receives 50 per cent of the profits being utilised for health, education, training and school retention. Who operates the community fund? Who determines the use of the profits?

Mr Conlon—All our businesses are community owned. The Central Desert people use an expression of ngapjatji ngapjatji, which culturally means two ways working together or fifty-fifty. It is their business. All we are doing is providing services and support over that business. All the monies go into the community and the community dictates where those monies go. We have had senior bureaucrats criticise that communal ownership model. We have even had ministers criticise that communal ownership model. We have examples in the white mainstream communities, where small business is all around individual ownership. If that works in the mainstream community, why do we not just replicate that in Aboriginal communities? The simple answer to that is that in the main a large number of Australian Indigenous communities do not have the individual capacity sets to work that model. One of the very proud things that came out of the Titjikala model is that we have now been in business for nearly five years and we have had no pilfering and no damage. There are people within Titjikala that do not like tourism and think it is the worst thing that has happened to their community, but they are in the minority and they still hold a very high level of respect for what the tourism operation has brought that community. This is a community that less than three years ago was 100 per cent reliant on government funding and now generates about 50 per cent of its own revenues. The proof of the pudding is that, if you provide the opportunity, Aboriginal people will respond. Our green paper or discussion paper is trying to present those opportunities in a broader way.

I am sure someone is going to ask this question: how do we keep the sharks and the charlatans out of this process? Senior bureaucrats in the ATO have already raised this. Within the paper we have come up with a bona fide approval process. It is not just that you establish an Indigenous enterprise in an Aboriginal community and you get the tax cuts. It is about the project meeting certain criteria. Those criteria are reported by the community and not by the operator or the

investor of the funds. Halfway through this project if someone was not delivering the outcomes that they stated they would deliver in the first instance they would lose that tax deductibility. There was an advisory council and, again, that is another way of government capping the level of funding, instead of just opening the door with all sorts of schemes being put through. If there were a bona fide process put in place for a particular project to get this accreditation process, that accreditation process would lead to the tax-led incentives.

Mr KELVIN THOMSON—Your submission also stated that cottage industries are the mainstay of sustainable Indigenous business development overseas but that this is not fully appreciated in Australia. Can you tell us a bit more about that?

Mr Conlon—If you look at any Third World economic situation, they are all led by employment. I heard a great story in conjunction with the Olympics only a couple of nights ago on the ABC. The Great Wall was about keeping the peasants employed, keeping them active and giving them something to do. That was several thousands of years ago and I do not think the philosophies have really changed. Again, I can get back to our basic philosophy of engagement. We use a little symbol on our paraphernalia of Einstein's $E = mc^2$ approach, because we say that through engagement you will get employment, through employment you get education, and through education then you get further employment. In our discussion paper we have a benefits cycle that shows the benefits you get out of providing employment. The easiest way to provide that employment is through cottage industry development.

I was on holiday only recently in Bali. The level of cottage industry along the roads in the tourism resorts in Bali is phenomenal. When you stop and talk to some of those traders, some of those traders are actually trading internationally on the net. It can start with a lady weaving a basket sitting under a tree. A lot of the discussion around Indigenous economic development gets muddled up. The previous Indigenous minister, for instance, responded to our paper saying that land tenure was more important. But 95 per cent of Australian businesses today do not own the land on which they operate, so why do Aboriginal people need to own the land on which they operate? There have been a lot of excuses presented in the past. The formal response from Treasury on our paper was that that is not what government does. We could give you volumes of history books that show that government has done this in the past. We see it as a willingness to engage. We also think it is somewhat ironic that the Rudd-led government in opposition through its election campaign actually quoted our paper in terms of the principles that it wanted to instil in Indigenous economic development. I know they have only been in power for six months, but still we have not seen a true response on that front.

I think Australia right now is sitting on an amazing opportunity where people are seeking to make a real difference, including the corporate sector, and an initiative like this is not going to present all the answers because it is not a snake oil and it is not a cure-all, but we believe it is certainly an answer. If we can get the corporate sector engaged, the sky is the limit.

An earlier speaker mentioned the \$750 million housing contract that has recently been let by the federal government to the Northern Territory government. That again is an opportunity lost because there was no private sector investment in that housing scheme. That scheme seeks to build 1,000 homes in the Northern Territory over the next five years. When you draw out the population growth in the Northern Territory, you will note that that will not keep abreast of that population. With that level of investment there was a perfect opportunity for the government to

engage the private sector, possibly double their money, build twice as many homes and start to address the issues. We have not spoken to one corporate sector high-profile CEO or chairman who has not said that if this process were in place they would invest at a level. They have not stated the level, but they would invest.

Mr KELVIN THOMSON—Do you have conduits for Indigenous entrepreneurs to approach you with their ideas?

Mr Conlon—To say that every day we are approached is a slight exaggeration, but we have regular contact from people with ideas, both black and white. We put a higher focus on the ideas coming from Indigenous people. We put a higher emphasis on ideas coming from Indigenous communities because we see that as our core business. In some cases we are able to assist and direct them elsewhere. In other areas, to be honest, we are just filing them because we currently do not have the resources to be able to address it.

Mr KELVIN THOMSON—We had a lot of discussion today about the minority business development council idea. I do not know whether that is something you are aware of or familiar with. Do you wish to express a view about it?

Mr Conlon—We would certainly be supportive of that initiative. We see ourselves operating slightly further down the spectrum. What we are trying to do is drive and initiate new businesses, cottage industry, if you like, grassroots incubation type businesses. These sorts of councils would obviously then provide a benefit to leapfrog that business forward. In the material I have read so far that idea is really just supporting the existing businesses. I am not saying that is a support that is not needed. It is. Our focus is very much trying to drive and generate businesses at the other end of the spectrum where there are perhaps no opportunities.

ACTING CHAIR—Thank you very much for your contribution to the inquiry.

Resolved (on motion of **Mr Thomson**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 4.24 pm