



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Reference: Indigenous businesses

CANBERRA

Wednesday, 8 April 1998

OFFICIAL HANSARD REPORT

CANBERRA

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

Members:

Mr Lieberman (Chair)

Mr Albanese	Mr McGauran
Mr Campbell	Mr Melham
Mr Dondas	Dr Nelson
Mr Entsch	Mr Quick
Mr Holding	Mr Tony Smith
Mr Katter	Mrs Stone
Mr Lloyd	

Matter referred:

To inquire into and report on the existing opportunities and arrangements for encouraging sound Aboriginal and Torres Strait Islander economic initiatives at the small and medium business level. In particular, the Committee will focus on:

the success of existing Commonwealth programs that help Aboriginal and Torres Strait Islander people (including those in joint ventures with non-indigenous people) to acquire, control, and develop sustainable commercial opportunities;

possible future policy directions and administrative arrangements at the Commonwealth level to encourage indigenous commercial initiatives;

any barriers to the establishment, acquisition or development of indigenous controlled businesses or businesses in which indigenous people are joint venture partners; and

means of raising the profile of indigenous controlled businesses or businesses in which indigenous people are joint venture partners.

The Committee shall also consider State, Territory, corporate and international examples of good practice in encouraging sound indigenous economic initiatives at the small and medium business level.

WITNESSES

ARMITAGE, Ms Joan Irene, Director, Training Reform Section, Vocational Education and Training Reform Branch, Vocational Education and Training Division, Department of Employment, Education, Training and Youth Affairs, 16 Mort Street, Canberra, Australian Capital Territory 2601	126
JUDGE, Mr Hal, Director, Job Network Provider Support Section, Department of Employment, Education, Training and Youth Affairs, PO Box 9880, Canberra, Australian Capital Territory 2601	126
PATTERSON, Mr Russell Keith, Assistant Secretary, Indigenous Employment Initiatives Branch, Department of Employment, Education, Training and Youth Affairs, 12 Mort Street, Canberra, Australian Capital Territory 2601	126
PFLUGER, Mr Paul, Assistant Director, Job Network Provider Support Section, Department of Employment, Education, Training and Youth Affairs, PO Box 9880, Canberra, Australian Capital Territory 2601	126

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

Indigenous businesses

CANBERRA

Wednesday, 8 April 1998

Present

Mr Lieberman (Chair)

Mr Dondas

Mr Lloyd

Committee met at 4.16 p.m.

Mr Lieberman took the chair.

ARMITAGE, Ms Joan Irene, Director, Training Reform Section, Vocational Education and Training Reform Branch, Vocational Education and Training Division, Department of Employment, Education, Training and Youth Affairs, 16 Mort Street, Canberra, Australian Capital Territory 2601

JUDGE, Mr Hal, Director, Job Network Provider Support Section, Department of Employment, Education, Training and Youth Affairs, PO Box 9880, Canberra, Australian Capital Territory 2601

PATTERSON, Mr Russell Keith, Assistant Secretary, Indigenous Employment Initiatives Branch, Department of Employment, Education, Training and Youth Affairs, 12 Mort Street, Canberra, Australian Capital Territory 2601

PFLUGER, Mr Paul, Assistant Director, Job Network Provider Support Section, Department of Employment, Education, Training and Youth Affairs, PO Box 9880, Canberra, Australian Capital Territory 2601

CHAIR—I now open a special public hearing of the committee's inquiry into indigenous businesses to take evidence from the Department of Employment, Education, Training and Youth Affairs. Members of the committee believe that appropriate indigenous economic development is one of the key ways in which Aborigines and Torres Strait Islanders can reduce their dependence on government funding, increase their income and gain greater control over the events that affect their lives.

The purpose of the inquiry is to review the existing Commonwealth programs to assist appropriate indigenous businesses and joint ventures and examine whether the programs could be delivered in more efficient and effective ways. The goal is to make it easier for indigenous people to start and maintain successful businesses.

At this hearing, members will be taking evidence about DEETYA's training and support programs for indigenous business people. If you would like further details about the inquiry please feel free to ask any of the committee staff here at the hearing. With these remarks, I turn to the proceedings at hand.

Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament.

Before we ask you some questions, I thank you for the submission received this afternoon. That has been incorporated and is now part of the transcript of public evidence. Do you have any additional statements or opening statements to make?

Mr Patterson—Not at this stage.

CHAIR—I might open the batting on questions. In the submission you describe a number of programs. I wonder if DEETYA could provide a letter to the committee setting out the amounts expended on each of those programs in each of the last three financial years and the amounts allocated for those programs in this current financial year—that is obviously where applicable as some of them may not have been in vogue at an earlier time. Also, could DEETYA provide in that same response details of the number of indigenous participants in each of those programs in each of those periods? If it is possible, to assist the

committee, can you indicate the places where those participants were involved in the programs?

Mr Patterson—Locations?

CHAIR—Yes, locations is probably the better word. Can you also provide the tracking by DEETYA of those people, if any? What was the outcome of their participation in those programs, as far as DEETYA knows, of those people? Did they lead to employment or participation of businesses? If so, what were those businesses? What system of tracking the results of these programs provided by DEETYA does DEETYA have so as to measure the performance and benefits of the programs to those individuals? I notice that DEETYA was involved in an international seminar last year.

Mr Patterson—In September in Darwin.

CHAIR—Yes. That led to a number of recommendations, which are referred to on page 3 of the submission from DEETYA. Those recommendations, I take it, were made in September 1997. I would ask DEETYA if they could provide the committee in writing with details of the action plans to implement all or any of those principles—I guess I can call them that—that were agreed on at the conference and where no action plan has been put in place for any or all of those principles the reason why that has not been done. That may be because it is not relevant or not worthwhile pursuing or whatever you have decided.

DEETYA refers in its submission to the efforts being made for the last 10-odd years since 1987 to establish indigenous people in businesses and employment and refers to the fact that, unfortunately, most of the efforts have resulted in employment only in the public sector—not that there is anything wrong with that; I do not mean ‘only’ in a depreciating sense. But DEETYA’s own objectives, as I read the submission, are that there should be maximisation of opportunities in the private sector. I assume we are on the same flight path.

Mr Patterson—That is correct.

CHAIR—I would appreciate DEETYA’s providing, at least for over the last three financial years and the current financial year, details of the number of people DEETYA believes have found their way into employment, private or public, and the nature of those positions. How many of them have managed to establish businesses? Did they have to get financial seeding grants or loans from any of the government programs to do that? Do you know, if they did not, where they got their finances from? There is a fair bit of questioning there, but I think you will realise the importance of them.

Mr Patterson—Yes, I do.

CHAIR—If Mr Katter were here he would be over the moon because on page 3 the international conference you sponsored adopted a set of goals and guidelines, which you are going to tell us about—the effectiveness of them in implementation terms. One of them is the ownership of land. It can be a crucial ingredient for economic independence. Mr Katter, who is not here today, has been pursuing that line for probably 30 years.

Mr Patterson—That is in the context of land being able to be used for collateral for the purposes of securing loans and so on. In particular, with the mining sector, the exploration and mining on lands owned by

Aboriginal people has lead to pretty substantial joint business ventures around the country.

CHAIR—I have other questions which I am happy for you to take on notice. I note the change to the new employment system from 1 May. I note the allocation across Australia of a number of people—40-odd from memory—in various places in Australia to work on and develop programs for indigenous people. I cannot find it now. On page 4 you state:

The department has a new network of 42 Employment Development Officers to ensure the remote and rural communities . . .

Could DEETYA provide us with details of where those people are and how many indigenous people—

Mr Patterson—What proportion are indigenous?

CHAIR—Yes. That is a good question. I had not thought of that, but I need to know that. How many indigenous people have they been involved with since their placement in their job? They are employment development officers so I presume their job is to work with people.

Mr Patterson—They work with communities rather than the individuals. Previously, we had a remote area field service which was about signing up individuals for labour market program assistance and case management. With the abolition of the CES and the establishment of Centrelink, the department argued to retain that remote resource but change its focus to be one more of providing development assistance and broad departmental advice to communities, rather than to individuals per se, and working with other agencies such as ATSIC and state government departments to see if we could maximise the potential for coordinating activities to get better results. As I think we mentioned, our employment development officers are going to have a keen eye to providing advice and whatever assistance we can to indigenous businesses in remote communities.

CHAIR—Is it too early to ask for a summary from DEETYA of the work they have been doing to date—in respect of the indigenous aspect of their work—and some indication of the outcomes?

Mr Patterson—I think I could give you an indication of the sort of work that they have been doing.

CHAIR—In respect of indigenous people?

Mr Patterson—Yes. I am perhaps not in a position to quantify that as yet. We had our employment development officers together last week in Canberra for training and to develop a very clear understanding of their role and to set in place business planning processes with them. In some ways we are establishing this new network, forming it and shaping it to provide services. But I could provide the committee with descriptions of their roles, their functions, the sorts of activities they have been involved in over the last 12 months and the priorities.

CHAIR—And any anecdotal information which would highlight some strengths and weaknesses for indigenous people. We are particularly keen to find role models of successes which we can proclaim to give people encouragement to keep working in this difficult area.

Mr Patterson—And successes in indigenous business.

CHAIR—Did I ask about the cost of these programs earlier?

Mr Patterson—Yes.

CHAIR—I do not have a script; I am doing it on the run.

Mr Patterson—No, we went through that. You were asking for costs, commencements, placements and outcomes in terms of permanent employment?

CHAIR—Yes, that is right.

Mr LLOYD—I am particularly interested in the NEIS schemes because I have worked fairly closely with them in my own electorate—not so much with indigenous communities. I see them as being very successful. I am pleased to see these new 42 employment development officers. I think they will be a great asset to DEETYA and to the NEIS scheme. How are they going to relate in the new world order of private employment placement contracts? Obviously these NEIS contracts are now under private tender.

Mr Patterson—The department retains a number of labour market programs—the indigenous employment strategies element of TAP is a program that will not be delivered through the competitive market; the work for the dole scheme we would like to see extend to remote parts of the country; and some of the jobs pathway programs in the VET area. So our employment development officers will be providing advice on that.

But, in relation to the market, their role is to inform the community about how to access services through the market and to facilitate the involvement of the service providers with indigenous communities. It is very much a facilitation role and, in a sense, an insurance safety net for remote parts of the country to make sure the market works at its optimum.

A tangible example might be that over the past 12 months or more we have been working very closely with ATSIC on their housing infrastructure program. There is a large amount of expenditure and a large amount of work going on there to try to harness those programs to traineeship packages. Around the country we have significant numbers of trainees working on building their own houses in their own communities.

An employment development officer, by retaining networks with communities and ATSIC, will be alert to these possibilities and would organise community meetings with the community, ATSIC, state training providers and the Job Network providers to try to harness some of their funding and complement that with our programs.

Mr LLOYD—So that would help coordinate some of the—

Mr Patterson—And draw it together. I think one of the problems has been, as we all probably know, particularly in these remote areas, that the agencies providing these different sorts of services do not always work together and do not travel together and opportunities can be lost. For instance, ATSIC might have a contract to build a dozen houses on a community, which is training and employment opportunities, and the kids sit on the hill and watch the work going on. We are starting to overcome that through part of that process.

Mr LLOYD—You talk about the extension of the work for the dole scheme. Would you see that working in conjunction with CDEP? CDEP is very much a work for the dole scheme that has been in place for many years.

Mr Patterson—There are some similarities; there are some differences. Work for the dole is time limited at six months, it is for a particular age group and there are particular eligibility requirements. The administrative funding arrangements attached to work for the dole and the submission based approach is a bit different to CDEP. Communities have a certain number of places allocated under CDEP and a certain amount for administration. They have a certain capacity therefore to run a number of projects.

What work for the dole would provide is the opportunity to provide work for the dole opportunities to some of those younger people who might be on waiting lists for CDEP projects, because they do have waiting lists in some parts of the country. Also in some parts of the country some communities do not have CDEP. We would be particularly interested in getting to those.

Mr LLOYD—So you could actually see work for the dole being a progression where, for example, a young person may go on work for the dole, may progress to CDEP and then hopefully into a job somewhere in the future?

Mr Patterson—Ideally, from work for the dole into a job. The sorts of things that we are training our development employment officers on are: how better can we link our programs to achieve a goal of getting people into employment? How do we work with CDEP? How do we use the TAP employment strategies program with CDEP, which we are doing now on community organisations to work with communities to arrive at traineeships and move people on and so on?

Mr LLOYD—What business mentoring services do you have in place, if any? Are there any that are specifically for indigenous communities—mainly with the NEIS scheme?

Mr Judge—Through the new enterprise incentive scheme, local NEIS managing agents provide the NEIS training and then participants, if they are assessed as being commercially viable, receive a year's income support and regular mentor visits—at least one per quarter. Frequently there are more than that. In some cases they are provided monthly. I am not aware of any indigenous specific mentor schemes.

Mr LLOYD—Would you see the 42 EDO officers having a role in that or is that beyond their scope?

Mr Patterson—That would be beyond their level of expertise. That is not the basis on which we have selected them for their positions, it is more their ability to communicate with the communities that they are serving. This is really the essential ingredient that we are after.

Mr Judge—That is right. The NEIS mentors are selected by the NEIS managing agents. They are people with an understanding and experienced background in small business—the kinds of issues, barriers and problems that are encountered by businesses starting up from scratch.

Mr Patterson—It might be useful if I just give a quick reaction to some of the questions.

CHAIR—I do not expect you to, but you are welcome to. The transcript will be made available

quickly to you. So if you are worrying about not keeping up with me, the notes will be available to you. The reason I am hurrying is that I am expecting that we will be aborted in a minute by proceedings in the House. I intend to try to close the public hearing. But please feel free to add anything now.

Mr Patterson—In terms of financial information in respect to my programs—and I assume the others—it is not a problem in providing that information at all. In fact, I could tell you now that our TAP program, our training for Aboriginals program, this year is around \$62 million. My program has 100 per cent indigenous participation. I could provide details on participant numbers, placements and so on. I presume we could do any other programs.

Mr Pfluger—It is a bit tricky in regards to the regional assistance program. That is what business incubators are funded under. It is not individually based; it is not assistance for individuals.

CHAIR—That is what I am saying: where you know and where you do not know say so in a sentence or two.

Mr Patterson—Yes.

CHAIR—I am trying to get a snapshot. This is not an audit inquiry. We are trying to get a snapshot and a good understanding so we can give an overview and some rapid recommendations to support your work. That is what we are on about.

Mr Patterson—If there is a piece of information that we cannot gather, we will explain why.

CHAIR—Yes.

Mr Patterson—In the context of describing our tracking system.

CHAIR—But we are not out to trap anyone. I can assure you of that. This is a very positive inquiry that we believe can help to facilitate delivery of programs and the like.

Mr Patterson—In respect of the OECD conference, that was a joint ATSIC-DEETYA conference and some of the recommendations are more appropriate to ATSIC. We will mention that, too, in our response.

CHAIR—I will ask the secretary if he will write to ATSIC drawing attention to the evidence today and page 3 of your submission and asking ATSIC to give us answers to questions similar to those we asked DEETYA. So we will get their perspective, too.

Mr Patterson—In respect of the number of people employed in indigenous business, I think we will have to rely on the 1986 census or perhaps ATSIC might have that information. But we will explore different avenues to gather that information. There is one other comment that I might make and perhaps we could include it in our response. We are associated with a number of indigenous business organisations around the country that are quite positive—for example, the Tjapukai indigenous tourism venture in Cairns.

CHAIR—Have you got shares?

Mr Patterson—No, we do not have shares but we have trainees there.

CHAIR—So you are mentoring and assisting with—

Mr Patterson—We are assisting them to develop a skilled work force, basically. We have a large number of trainees there.

CHAIR—We would love a statement of those where you are involved and a brief description of how you are.

Mr Patterson—Perhaps there are organisations that you might take a particular interest in. There is an indigenous organisation that has just moved into a joint venture with Hamersley Iron and Rio Tinto. We are providing substantial training assistance for the Aboriginal organisation that is the joint venture. ATSIC is also providing funding assistance to set up the business. I might provide some details of that.

CHAIR—That would be good.

Mr Patterson—That is the sort of model of company, community organisation, joint venture, Commonwealth assistance and training assistance linking together to make something viable. That is very positive. The only point I would make—and I have worked in this area on and off for some time now—is that these fledgling organisations are very positive developments. We have to be careful not to overburden them by placing too many expectations their way. I think there is a tendency to embrace these new emerging organisations and perhaps put a bit too much on them. They need to grow and develop their business acumen over time.

CHAIR—So the business plan should be realistic, otherwise it could break down?

Mr Patterson—And those agencies interested in putting work the way of indigenous businesses perhaps should exercise a bit of caution and allow the organisations to establish themselves step by step. Do you know what I mean—putting too many expectations on organisations that are still learning? That is just a personal observation.

CHAIR—Yes. I understand what you are saying, but we do not want to be paternalistic.

Mr Patterson—No.

CHAIR—We should not hold back people, we should let them fly.

Mr Patterson—Let them fly, by all means.

CHAIR—But help them along the way.

Mr Patterson—But do not suffocate them.

CHAIR—Yes, understood. That is good advice.

Mr LLOYD—In the relationship between DEETYA and ATSIC—you say here that you work closely with them—is there a structured communication between the two departments? What is the working relationship between the two departments?

Mr Patterson—We have in the past had a memorandum of understanding and a set of protocols going down to regional level—perhaps a bit bureaucratic and voluminous for my liking in terms of the documentation. The approach we have been taking for the last year or so is perhaps a more practical day-to-day working relationship of regular contact at a national level and at the state and regional level.

I have recently been involved with the market and de-briefing sessions and so on, but I regularly meet with ATSIC. We have a draft protocol that we have developed with ATSIC for ATSIC's administrative arm for each state and territory. It is a brief document, action oriented and will report on outcomes rather than describe the details of meetings and so on. With regional councils and with our employment development officers and the indigenous employment strategies staff in the states—we are encouraging closer working relationships with ATSIC and so on.

The NEIS program has had good relationships in terms of supporting some of the ideas developed under the indigenous business initiatives program. That has been very positive. We meet regularly with ATSIC in relation to their housing and infrastructure program. We have a schedule of projects around the country for the next two years or so so that we can target our efforts on the basis of their plan so the opportunities do not get lost. I think the relationship is quite good and perhaps as formal as it needs to be without becoming bureaucratic and lost in the process.

With ATSIC regional councils, the extent of the relationship varies, often depending on the interest of the regional council itself in these sorts of areas. I take the view that as an outside organisation I am not in a position to push any regional councils but simply make ourselves available from time to time. I meet with regional councils whenever I go around the country.

CHAIR—Does anyone wish to add anything else? We have probably got about two minutes before the gong goes.

Mr Patterson—On an ongoing basis I am available to provide answers to questions and so on.

CHAIR—Before I close the public hearing I would like to thank you all for attending, thank the secretariat and *Hansard*, and wish you Happy Easter.

Resolved (on motion by **Mr Lloyd**):

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

Committee adjourned at 4.44 p.m.