PROOF

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Reference: Indigenous businesses

CANBERRA

Wednesday, 13 May 1998

PROOF HANSARD REPORT

CONDITIONS OF DISTRIBUTION

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

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Indigenous businesses

CANBERRA

Wednesday, 13 May 1998

Present

Mr Lieberman (Chair)

Mr Campbell	Mr Katter
Mr Dondas	Mr Tony Smith
Mr Entsch	Mrs Stone
Mr Holding	

Committee met at 4.18 p.m.

Mr Lieberman took the chair.

CHAIR—Welcome. I now open another public hearing of the committee's inquiry into indigenous businesses. Members of the committee believe that appropriate indigenous economic development is one of the key ways in which Aboriginals and Torres Strait Islanders can reduce their dependence on government funding, increase their own income and gain greater control over the events that affect their lives. The purpose of this inquiry is to review the existing Commonwealth programs, to assist appropriate indigenous businesses and joint ventures and to 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 take evidence from the Australian Chamber of Commerce and Industry, and Rio Tinto. Their appearance today at this hearing highlights the importance of the partnership between government, the corporate sector and indigenous people. I am sure the committee will want to encourage such a partnership, which is vital if the opportunities for indigenous businesses are to be maximised. If anyone in the public would like further details of the inquiry, please feel free to ask any of the committee staff at the hearing today. With these remarks I turn to the proceedings at hand.

[4.20 p.m.]

BALZARY, Mr Stephen Edward, Director, Employment and Training, Australian Chamber of Commerce and Industry, 24 Brisbane Avenue, Barton, Australian Capital Territory

HARRIS, Mr Raymond Laurier, National Manager, Indigenous Program, Australian Chamber of Commerce and Industry, 24 Brisbane Avenue, Barton, Australian Capital Territory

CHAIR—Welcome. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are still legal proceedings of the parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We say that for the benefit of all witnesses; it is a standard statement. Before we ask questions, you have been kind enough to give us an excellent submission. Do you have an opening statement or any other statement you would like to make?

Mr Balzary—I would like to make a couple of comments and we have also got some supplementary information which you may be interested in. In general, I would like to highlight a couple of things in our submission. Firstly, our view at ACCI is that any government program needs to take account of something we put before government in the 1997 Mortimer review concerning government expenditure and government programs; in particular, about the assessment of those programs and effectiveness.

In terms of the indigenous businesses area, we have been particularly involved in the promotion of employment of Aboriginal and Torres Strait Islanders within mainstream companies, but we have also been involved in promotion and assistance of Aboriginal and Torres Strait Islander businesses generally, through the chamber of commerce movement across Australia.

Firstly, we have promoted membership of chambers of commerce to indigenous organisations, both through ATSIC commissioners and through other organisations, so as to try to harness the networking arrangements and also to allow indigenous communities and businesses to reap the full rewards of chambers of commerce in terms of knowledge of businesses.

Secondly, we have been fairly strong in our views on the new training reform agenda, and particularly new apprenticeships. Our view is that access to the vocational education and training system for Aboriginal and Torres Strait Islanders is a key aspect, and there are a lot of opportunities that we feel have not been taken up yet. Part of our role is to facilitate the access of Aboriginal and Torres Strait Islanders to traineeships and apprenticeships.

We consider that some of the changes will be particularly beneficial to Aboriginal communities and Aboriginal businesses, particularly the implementation of user choice—that is, to allow Aboriginal communities and businesses an opportunity to choose their own training, their own provider and how it is delivered. We think that those changes, which commenced from 1 January this year, have got the support of the Aboriginal community, certainly in terms of the indigenous businesses we have spoken to. We think there is strong support in that area and we have also supported full implementation of user choice.

We have got some concerns with some of the new structuring of systems where there used to be additional benefits to Aboriginal apprentices and trainees under the old system that are not available under the new system. There used to be additional subsidies available to employers to take on Aboriginal and Torres Strait Islander job seekers that are not available now. Therefore, Aboriginal and Torres Strait Islander job seekers are seen to be like other people in terms of not being under multiple disadvantage, and that is not the fact at all.

We have also been fairly active in labour shortages through the *Northern Australia Skills Shortages Report 1997*. We provided Mr Dondas with a copy of that report, as did other representatives, particularly across northern Australia. We found that there is a problem in the Northern Territory, for example, with filling vacancies, so there is a labour shortage as well as a skill shortage. There needs to be a better match between the needs of employers generally and the skills that are trained by Aboriginal communities, particularly in remote locations through the mining industry and other industries.

Lastly, through the indigenous employment program, we have been sponsoring mainstream employers taking on Aboriginal and Torres Strait Islanders through employment strategies. We have got some supplementary information that the chair may wish to consider. It talks about that program, the major highlights of the program, what companies we have been dealing with and the success rate of that program that has been operating for a number of years.

CHAIR—What is the title of that document?

Mr Balzary—The title is 'ACCI Additional Input into Inquiry into Indigenous Businesses'.

Resolved (on motion by **Mr Dondas**, seconded by **Mr Campbell**):

That the document entitled 'ACCI Additional Input into Inquiry into Indigenous Businesses' be accepted as an exhibit and received as evidence to the inquiry into indigenous businesses.

Mr Balzary—Briefly, in terms of the document, we have highlighted a number of innovative strategies that we have operating with the ACTU-Lend Lease Foundation, together with the ACCI, our constituents, and group training companies, that have allowed individuals to get traineeships in information technology areas—the new emerging areas.

We have lengthened and broadened the ambit of that project to pick up VET in schools activity—that is, to begin to tackle the issue of indigenous students leaving school early, to make sure that they have something to stay on at school for. Therefore, they have a part-time job together with schooling. We think that is an important issue. We are doing some work with Email and a number of other companies. I will not go into any detail but they are on the record.

The statistics on the third page of the additional information relate to the targets and what has been achieved. In general, the targets have been overachieved, bearing in mind these are fully unsubsidised placements with employers. One of our difficulties has been that we have a labour shortage in that we can get more vacancies in the private sector than we can fill. So there is a fundamental mismatch between the skills

that employers want in the mainstream and what is available from Aboriginal and Torres Strait Islander job seekers. The major challenge facing the project is to begin to look at the skills match and when to intervene in terms of getting pupils to understand the relevance of the local labour market and what is available in terms of skills and the requirements of employers. That is another backup as to why we see the VET in schools initiatives as so important.

CHAIR—Did you wish to add anything, Ray?

Mr Harris—As Steve said, there is the example of Email, where we have had difficulties in sourcing enough candidates in Sydney. That particular project was for 42 trainees: 16 in Sydney, 16 in Melbourne, and 10 in Orange. We were inundated with kids in Orange. In Melbourne we had a bit of a struggle but we got our numbers. In Sydney it has been a real problem. As Steve said earlier, we are filling only 52 per cent of the jobs we get. So 48 per cent are going by the wayside because we do not have a supply. That has been a problem.

CHAIR—Are you able to diagnose why this is the case in Sydney? Can you put your finger on the reason?

Mr Harris—Some people might say they are a bit spoilt in Sydney.

CHAIR—What does that mean?

Mr Harris—We have not been able to put our finger on it at all. Our indigenous employment manager in Sydney has been out to the communities and has been working very closely with DEETYA and the Email people, and we have not been able to get the people at this stage. They had a meeting in Sydney last week and they are putting together another strategy to try to alleviate this problem and get the kids into these jobs. We have not thrown it away. We are still going. We will still keep trying.

Mr HOLDING—Is there a lack of qualification or a lack of interest?

Mr Harris—Qualification; all of that. As you have said, a lack of interest, a lack of qualification; a lack of skills in literacy and numeracy is the big problem.

Mr Balzary—I think one of the areas we are beginning to move into is the promotion of employment within the private sector as a real option. There is a perception that it is not an option and there are no real career pathways. In addition, when someone is put by themselves in a work location, it has created some difficulties about support and mentoring arrangements. What we are beginning to do with companies is go in and provide some support, particularly where the placement is quite young, and may be away from their family.

Mr Harris—We have a 70 per cent retention rate of that 52 per cent. Of that 52 per cent of people, we are keeping them there. They are staying because of the things that Steve said—by putting mentors in, looking at pre-vocational training in literacy and numeracy and giving all these extra skills. It has proven successful in that sense.

Mrs STONE—Your statistics in the additional information show 26 per cent of achievement for New South Wales. You have just talked about 52 per cent—was that specifically for Sydney?

Mr Harris—Yes.

Mrs STONE—That statistic shows you are having just as big a difficulty in non-metropolitan New South Wales.

Mr Harris—That guy mainly looks after the Sydney metropolitan area up to Newcastle. He does look after a little bit into the city. Why his figures are down is we had a major program with Woolworths out in the central western area. We had a lot of trouble keeping the kids in that project. He had to spend a lot of time mentoring—which wasn't really his role, but he picked it up because there was nobody else.

Mrs STONE—Mr Balzary made the statement—but you did not really go further and make a comment—that there used to be extra incentives for employing Aboriginal and Torres Strait Islander trainees and apprentices. Now there are not those direct incentives; it has really levelled out in terms of non-indigenous or indigenous persons. You then described to us that your problem is getting enough individuals to fit the numbers of positions that are being offered. What would you say on that discrepancy? Obviously, it has not stopped employers still wanting to offer positions to indigenous people, so what was behind your statement?

Mr Balzary—I think one of the issues seems to be particularly the small businesses offering apprenticeship type arrangements. That is where the pressure is. We seem to be able to get general interest from the larger companies that can take in larger intakes, do some training on-site in a group situation and then begin to farm them out. Where the individual apprenticeship and traineeship incentives really matter is the small businesses. That really does make the difference between taking someone on and not taking someone on.

The effect of the incentives we do not know because, as we are all aware, the employment placement arrangements are fundamentally changed. They only came into commencement on 1 May so we are really not sure about that, but certainly we have said through the Australian National Training Authority that we would be monitoring the situation to see whether there is any real impact. The feedback we have had already is that it may be difficult.

Mr ENTSCH—In training under the previous system, what success rate did you have with regard to youngsters coming into these training programs and apprenticeships for small business and those that were able to go through and get full qualifications?

Mr Harris—We recently put eight kids through a security course and each of those kids qualified and each of them got their licence. There are four Aboriginal kids working full-time with Chubb and Group Four. Some of the other kids went elsewhere but still have their qualifications. We also did a Woolworths project here. We had eight kids go through that—four kids stayed on and I believe are still working with Woolworths. Of the four that did not go on, one of those kids went back to university, another kid got a job, the other two failed.

Mr Balzary—Across the board, traineeships seem to be a realistic option for indigenous job seekers—there is no doubt about that. Retention rates are usually quite high, particularly in a small business traineeship and a number of the other options. We have not got the figures on that; DEETYA and some of the other government instrumentalities will be monitoring that fairly closely.

I understand Aboriginal participation in traineeships to be very good, certainly meeting higher than the percentage of representation of population, so it seems to be a realistic option particularly with the 12-month commitment. The issue and the challenge across the system are how high those job seekers go up the Australian qualification framework, the old apprenticeships, if you like.

Mr ENTSCH—It is a three- or four-year commitment.

Mr Balzary—That is right.

Mr ENTSCH—Do many go through those?

Mr Balzary—There are a number, but I think the overall trend in the national training system is for employers to take people on for one year through traineeships and see how they go then, after that, put them on to a higher qualification level. It goes right up to an associate diploma, for example. Initially, your entry level training type arrangement is usually around Australian qualification two—four, if you like, is an apprenticeship.

Mr ENTSCH—In one of the Torres Strait communities, the local community council has got, I think, about 23 apprentice plumbers, electricians, carpenters. Do you think that there are many kids in the areas where you deal that go through that type of long-term commitment or are they short-term focused traineeships?

Mr Balzary—I think there is a mix and match. I think that, again, the general trend is towards traineeships and then doing some articulation arrangements later. I think the apprenticeship in traditional trades is a fairly attractive option for a lot of communities. Part of the challenge is broadening out the experience of indigenous apprentices into mainstream employers so they can broaden their skill base. That is really about moving off a community and moving back on again. Some of the arrangements we have advocated under review of the CDEP are about incentives for people going off CDEP communities into mainstream employment and then back again and what sorts of arrangements you can make financially to provide incentives to communities to do that.

Mrs STONE—Can I ask you about the gender balance between males and females picking up your traineeships and apprenticeships?

Mr Harris—Here locally we only had one girl apply for the security. She went through and finished; she was the star pupil. With Woolworths, we tend to get more girls interested in that.

Mrs STONE—It depends, obviously, on the apprenticeship.

Mr Harris—It depends on what it is.

Mrs STONE—But the non-traditional female roles as in trade type areas you are not getting—a lot of girls do now participate in those traineeships in the non-indigenous community. Are you seeing that sort of thing reflected in the indigenous traineeships?

Mr Harris—Yes, but there is not a great gender balance with females. It is just a matter of their choice. It is mainly what they choose. But, if they choose to do it, there are no obstacles there at all.

Mr Balzary—It is along fairly traditional lines that we are talking about.

Mrs STONE—If you had free rein to achieve any program changes, funding changes or whatever, what would you want to do to try to overcome the obvious difficulties you are having in New South Wales at the moment? What would you see as the way to overcome that level of achieving your targets? You obviously have been able to, if you compare 26 per cent to 240 per cent in the Northern Territory. What would you want to see different for New South Wales?

Mr Balzary—I think one of the major opportunities within the training system is really about how to get into schools and how to get vocational training in schools and do a school-work mix.

Mrs STONE—Before the students leave school; is that what you are saying?

Mr Balzary—Yes.

Mrs STONE—Early intervention, so to speak, or the early capturing of students' interests?

Mr Balzary—That is absolutely right. Basically, from the statistics that we are aware of, if the kids drop out early, you have lost them. They will be gone on the unemployed scrap heap for quite a considerable period. So, if you can make school more interesting—that is, particularly in terms of the arrangements with work, particularly in terms of the local community in the more remote areas—then you have got a chance of keeping them there. That improves their literacy and numeracy so they have got the general skills together with the arrangements for work inculcated into work practices.

Mr Harris—There are some pretty good examples of that in schools with Aboriginal people. I think Cooktown is one of the places and Boggabilla. I am not too sure which of those two communities, but one of them had an 80 per cent truancy. When they put in vocational education, it came back to 80 per cent of the kids all attending. It went right up when they had something that made school more interesting for them.

Mrs STONE—What courses were they offering through the VET?

Mr Harris—One of the examples that was quoted to me was of a young fellow who was working as a tyre fitter and they offered him an apprenticeship. He went back, spoke to the school and spoke to his parents and then he shocked them by saying he did not want to take that apprenticeship on because he wanted to be a mechanic. That is one of the examples. Those are the sorts of things that they must be doing in those

communities. Junee is doing it too.

Mr Balzary—One of the issues for us is obviously these are small business people in the making. They are apprenticed so therefore they become their own business person and run their own business and then they begin to employ people, not just in the community interest but also in terms of their own.

Mr CAMPBELL—What is the concern with the low take-up rate in Sydney? Is that where your jobs are? Can't these be transferred to somewhere else?

Mr Harris—That is where the jobs are, yes.

Mr Balzary—It is also about my earlier point on perceptions about what is possible and what is beneficial in terms of the private sector, and what the best jobs are. We have got a huge interest at the moment in terms of where people are being placed in the community sectors. There is not as much going on in the private sector, so that seems to be the major challenge about saying that there are options and there are some available support structures for them.

Mr CAMPBELL—What liaison do you have with gaols? What is happening certainly in Western Australia—and I suspect it is the same in the other states—is that gaols are getting Aboriginal people and teaching them with a far higher degree of success than the education department is, and so they are coming out of gaols with quite reasonable qualifications. Some of those people would actually only need bridging courses to fit in to standard apprentice training. Have you people looked at accrediting gaol training?

Mr Balzary—In broad systemic issues, if training is being done and it is industry accredited, it does not matter that it is done in gaols. We have got some examples in the mainstream area in Queensland where traineeships are being done in the gaol, with day release for work experience; and therefore someone can actually get a full qualification whilst in gaol. So I see no reason why that cannot happen with the indigenous community, if it is happening in the broader community.

Mr CAMPBELL—What appears to be happening, though, is that people are getting good training in gaol but that is not being picked up when they come out of gaol, and we now get people with training who are basically back on the scrap heap.

Mr Balzary—That seems to be the challenge: how to encourage the placement of the individuals, and what sort of experience they do on the job. If training is not done on the job and is not industry relevant, the training does not suit industry needs. So it involves the interface between the individual, the system and the employer placement, to make sure the employer takes the person on.

Mr CAMPBELL—But would it not be in industry's interests to liaise with the gaol to make sure the training is relevant? I actually think that the training is relevant. In Kalgoorlie I have seen glass fitters come out of the gaol who are every bit as good as glass fitters around the town—in fact, they have had seven years training instead of four.

Mr Balzary—That is particularly important because, as I was saying earlier, there is no point in doing

training unless it is industry accredited. Ultimately it is the state training authority's responsibility to ensure that that training is industry accredited, and to liaise with the particular corrective agencies. It is not our role.

Mr CAMPBELL—So you do not think the chamber of commerce has any responsibility?

Mr Balzary—I think the chamber of commerce's role is to facilitate that, and that is a positive role that we take in a lot of areas. But, in terms of the issues you are talking about with the training provided within the gaol, it is certainly the state training authority's responsibility to ensure that it is industry accredited. We would assist in that. As I said, the Queensland Chamber of Commerce and Industry is doing that now in Toowoomba.

Mr CAMPBELL—Yes, but I am looking at your lack of success in attracting people to job opportunities in Sydney. I understand that you have got to compete with the drug trade, but you are obviously not liaising with gaols to take up these people that have received good training in gaols.

Mr Balzary—Under our project, we have got two people looking after New South Wales within the chamber of commerce movement. We are not hugely resourced. We think we are doing quite well on the very limited resources we have got, bearing in mind that the employment placement agency has got up to 4,000 or 5,000 people running around New South Wales doing a similar function. It is about how much we can do and how much we target it. We have gone into working with the schools based system and working with major employers, and that is our primary focus, rather than necessarily looking at possible avenues you could take through the correction systems.

Mr CAMPBELL—This is an important issue. Given that most Aboriginals in gaol are not in there for the sorts of offences that would usually deter employers—dishonesty offences—it seems to me that there is a source that should be utilised. It does not need much resource. I am sure that, if you were just to contact the gaols or the department of correction or whatever you call it in New South Wales, they would be happy to look at some of these placements.

Mr Harris—We will take that on board. I have written it down now and I will get our guy in Sydney to take that on board.

Mr TONY SMITH—Do you provide any input to government on education for Aboriginal people? For example, we heard evidence in Arnhem Land of Aboriginal kids coming out of schools being basically illiterate because they were having traditional languages included in the curricula. One mature Aboriginal witness derided the suggestion that the traditional language be used. She was a lady who had been educated on one of the missions and she said that English should be concentrated on. There is a view that including traditional languages is a good thing for the Aborigines, which is frequently a paternalistic white view, whereas the reality is that it is not producing people who can be sent into training. Do you get that sort of feedback?

Mr Balzary—Our concerns about literacy and numeracy generally are pretty well documented. From talking to a number of companies that are very proactive in this area, we know they go into local communities and talk to people about what they require of someone coming out of school. They make clear

the literacy and numeracy requirements they need if someone is to be employed. That is a benchmark that everyone can work to. The school system can work to that. The community elders can work to that, as well as the company involved. There have been some concerns expressed about the educational standards of people. The literacy and numeracy survey that has been instituted, and recently agreed to by state ministers, for year 3 and year 5 students are to be done right across Australia. That will be quite interesting in terms of Aboriginal literacy rates. That will test it out on a national basis.

Mr TONY SMITH—It is important that groups such as yours provide feedback to government in a very firm way because there is this politically correct view, if I may say that, that Aborigines need to learn their own language when that has absolutely no relevance whatsoever to their ability to perform work. In fact, it actually inhibits their ability. I do not know what Mr Campbell thinks about that.

Mr CAMPBELL—That is true, but organisations such as yours are capable of overcoming that politically correct view and stating that what is required is literacy and numeracy. We did a report in 1982 or 1983 on Aboriginal education. Aboriginals were absolutely adamant that they did not want us to give them cultural training or language training. They said they would do that themselves. They wanted English and numeracy skills.

However, when we got to the cities the academics took over, and they won the battle despite what the Aboriginals had said. Everywhere you go you get this nonsense about Aboriginal education, Aboriginal culture. I suspect that the Chamber of Commerce and Industry would be amongst those that fought this politically correct view?

Mr Balzary—At the local level we try to get companies to talk to communities so there is an understanding of our expectations. That is the way you do it so that everyone is very clear about what the requirements of the company would be. We have had instances where Aboriginal graduates have got very good marks in some of their schooling but then sat the test in major companies and failed. I think major work needs to be done to make sure that people understand what the company requirements are. That may include pre-employment training before the apprenticeship takes place, and that works. Rio Tinto and other organisations may be talking to them.

Mr CAMPBELL—What you are saying is there is clearly a problem. You say they do well at one level but then do the company test and fail. What effort is then made to meet the company's requirements?

Mr Balzary—I am saying that more companies at a local level can talk to the schools and impact on school curriculum and make sure there is familiarity there. That seems to be what is required to get over those problems. If there is a clear understanding of each other's expectations, that is the way to go. We can facilitate that. Certainly, we provide advice to DEETYA and ANTA and a range of other government agencies at a national, state and local level but we need to make sure that there is interaction between local employers and the schools.

Mr CAMPBELL—If Aboriginals are incapable of doing it, what makes you think your companies that are infested with political correctness can do it? Aboriginals find they cannot get this message through.

Mr Balzary—If people want to be employed, and increasingly it is the individual's expectation to go on and be employed in that company, it is in their interest to make sure that occurs.

Mr TONY SMITH—Is it not better for you, in that case, to go to the Northern Territory government and say, 'This is what we need but we aren't getting it. Maybe you have to look at the curricula, amongst other things'?

Mr Balzary—That is a good example. The Northern Territory Chamber of Commerce and Industry is part of the state training advisory committee, together with the Schools Commission. That is the sort of information we provide about what our expectations are. We make sure it is a clear what sorts of skills we want and where industry is going in terms of projections and expectations.

Mr TONY SMITH—One of the problems may be that it is getting filtered by all those layers. If you can get straight to the government maybe you do not get so much filtration by the layers.

CHAIR—Maybe I can move to a slightly different issue. There is no question from what we have heard as we have travelled about on this inquiry that there is a serious lack of performance in the education system, at least in the Northern Territory and perhaps in Western Australia.

Mr CAMPBELL—And in every other state.

CHAIR—Probably every other state, although I have not had the evidence from the other states. You have confirmed it again today. Your evidence and submission are invaluable in that regard. Has the chamber produced a document or a paper that calls on governments to review these matters because of what you are seeing?

Mr Balzary—We provide constant advice to government on issues that we have seen, and we continue to do it. What we have not done to this stage is develop a comprehensive position paper on it.

CHAIR—With your help, this is the first time the committee has focused on those issues. What I am getting at is that parliaments need people like you out in the real world. We should be encouraging you to take a leadership role in expressing views so parliaments are not being solely informed by members of parliament and bureaucrats. Do you know what I mean?

Mr Balzary—Yes.

CHAIR—We say that so that more credibility can be achieved in this debate, and a greater sense of urgency, I would hope. Do you agree or disagree with me on that?

Mr Balzary—What we need to do is go back and check with some of our constituents. We are quite happy to come back with another position paper on it.

Mrs STONE—Mr Balzary, you also said that you wished to see more indigenous people choosing their own training and trainers. Are the indigenous trainers and those who have small businesses that are

successful up to the point that they can viably survive with an apprentice and so on? Was this a statement you made from a philosophical view only or from one that has real practicalities? I should go further. Is it the case that we are not succeeding at the moment because indigenous people are not choosing their own training and do not have indigenous trainers?

Mr Balzary—My statement was really with regard to the fundamental changes to the national training system through user choice. That is, the communities in particular seemed to have indicated their support for that move. That is essentially using a training provider of their choice. It may or may not be Aboriginal; it may or may not be indigenous. It needs to make sure that the individual company, organisation or provider can provide the skills that are industry accredited to meet the needs of the industry standards. They must also meet the needs of the community involved. Obviously, that needs to be linked back to the skills and requirements that they have got.

The nearest training organisation may be a public provider but it may not be the most appropriate. It may also involve a higher cost because people might have to be picked out of the community and travel 400 kilometres to go to training. Rather than doing that under the new system, what should be available under user choice is there may be a public or private provider that meets industry standards that goes and delivers training in the community, and also meets the community standards. That is the important shift in terms of training and resource allocation, rather than saying, 'There's a TAFE down the road. You've got to use it'.

To cover your other point about indigenous businesses, yes, we are aware of a number of indigenous training companies that can do a range of training. They are up and are viable. I am not saying that they can provide all training, because that is probably not true. A number of my members, in terms of the Retail Traders Association and others, provide excellent training in retail, but that does not mean they do all the training in retail.

Mr CAMPBELL—If you exclude small business, which would be doing it much more out of necessity, and look at your bigger constituents, how many of them are involved in training for feel-good reasons, and what percentage are involved for reasons of genuinely wanting to get Aboriginal advancement?

Mr Balzary—That is difficult to say. Under the indigenous employment project, we do not ask what reasons people have for—

Mr CAMPBELL—It is important because, on one account, outcomes are really irrelevant as long as they can feel good: 'Look: we employ all these Aboriginals.' There are companies that employ Aboriginals, in my view, solely for that reason.

Mr Balzary—In terms of the experience under our project, we are increasingly finding that a lot of companies will do this for reasons to do with their bottom line: there may be benefits for their business. For example, I know of a number of companies in the Northern Territory and also Queensland that deal with a company regularly, and the company sees benefits in getting their custom as a community and therefore they put on indigenous staff to serve people at their counters. That is an obvious economic benefit to an organisation—rather than, as you say, a feel-good reason—because it is straight, bottom line stuff.

Mr CAMPBELL—How do you account, then, for the excess of people in Sydney wanting to take on training and applying for it?

Mr Balzary—We have got an issue in the broader community, where we have got a number of retail traineeships and we cannot fill them in the mainstream. So, it is an actual issue outside of the indigenous community. It is a broad issue about promotion of certain industries where jobs are available to the youth of Australia.

Mr Harris—On your question about indigenous people working with organisations and the bottom line, Woolworths actually said to us: 'We are not in the business of social welfare. What we are about is how much business that person will bring into our organisation.' Each and every one of those people who got a job with Woolworths was hired on that basis. They are not interested in welfare whatsoever.

Mr CAMPBELL—That is pleasing to hear, but I still suspect there are a lot of companies, particularly mining companies, who are employing Aboriginal people for feel-good, look-good reasons and for no other reason.

Mr Harris—I cannot answer that, I am sorry.

Mr CAMPBELL—I suspect you will find that some of your members are the same.

CHAIR—To conclude your submission, you talk about the need for business improvement training for the purposes of helping indigenous people succeed in their business initiatives. In our terms of reference, we are asked to contemplate and report on possible barriers to the development of indigenous business, so I see that the two things are linked. Many of the applications for assistance have come from communities for community controlled businesses and most of them are small businesses. The individual member of the community does not receive any benefit from them directly. In some cases, we have evidence that they have never received any benefit at all, even though eight years have gone by since the initial priming money was put in. Doubtless there are many examples of that.

Coming from small business, I know that to succeed in business requires an enormous amount of personal sacrifice and dedication, belief, fire in the belly and all of those things—and perhaps a touch of workaholism, or even greater than a touch. Do you believe, from your observations of the application of indigenous training programs, that that issue would need to be incorporated in a business improvement training program? Or are you simply talking about bookkeeping and accounting and other principles of business?

Mr Balzary—Starting from the base of essentially small business across Australia, it is difficult for anyone to set aside their small business to attend training. Our way of looking at this is really about facilitating involvement in chambers of commerce and broader training issues that are done through chambers of commerce. That may be bookkeeping or it may be general management, how to run your business better, how to network with others and how to learn.

From our experience, there are different issues with different businesses, and I think it is the same for

the indigenous community. I do not think you could say that all indigenous businesses need bookkeeping skills; that is obviously not true. However, the issue of management and small business management training seems to be also connected to the particular industry involved. We are having internal discussions at the moment about what small business management training is and about whether in the retail sector it is specific to retail or is about general skills. Hopefully, at some point in time we could develop pure management competencies linked to the training system, so that they could mean something; but, at the moment, they do not exist in Australia, either.

CHAIR—I suspected that that was the case, and it is good that you are evolving into this area. Obviously you have not developed it yet, and that is fair enough, but do you think it is essential to include in those considerations whether the training program has to make the people that are involved in it aware of the commitment that is needed if they wish to enter into a business? Does the chamber have a view on this, either generally for the whole population or particularly in relation to indigenous business training?

Mr Balzary—It seems to me that there are obviously some issues around the development of business plans. If you are developing a business plan for an organisation or company, it is a question of how you are going to apply it and what your goals are. So there is an issue of training there. In terms of commitment and fully understanding how to operate a company and the pitfalls and how much work you need to do, our preference is obviously that people need to understand what they have to do before they go into operating a business. Anything that enables that to happen is good.

CHAIR—Would you recommend that the committee consider making a recommendation that any training developments that should be funded by government, such as business improvement training, should incorporate an ingredient that requires people to go through an initial assessment and training program before they enter into the business training program, to test whether they have the necessary commitment—or, if not, how they would like to pursue finding that commitment?

Mr Balzary—It seems more appropriate to go through the business plan line, see what skills gaps the individual has and then say, 'Okay, what training do you need, and how are you going to fit that in to the overall operation of your business?'

CHAIR—Are you game to ask the question?

Mr Balzary—In terms of public expenditure, all things need to be considered before public expenditure is outlaid, and that is our principle with all government programs.

CHAIR—But the specific question has to be brought out in the open, hasn't it? Isn't it obvious that some of the indigenous training and business initiative programs over the past 20 or 30 years have been doomed to fail? Firstly, there has been no sense of ownership; secondly, the commitment has been from only a handful; thirdly, they have largely employed white people to do the work anyway; and, fourthly, they are not receiving any benefits at all from the years of slogging by those people in building up the business.

Mr Balzary—It is difficult for us to stand here and give a flippant comment on all indigenous business programs.

CHAIR—I do not want a flippant comment.

Mr Balzary—If it is connected to the business plan and feeds into the betterment of that business—whether it be a community business, a community operated business, a joint venture or an individual business—that is the key test. In terms of the evaluation of programs, our view is that, if it is successful and the business is still there after a period of time, then the training has served and is cost-efficient. In other words, the training can be done by another private body, and if it is open tendered and it is competitively done, then that warrants intervention.

Mr Harris—I would say that Aboriginal people do not expect to get any bigger benefits than anybody else would who would go to a bank for a loan for the same purpose. They would need to put up a business plan and the evidence for the viability of that business. Aboriginal people are not looking for that. They are expecting to be treated in the same way, and I believe that they should be.

CHAIR—Yes. The ones whom I know at ground level do. Let me assure you that the bulk of the applications for funding—from the $400 million on the table—appear to be coming from people representing Aboriginal people and not from the Aboriginal people themselves. When we go out and talk to some of the people that have had the funding in this scenario and we try to find out how many of the individual Aboriginals that have been employed and are employed are receiving any share of the profits or any other benefits, we finding that there are practically none at all. We are even finding boards of directors that are seeking new loan applications so that they can buy other assets, so that they can continue to pyramid the assets and not have to distribute the original asset, where the loan has been paid off, for the purposes of avoiding the distribution of the benefits of the business to the Aboriginal themselves.

Mr Balzary—That is why, in terms of our submission, we put in our views on business assistance programs to the Mortimer review. My view is that any evaluation you do in terms of indigenous programs should be done in the same way, in our submission.

CHAIR—Thank you, Steve. I put some fairly curly ones to you there, but I have got that all off my chest. But you might like to think about that. There are pre-training courses and assessments, particularly in the defence forces, whereby you are not invited into the inner sanctum of training until you have first been tested as to your suitability and application. That is the sort of thing I am hoping you might pick up and think about.

Mrs STONE—But perhaps we have been mixing up traineeships and apprenticeships versus small business establishment. It is a bit different.

CHAIR—I know that they are different issues, but most of the apprentices that I know hope to have their own businesses one day. At least, that is what I thought being an apprentice was mostly about.

Mr CAMPBELL—Why would that be of any interest to the chamber of commerce? Their concern must be to get a work force for their members. I do not think it is up to them to be going down the small business road. If their members give Aboriginals good training so that they do well, then Aboriginals can look at the small business road. But it is not up to the chamber of commerce or its constituency, I would

have thought.

Mr Balzary—That is right. Obviously, where there are shortages in labour supplies and you have got Aboriginal communities there whom you can skill up, that is in the interests of the companies, and therefore it is in our interests also, because the companies are our members. A lot of my members offer training themselves on a fee for service basis. That is in our interests as well. A lot of those indigenous businesses hopefully will become members of the chamber, and therefore that is in our interests as well. So it is probably across each of those three things that we are interested in.

CHAIR—Thank you. Steve and Ray, I would like to thank you both, and your organisation. May I take the opportunity of noting for the record the wonderful contribution that the chamber has made over the years towards assisting in the training of indigenous people in Australia. Your submission will be a great help to us in respect of the issues that we are addressing. I wish you well in your work. Thank you.

[5.08 p.m.]

GAWLER, Ms Janina Maria, Manager, Aboriginal Relations, Rio Tinto, 55 Collins Street, Melbourne, Victoria

WAND, Mr Paul Denis, Vice-President, Aboriginal Relations, Rio Tinto, 55 Collins Street, Melbourne, Victoria

CHAIR—Welcome. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of parliament. Giving false or misleading evidence is a serious matter and maybe regarded as a contempt of parliament. Before we ask you some questions, do you have an opening statement that you would like to make—having already made a very substantial submission, which is part of the public record now?

Mr Wand—I do not want to bore the committee with a complete reiteration of our earlier presentation, so I will not. But I will say that we see what we are doing now as a move away from where we have been in the past. We had traditionally been involved at some of our mines in infrastructure development in the Aboriginal area. Increasingly, the Aboriginal people are saying to us that that is not the area that they want to see us involved in.

We have also had some successes in that process in providing long-term employment for people. The direction outlined in the Yandicoogina case study—the book we provided to you—is the way that we see ourselves moving in the future, working in partnership with the Aboriginal people in the areas in which we work and also with government departments. We are now working fairly closely with both ATSIC and DEETYA, and in this month we will sign a memorandum of understanding with ATSIC and, in the middle of the year, we will sign one with DEETYA. The result of this work is that the ventures that we are now involved in are bigger and have the potential to employ more people and provide economic independence. We have also been able to broker other joint ventures because of our involvement with the people.

We see that the government's work in this area is extremely important, and the thing that will assist the process is ongoing government support for schemes like the indigenous business incentive program and work in streamlining the process for assessing the projects—and when I met each of you individually, I think I stressed that point most. We see that we can, hopefully, cooperate with government departments in smoothing the processes, particularly in the area of elimination of red tape.

As an aside, I personally in business, and a lot of other people in business, have spent a lot of time over the past 15 or 20 years, having been faced with the competitive imperatives, doing a lot of work to simplify the processes within our own businesses—from even simple things like knowing how long it takes to draw a cheque, up to how long it takes to change a motor in a large piece of equipment. All of that work has extreme value, and it is fair to say that we have found, in working with governments, that some of the processes have not been quite as streamlined as we are used to experiencing in the competition that has been forced upon us in this world. We think we have some things to offer in that area.

We are concerned to see indigenous business development succeed. Indigenous people need assistance

with training and support for establishment and development of these businesses. The final point that I also stressed when I met each of you was that we feel that there has to be an increase in the amount of access to guidance and help from the government departments in remote locations. I suspect you may have seen an example of that when you were in the Kimberleys last week.

CHAIR—At this stage, I wish to record how much we appreciate the assistance given to us by your company last week as the committee travelled in the Kimberleys. We had the pleasure of meeting many of your staff and employees—indigenous and otherwise—and also the local community of elders. We were given an official traditional greeting, which I will never forget—

Mr Wand—So you have been smoked and beaten with branches?

CHAIR—It was a very moving experience, I can tell you. We had a great informal public meeting with them after that. It was facilitated by your company and your staff, and I must say that all the members of the committee were very impressed with what we saw.

Mr Wand—Thank you.

CHAIR—I would also like to indicate that, in our travels over the past three months, we were searching desperately for some success stories and were getting a bit despondent as we went around Australia. When we arrived at your establishment, we started to get our confidence back because we saw on the ground some examples of achievement and joint venturism and other things that you are highlighting, which were very good. That has given us another edge, in going forward with our inquiry.

I note that in your submission you made some very powerful recommendations. In one respect, I could say to you now that, in principle, they are all very comfortable with me; but we still need to deliberate. One recommendation that I would like to flesh out a little now is the establishment of a reference group on indigenous business development, to provide advice on policy and feedback and to monitor program implementation.

If I just step back a bit, at the moment we have a Minister for Aboriginal and Torres Strait Islander Affairs with a very small staff; we have ATSIC, a statutory authority—and under ATSIC they have their various programs; then there is the corporation involved in indigenous entrepreneurial activities; we have a discussion paper that the minister has released which is based on the submission by the corporation calling for a centralisation of all government initiatives in relation to indigenous assistance programs into a new merchant bank type organisation; we have states doing some things, and we have industry like yours doing some things—and here you are telling me to establish a reference group on indigenous business development.

I was wondering whether you were really telling me that we need to separate the functions. This is what I would like to discuss with you. Should there be a separation of function between the policy developers and the ones that monitor, and the ones that actually dispense the money and make the decision on whether the business plan should be funded, and then go ahead and fund it and obtain the necessary securities and put it in place? Would you like to comment on that?

Ms Gawler—Perhaps I can give you some clarification as to how that particular recommendation came forward, and then perhaps you might like to consider the question in the light of that. Given the material we presented, we indicated that, previously, business units of Rio Tinto had not always enjoyed easy access and relationships with local government departments. Certainly they had sought to get involved in working with regional offices, but found that the level at which they were working and the opportunities they were offering were not always seen to fit within existing program guidelines. It was somewhat difficult to promote opportunities, so the company units took those themselves and promoted business training and development, basically alone.

It seemed that, when the opportunity for the new programs that came up under the business incentive program arose, there was clearly a need to look at business processes and how business can assist government and local communities to look at concepts in business development and promote those and move at a pace to pick up opportunities, because that was really quite an issue.

That was the area in which the concept of a reference group looking at where business is moving and how government policies and programs can actually streamline to fit in with those business opportunities was to be considered, rather than seeking to offer specific advice on the most appropriate way in which government chooses to operate its programs at the local level, or at the state level—and, indeed, how policies should be developed and implemented. It was really to provide that advice regarding the way in which business operates and how opportunities come up.

CHAIR—I know I took some licence in interpreting your recommendation. Perhaps it was giving you some insight into the inner workings of the chairman's mind as he suffers from the turmoil of hearing all the conflicting advice that he gets.

You are saying that it is an excellent way to use a reference group as a strategy to provide dynamic advice—based on real life experience on the ground—quickly to government, in that sense? So government takes it away and then decides whether or not to develop a policy out of that, or to come back and have further talks. You are saying that there is not such a group in Australia at the moment and that there should be?

Mr Wand—It could even have an ad hoc position. I think one of the phrases that we have heard quite often in the media in the last few weeks has been world's best practice. As one of the things that we look at in all of our activities in mining and in processing of materials, we tend to take that to every process that we are involved in. If we have an experience of a practice that we think is good, we think we need that to be referred, and that is an extrapolation of the reference group, so that both governments and other bodies who are interested in this sort of work can learn from the best practice or, alternatively, learn from the worst practice if there is something that is wrong in the process, where you feel very strongly that processes, after they have been completed, certainly need to be audited, need to be evaluated and learned from. We have a lot of learning that we have gone through with the case study that you saw from Western Australia.

We can go and talk to the individual government departments, but we think that the people who are making the policy decisions, as you mentioned, also should know about that. So we do not know whether we would want a permanent body, but we certainly would like to see something done to reflect upon what has

happened in each instance.

CHAIR—I understand.

Mrs STONE—I am very sorry I could not be with you in the Kimberleys.

CHAIR—It was fantastic.

Mrs STONE—I could not leave the electorate, unfortunately. I am aware of some of the work that you do and, of course, you have described that to us in your submission to some extent. Is there a situation in Rio Tinto where you are also trying to make sure that there are training opportunities offered through to management levels in your mining industry so it is not just a case of always indigenous people on the ground who have a territorial interest, perhaps, in the work that is being done? Have you ever responded to or gone about actually trying to stimulate some of the Aboriginal people you employ to think about having training that would help them to one day be policy decision makers in the organisation?

Mr Wand—We have tried, and not too successfully in the past, to do things like scholarships into traditional mining disciplines. There have been a couple of instances where that has succeeded. We are currently working with a university in Victoria to develop that idea into something fuller than it is now. The University of Ballarat is a university with a strong tradition in mining and metallurgy. We have currently got one only engineering scholarship holder at that university, but that is the start of what we hope to be a relationship that will build some strengths that will enable people to move into the area.

In Western Australia, we have had a small number of people who have gone through tertiary education and have found work in the mining industry. Unfortunately, none have come back to work for us. But it is something we are very conscious of. We see one of the attractions of the University of Ballarat as being that it has got the full spread from TAFE through to conventional university cover. That is where we are pushing very hard to increase that work, but it is a real problem and we want to do something about it.

Mrs STONE—So you are actively setting about to mentor students and go to them rather than sit and wait to see if any people come forward?

Mr Wand—We will not sit and wait, no.

Mr CAMPBELL—This seems to me a fundamental flaw in the thinking of mining companies and urban oriented politicians and bureaucrats, this elitist thing about training people at the top. You get much more impact from your dollar spent training at that lower level. If you can get people into apprenticeship training, surely it will be up to them to decide whether they or their kids want to go on. You would get much better impact that way. It takes a little bit longer, but it is a much more solid foundation. I am sure getting a university graduate to Ballarat makes you feel good, but what does it actually achieve for Aboriginal people?

Mr Wand—It achieves for the Aboriginal people who graduate from the University of Ballarat with a degree in mining engineering or metallurgy the opportunity to work in that discipline in probably a mining company. But we are not concentrating on that wholly; we are covering the full spectrum. For example, this

year, Hamersley Iron will have 10 Aboriginal apprentices working in the traditional mechanical apprentice trades in the Pilbara. That is built upon one or two apprentices in the past. The same will be occurring in Weipa. I cannot speak for any other sites because I do not have any statistics.

Of course, the ratio is about right in that case by your reckoning. Hamersley has one tertiary scholarship holder right now in a university in Western Australia. They have, as I said, a much larger group of young Aboriginal men and women doing apprenticeships. Below that, they have a group of 50 or 60 Aboriginal men only so far who have done the training to be miners or truck drivers or whatever. They are the people who are the beneficiaries of that Gumala Enterprises Pty Ltd group that I mentioned in the case study.

Ms Gawler—Just to follow on with that, the experience that members of the committee would have seen in the Argyle mine would have been the civil and maintenance crew. The two Aboriginal men who lead that are being trained as superintendents which take them into a role of responsibility and management. That is part of a career development that has been put in place to assist them.

Mr CAMPBELL—Given that you are cutting back apprentice training generally, you obviously are expanding Aboriginal apprentice training at the expense of general apprentice training. Do you see that developing any social consequences?

Mr Wand—We are not cutting back in any quota system. The people available for apprenticeships in the area that we are talking about—in the Pilbara—to some extent represent the demography.

Mr CAMPBELL—You are telling me that your Aboriginal apprentices all gain their apprenticeships on merit, not on a policy of the company?

Mr Wand—I cannot tell you that because I do not know the answer. They may—I do not know.

Mr CAMPBELL—The answer is no.

Mr Wand—No, I do not know. My answer is not 'no'; the answer is: I do not know.

Mr CAMPBELL—I put it to you that, if we can find out the answer, it will be 'no'. I do not blame the company for that, but if you have cut back apprentice training generally—and the mining industry is not just Rio Tinto; the whole mining industry is doing this as we go to contractors—it is going to lead to social alienation.

Mr Wand—I cannot answer that. As for your example, you know that Hamersley Iron is not going to contractors, so it is not a case for them. The fact is that they have a group of apprentices. The only stat that I know is that 10 of them who are being prepared now will be Aboriginal kids from Roebourne and Karratha area; I do not know what the percentage is.

Mrs STONE—On the last comment on the issue of offering scholarships and whatever, I think it is essential that we have a range of Aboriginal indigenous people at all levels right up to senior management

one day. The reasons why I am saying that are obvious. I do not know if you overheard the last witnesses—perhaps you came in a little late. They were talking about the fact that once the students leave school—if they have been for a few years—if they have poor English literacy skills in particular, then it is very difficult to have those students start an apprenticeship and traineeship. To what extent are you talking with Aboriginal students who may be well beyond your local mining areas—let us say, down in Perth or somewhere else—to try to interest them? It is a corporate citizenship I am describing. Do you try to get some of your indigenous employees to talk to school students elsewhere; to be role models; to talk about career opportunities in your company or in mining generally; to try to help with this idea of career counselling; helping indigenous students understand that the mining industry is a future career path?

Mr Wand—We are not doing much of that at all at this stage.

Mrs STONE—Do you see any value in it?

Mr Wand—I do see some value in it, and I think that the realities are that the Aboriginal people who will go on to tertiary education initially will come from Sydney, Melbourne and Perth areas. Actually, the scholarship holder from Ballarat I think comes from your electorate. He comes from up on the river somewhere—from Echuca.

I will elaborate a little, because I did not answer your question quite so well. We have done a fair bit of work actively supporting the programs where Aboriginal children are exposed to technical disciplines in summer schools. We are a fairly significant supporter of the ASSETS program run by the University of South Australia where a group of Aboriginal secondary school children every year go there and do a summer school in science. We sponsor this year, in conjunction with an engineering group out of Sydney and the Fred Hollows Foundation, a similar exercise at the University of Sydney.

We are also looking to help conduct a winter school in Alice Springs with the centre for appropriate technology, and that is programmed for next year. So withdraw my first answer to your question—I was not thinking quickly enough. That is the sort of thing that we see as mentoring and exposing young Aboriginal students to the possibilities of doing technical training.

Mrs STONE—Do you actually fund or sponsor those?

Mr Wand—We fund them and we also put people in them. The way they run courses is very similar to the large ones that are run here in Canberra every year in connection with the national science event. We also provide some of our technical people to go in as lecturers and/or demonstrators. They have coloured things coming out of bottles and all that fancy Julius Sumner Miller stuff. You would not remember that because you are too young.

Mrs STONE—Absolutely.

CHAIR—I had the pleasure of meeting a group of your indigenous employees at Argyle. I did not ask them what they earned, but I gathered they were earning full-time wages, based on whatever enterprise arrangement existed on the mine. Those people clearly would no longer be on social welfare. They would be

independent of government welfare support.

Mr Wand—Completely.

CHAIR—I had the pleasure of meeting one of their mothers a little later. She told me that she had taken her son and her other children from the local schools and, at great sacrifice, taken them to Darwin for education because she was thoroughly dissatisfied with the curriculum and the standard of education at the local school. She said this with great sadness. She said it was her dedicated intent to try to give all of her children the same opportunity. Do you have any anecdotal reports yet, as a company that has been heavily involved in these programs for a number of years, as to the benefits that are coming for indigenous people—individuals or the like?

Mr Wand—In the areas of education?

CHAIR—Yes, by being given the opportunity to be trained, to work and to be independent, like the people you are fostering in employment now.

Mr Wand—I have spoken to the same people that you have spoken to in Argyle. They have felt enriched by the fact that they are normal members of a work force and are able to then help their community. A couple of people I can think of have left Argyle and formed their own businesses. They are now subcontracting back to Argyle Mines. The same thing has happened in some of the groups in Weipa and also in the Pilbara. Because of my particular relationship, I do not get around very closely to the people on the ground too often. I do not have a large amount of evidence.

If I am allowed to extrapolate from your question again, I think one of the issues that concerns us very much is what happens in schools with education. There is a fairly exciting project currently running in the Pilbara that is not one-third of the way through a three-year term. It was instigated by Hamersley Iron but has, as partners in the project, Woodside and the Western Australian government. It is hands-on administered by people who are employed by the Polly Farmer Foundation. They run homework centres in Karratha and Roebourne for Aboriginal students.

The measures for the success of that are attendance at school and retention rates. The retention rate is too early to measure yet. It is into the second school year. Certainly the attendance rates for the children who attend those homework centres have increased markedly. We are looking at that as something. Although it is going to take three years to come to a conclusion before we can go public on it, it looks a fairly exciting exercise to try to overcome some of the problems that were evidenced by the woman who spoke to you at Argyle.

CHAIR—So there appears to be a self-help initiative developing out of this.

Mr Wand—Yes. The companies and the government have set up rooms in both those communities where the kids go to after school. They go there for two or three hours. They are with a school teacher and also with a counsellor if they need any counselling. The school teacher is not from their school but is a Polly Farmer employed school teacher. I have been to both centres. I am always an optimist and I got fairly excited

by what I saw at those centres. One of the board members is an Aboriginal school teacher from the Pilbara. It is unashamedly selective. They pick the kids to come, but there are kids knocking on the door now as well.

CHAIR—Another one of your employees confided in me that he had been a serious alcoholic. He showed no signs of that when I spoke to him. He had been employed in your company for a few years and he was trying to develop a program in his own community at his own expense—using his own wages—to get other people to stop drinking. He had built a building in an unidentified area where he took these people away from drink and dried them out. I pieced together some of that from talking to him. I did not get it in a coherent form of, 'This is what I do.' That was another example of people learning to stand on their own feet, gaining self-esteem, becoming independent of government and then wanting to do something to help their people on the basis of their own experience.

Mr Wand—Escaping the poverty trap is pretty important.

Mr TONY SMITH—Can you give me some idea of the number of apprentices you have employed who have become tradesmen?

Mr Wand—No.

Mr TONY SMITH—Are you able to say how many people who have been trained by you have gone on into business?

Mr Wand—I cannot give you numbers of people.

Mr TONY SMITH—I meant Aboriginal people.

Mr Wand—I am talking about Aboriginal people. Our experience in Aboriginal business development, as I outlined in the first part of the document, has been to the extent that about 28 to 35 small businesses were formed as a result of the company's efforts over the range of the four or five mine areas. Some of them are still there and some have failed. Most of them were based on Aboriginal entrepreneurs who were given the opportunity to have some training to run their small business and most are still in existence. Some of them were based upon CDEP, where the company was involved, and that is particularly the Weipa experience. All the businesses in Weipa, because that is the way the community wanted to do it, employed CDEP labour. We put in some facilities and some professional backing. We want to move on from there but that is the way it has been in the past. A fairly full spectrum has been covered.

Mr TONY SMITH—Getting back to that first question, I take it you would be able to say that, over the 20-year period, a substantial number of Aboriginal apprentices have been through there?

Mr Wand—A reasonable number in the sites at Argyle and at Weipa. I think everyone in the company agrees that, as far as the Pilbara is concerned, Aboriginal people were fairly well ignored until the last five years.

Mr TONY SMITH—What about Weipa?

Mr Wand—Weipa has had sinusoidal behaviour in the area, but certainly a significant number of mining trainees and apprentices have gone through there.

Mr TONY SMITH—Is there any evidence of the sorts of problems in terms of educational standards of people of Aboriginal background not fulfilling the requirements that are almost basic and necessary?

Ms Gawler—That was one of the reasons why Hamersley set up the Aboriginal training and liaison unit specifically to address pre-entry level to training programs to ensure that literacy and numeracy support was provided, so that people were not entering programs and then finding after a few months that they were not able to succeed. That model was specifically set up by Hamersley some five years ago. Quite a significant number of people have gone through and been successfully employed in the company or perhaps gone on and been employed elsewhere in the Pilbara area. Certainly, the need was identified.

At other sites, in terms of business development, pre-vocational training, looking at what the needs will be, going into the business or into the industry area, and support for literacy, have all been part of a development process and are being undertaken at the moment.

Mr TONY SMITH—How long is that pre-vocational training?

Ms Gawler—At the moment the literacy areas are relatively new in terms of new programs at Weipa. Certainly, Hamersley is looking at developing further literacy training. It depends on the individual needs. There is no set time frame. People who are employed so long as they meet safety standards and the requirements of being a full operational staff member may need to continue to get literacy assistance over a period of time. There are many people throughout industry who are in need of literacy support; that is, both the indigenous and non-indigenous people. That has been something that Hamersley has been seeking to assist Aboriginal people with.

Mr Wand—I think a significant number of the people you met in Argyle have been through literacy and numeracy training. But, as Janina said, it is pretty common. I used to manage an aluminium rolling mill in Yennora in the western suburbs of Sydney and spent a lot of money on literacy and numeracy training.

Mrs STONE—You began by saying, Mr Wand, that you had some difficulties in the past liaising with government departments in trying to achieve good training or apprenticeship or business outcomes for people in your area. Can you comment on how you think IBIP, BFS, CDEP and CDC, for example, to name a few, are currently being administered? You referred to the problems of red tape earlier on. Have you got any view about any of those programs, in terms of which ones are succeeding and where there are perhaps good principles, but in the actual delivering of the programs there are problems? Can you perhaps even tell us what would be your ideal program from a government's perspective in terms of somehow facilitating indigenous people into business?

Mr Wand—I will start and maybe Janina will finish it. The only one that we have had any detailed experience with recently is IBIP. That is the one in the case study. We are hopefully going to extend that experience into several other operations, particularly in Queensland, but we hope also in Argyle. Our experience with what happened in Western Australia has given us some experience to go back and talk to the

people in the government departments to understand. The third joint venture was only concluded last week. It took five months to get that joint venture concluded and there was a lot of learning involved in that.

But we are conscious of the fact that IBIP has only been around for 12 months anyway and we want to share the experience so that, the next time we do it, it will not happen. That is why we are working with ATSIC and also wanting to work with their agent—the state government in Western Australia as it is—and working with DEETYA so that we can accelerate those processes. We have not done anything with the CDC as a company, so I do not have any experience of it. Janina may wish to comment in a more general sense.

Mrs STONE—You seemed to be suggesting before that the CDEP would not have been your preferred way to work with a particular community. Why was that?

Mr Wand—I did not want to give that impression. That was the way the community wanted to do it in Weipa, so that is what they did.

Mrs STONE—Right.

Mr Wand—The people who were actually involved in the detail of the operation, the Napranum Aboriginal council, would prefer it to be otherwise and to go into a fully fledged business where they employ those five people. But the community says, 'No, we want to use it as a CTP source for training our people.' So that is what has happened.

Ms Gawler—To pick up on the IBIP program, the circumstances regarding the Gumala Enterprises were particularly opportune in terms of bringing together a number of factors. They enabled ATSIC and its funding and its business agents in Western Australia, the state government, to assess the program quite rapidly. The commitment to a joint venture accelerated that process because it fitted well within the guidelines. It took some time to finalise the process. While there was plenty of support, actually getting the signatures and finalising the detail caused some concern.

Mrs STONE—So that was pure bureaucratic inefficiency?

Ms Gawler—No. I would not say that.

Mr Wand—Inexperience.

Mrs STONE—Bureaucratic inexperience?

Mr Wand—Inexperience of the people in the bureaucracies. I do not want any pejorative sense of the adjective.

Ms Gawler—I think that is an issue that we have highlighted in the submission; that understanding the time frames of businesses is a major issue. The capacity for the business that was put in place for earthmoving was in a very small window. The mine site development was almost under way. The individuals who could run the business and the whole framework were there ensuring that the assessment had met all the

guidelines and that it met all probity requirements and was fine. But it still took some time even though it was being fast tracked. If we highlighted that inexperience, it was understanding that bulldozers cannot just be sitting idle when you have a whole range of other requirements to get the mine site ready for commencement. That was our pressure that was not always understood.

In terms of the program, I think the willingness to support that has been important. As well, there was a timely delivery from DEETYA in terms of their support for a training program. But ensuring liaison around the parties was something that almost needed a project management approach. That might be something that future developments really need to consider: that it is not enough to identify an individual in each of the parties involved but actually to have someone who has got primacy for moving things along. That caused some concerns.

Mr Wand—We will probably take the initiative in that reference group activity, when the dust has settled over the Yandicoogina deal, to bring the parties together—to bring the commerce and trade people from Western Australia; the people from Hamersley Iron and the ATSIC commercial division—to look at the processes, because it is in our best interests to do so.

CHAIR—As I understand it, the employment outcomes of this project at Yandicoogina—the company is called Gumala Enterprises Pty Ltd—is that indigenous people are no longer on social welfare because they would not be eligible and they are fully self-funded under the enterprise with wages and so on. Is that right?

Mr Wand—For the people who are working for the first joint venture—that is the earthmoving joint venture between Hamersley Iron and the Gumala people—certainly that is the case. That is about eight to 10 Aboriginal people. There is another joint venture, with P&O, which is the one I only concluded last week. Those people will be going into training. They are the sorts of training positions that will be taken up which will result in people being in full-time employment. That is one of particular interest to the women.

Mrs STONE—Are you sending them to Dubai?

Mr Wand—Not Dubai.

CHAIR—That is 38 people, I understand.

Ms Gawler—It is camp management and catering services.

Mr Wand—It was P&O Catering and Camp Management, not P&O Stevedores.

Mrs STONE—I see what you mean.

CHAIR—You put them together?

Ms Gawler—Yes.

CHAIR—Your company gave P&O the contract?

Mr Wand—We will give the contract to the joint venture between P&O and Gumala.

CHAIR—That is now employing 38 indigenous people?

Mr Wand—Yes.

Ms Gawler—Eventually there will be 48 of the total that has been identified. It will take some time to get those people in place. The DEETYA training program is over three years and that will include both operator training as well as management replacement training.

The issue in that has been the need to find suitable business managers who are able to step in reasonably quickly to start the business development so that they can then get the business operational and have an indigenous person training behind them to replace them in time.

CHAIR—I am looking for some reassurance now and I am going to be a bit impertinent, but do you know who the board members are of those two of the proprietary limited companies?

Mr Wand—I know the board members of Gumala Enterprises Pty Ltd.

CHAIR—How many are indigenous people?

Mr Wand—The chairperson is an indigenous woman called Roma Butcher. She is a Gumala woman and a schoolteacher who teaches at either Halls Creek or Fitzroy Crossing. She still chairs that meeting. Another member is Charlie Smith, who is an Aboriginal man from Port Hedland, who was the lead negotiator in the land use agreement. There is one of the Parkers—an Aboriginal man—I do not know which one. There are three Aboriginal people on the board of six. There is a local non-Aboriginal man who has worked with the communities and is not associated with Hamersley Iron. There is a Hamersley Iron person as an observer and there is a man called John Cunningham, who is an accountant and also a full-time employee of that same Polly Farmer Foundation, who is a member of the board.

CHAIR—Which one represents ATSIC?

Ms Gawler—There was no representative of ATSIC on that body, no. The requirement was that the Gumala Aboriginal Corporation established its own independent business enterprise. It had to meet the requirements of running it as a business and that business was set up with both indigenous and non-indigenous trustees. The issue was ensuring that the company was able to attract trustees from a non-indigenous business background who were prepared to support and develop the business.

Mr Wand—One of the training exercises that had to be undertaken very early in the piece was, of course, that these people, as a board of directors, had to go through directorial training so that they understood their obligations as company directors. That was done.

Ms Gawler—In terms of the development of that business, it had happened in very short order. From really a negotiating team to then establish the business, to undertake corporate governance and to be running

a million dollar business, required considerable support and a lot of time and involvement from Hamersley Iron in terms of facilitating that. So their resources have been quite significantly stretched.

CHAIR—Do you know what the policy is relating to dividends once the company gets into profit, after paying wages and overheads and plant costs and goodness knows what, and it makes a profit?

Ms Gawler—It is a trust.

CHAIR—Who will receive the profits?

Ms Gawler—It has been set up as a business trust and on that basis the community is a beneficiary of that trust and will obtain the dividends. However, the trust deeds in general terms—I am not sure of the specifics—will enable the business to operate as a business and to derive profit for the use of the business and ensure that it is viable and continues. Beyond that, the trustees will return to the trust corporation that has been set up to talk with the community about how the dividends will be utilised and they will be paid back to the community on that basis.

CHAIR—The entitlement of the community, the way in which it will be distributed, if at all, is not resolved as far as you know?

Ms Gawler—No, that is not quite the case. I do not have the full details at this stage.

CHAIR—I did not want to put you on the spot.

Ms Gawler—The concept has been that the business trust is set up as a separate entity. The trust deeds are drawn on the basis of providing the capacity for the operation to be independent of other community issues, that it must operate as a viable continuing profitable business, and that the trustees will determine whether the profit will go back into the business, whether they will build it up as a small operation or whether they will extend it and increase employment. Those are things that will be determined by the individuals. That was one of the requirements to ensure that it had that independence.

CHAIR—Yes, I understand that. That is obviously a correct vehicle. The reason I am asking the question is that Mr Campbell and I met some people involved in a successful business operation the other day—we will not name it on the record—which was making hundreds of thousands of dollars worth of profit a year and is about to pay off its total debt, which was a great achievement. There is no plan at all to distribute future profits to the community. There is no legal commitment to do it; there is no mission statement or business plan to do it. When questioned informally, I was made aware of the fact that every effort is being made to find other investments and to borrow to repeat the process so that there would never be any distribution to the people.

Ms Gawler—Indeed. In this case the requirement in setting up the business, from my understanding from the Aboriginal corporation, was that any business enterprise, while remaining viable, would also ensure that it had the community as a beneficiary, and that was a very significant request that—

Mr Wand—You have heard of the Gumala Enterprises Pty Ltd which is the business side of the organisation—

CHAIR—Yes.

Mr Wand—Sitting by that is the Gumala Aboriginal Corporation.

CHAIR—It is like Patrick's; they have got a labour company.

Mr Wand—We keep straying to the waterfront.

CHAIR—Sorry, I should not do that.

Mr Wand—There is a Gumala Aboriginal Corporation that sits above Gumala Enterprises Pty Ltd. The Gumala Aboriginal Corporation also receives some money out of the Yandicoogina land use agreement because there was community development money in that agreement of some major—

CHAIR—The reason I am pursuing this is because one of the terms of reference requires us to comment on the programs, which is another way of saying money is being taken from taxpayers and is going to be used, or might still be used in the future, to encourage indigenous entrepreneurial activities. It is the getting-there process. I guess my responsibility as chairman is to try to flesh out whether, in making those moneys available for these purposes, individual indigenous people, the community—or both—in the future are going to find benefit from the amassing of successful business enterprises, assets and wealth, and if not, what is the benefit to the nation and to the indigenous people? That is the basis on which I am asking those questions.

Ms Gawler—In fact, that has been part of the work that is being undertaken within the company—working with Aboriginal community groups regarding how they will go about establishing their businesses and looking at those issues of long-term community benefits, given that this investment is being made by a number of parties and the communities have spent considerable time looking at how they want to ensure that their children and their children's children gain access to resources generated by the business development.

CHAIR—So you would feel fairly comfortable if the committee, in its wisdom, made a recommendation that the decision making process to make taxpayers' moneys available, in whatever programs, should require, apart from the obvious business plans and all those sorts of things, a clearer definition of what the ultimate goals are, the benefits and how they are going to be delivered, so that the true picture can be portrayed and then monitored for performance, effectiveness, et cetera.

Mrs STONE—But wouldn't it be the case that it is up to the individuals or community that have this business enterprise undertaking, either through their own work or on behalf of others in their community; they decide what are the outcomes because—

CHAIR—In an ideal world, I would fight for that right to do that, but I have anecdotal evidence before me, after some months of this inquiry, that there is no intention at all to benefit the community or the

individuals in that instance.

Mrs STONE—True, but that community may not have been consulted on what was to be the outcome.

Mr Wand—That is right.

Mrs STONE—We have got to ask because there are different perceptions of what is a desired outcome, depending on where the community is and so on.

CHAIR—We saw one community leader and he and his predecessors had received $75 million so far, and not one penny of that had been accounted for or made available to individuals in the community. I just mention that as an aside.

Mrs STONE—You referred to the Polly Farmer Foundation in relation, I think, to helping school students to do their homework and so on. Can you give us more information about the Polly Farmer Foundation?

Mr Wand—It is an organisation, as far as I know, which bears Polly Farmer's name. It does not have any money, but exists in order to facilitate Aboriginal projects. It has on its board such luminaries as Fred Chaney and Sir Ronald Wilson. It is a bit of a go-between organisation. It has John Cunningham as its principal, and probably only, officer. The paid officers are the people who are working for that education program in the Pilbara, because they are paid out of the moneys provided by the government and the two companies. I do not know that much about it. It has got a charter and all that sort of stuff, but I do not know what it does to any large extent.

CHAIR—The time for the public hearing is rapidly drawing to a close. Mr Campbell has a question.

Mr CAMPBELL—In respect of your Aboriginal employment at Weipa, I understand the company had a policy of giving five per cent of positions to Aboriginals.

Mr Wand—I do not know whether they did have a policy about that in the past. At the moment, there is no such policy.

Mr CAMPBELL—It has been put to me by Aboriginal people that most of the Aboriginal positions there are TIs, not Aboriginals. Has this caused any angst in the community, or is it not something that bothers them?

Mr Wand—I am not qualified to answer that.

Mr CAMPBELL—Your directors of this company in respect of Yandicoogina, how are they remunerated?

Ms Gawler—I do not know. It is a matter for them to decide.

Mr Wand—It depends what the Aboriginal corporation decide, and we are not privy to the information.

Mr CAMPBELL—But they are not full-time positions?

Mr Wand—No. As I said to you, Mrs Butcher is a schoolteacher; I know Charlie Smith works as a fitter for BHP.

Mr CAMPBELL—Yes, he still works for BHP.

Mr Wand—Yes.

Mr CAMPBELL—A very capable man, and a very capable family.

Mr Wand—Yes.

Mr CAMPBELL—Are you running into any family conflict in this thing—between the Smith and Parker families?

Mr Wand—No, we are not experiencing any detailed family conflict. We are aware that it exists. There was an election for the Gumala Aboriginal Corporation recently, and Charlie was re-elected. I think he was opposed by a member of the Parker family, but Charlie was re-elected.

Mr CAMPBELL—That would be a good thing.

Mr Wand—No comment.

Mr KATTER—Paul, do you have anything to do with negotiations before a mine opens, such as the Century negotiations?

Mr Wand—Personally, no. If Janina or I were involved in negotiations, we would never be at home. The negotiations are done by the people on the ground. The accountability for negotiating with the Aboriginal community lies with the business unit that is working in that community.With regard to Century Zinc, when it was a business unit of ours, negotiations were done by the Century Zinc people. The people negotiating with the Aboriginal people right now at Weipa are Comalco people; Hamersley Iron people negotiated at Yandicoogina; Argyle people negotiated at Argyle.

My involvement is to talk to those people doing the negotiations, to talk about overall policy directions and, where asked for, offer advice on the sort of deals they are constructing. That advice can go to the provision of one or two of my staff to go in and work with the team. For example, we have only a three-person team, anyway, and the third person, who is not here, is actually working with the Comalco people now on the negotiations. He is a lawyer and he is there helping them frame the agreement. I do not get on the ground.

Mr KATTER—I just wanted to make the observation that you people do seem to have some sort of knowledge and sensitivity on these matters. I saw Leigh Clifford and I told him that I thought it was the worst example of negotiations I had ever seen in my life. I had not dared to deal with those people except on a four-off basis, in spite of the fact that I had been to school with a number of them and played football with them. There were three black people between me and the actual people who were making the decision at Doomadgee, but that team thought that as white, corporate, mining, southern—people with whom they could go in and deal with directly, and the net result was $100 million.

For your information, Paul, that negotiation was done by people, whose names I do not want to disclose, for $10 million and no land. They ended up with $100 million and 3½ million acres of land. I felt if people like you, who do seem to have some knowledge and understanding and sensitivities, had been handling it, it would have been handled so much better.

Mr Wand—A lot of lessons were learned from the Century arrangement, Bob.

CHAIR—A very diplomatic response. Can I thank you very, very much once again for your efforts, your submission and your advice, which has been a great help, and wish you every success in the future. I thank *Hansard*, the secretariat, the witnesses and the members for their attendance today in a very difficult week for all of us.

Resolved (on motion by **Mrs Stone**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 6.06 p.m.