



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Reference: Indigenous businesses

CANBERRA

Wednesday, 27 May 1998

OFFICIAL HANSARD REPORT

CANBERRA

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

Members:

Mr Lieberman (Chair)

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

Matter referred:

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

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

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

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

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

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

WITNESSES

CHAPMAN, Mr Murray Paul, Deputy General Manager, Indigenous Land Corporation, GPO Box 652, Adelaide, South Australia 5001	209
HUGHES, Mrs Roslyn, Chairman, Canberra Enterprise and Employment Development Association, Canberra Business Centre, Bradfield Street, Downer, Australian Capital Territory 2602	231
ROSS, Mr David, Chairman, Indigenous Land Corporation, GPO Box 652, Adelaide, South Australia 5001	209
SKYRING, Ms Sally, Manager, Policy and Research, Indigenous Land Corporation, 44 Waymouth Street, Adelaide, South Australia 5000	209
STRONG, Mr Peter James, Projects Director, Canberra Enterprise and Employment Development Association, Canberra Business Centre, Bradfield Street, Downer, Australian Capital Territory 2602	231
WILSON, Mr John Frederick, General Manager, Indigenous Land Corporation, 44 Waymouth Street, Adelaide, South Australia 5000	209

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Present

Mr Lieberman (Chair)

Mr Entsch

Mr Melham

Mr Lloyd

Mrs Stone

Mr McGauran

Committee met at 4.23 p.m.

Mr Lieberman took the chair.

CHAIR—Welcome everyone. 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 Aborigines 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 and their families. The purpose of this inquiry is to review the existing Commonwealth programs to assist appropriate indigenous businesses and joint ventures and examine whether the programs could be delivered in a more efficient and effective way. 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 Indigenous Land Corporation. The ILC is one of the major players in indigenous affairs and has an important role to play in the economic development of Aboriginal land. The committee is also taking evidence from Canberra Business Centres which is providing some very innovative services to indigenous businesses in the Northern Territory. If anyone would like further details of the inquiry, please feel free to ask any of the committee staff today at the hearing.

With these remarks I turn to the proceedings at hand. In doing so, my proposal is to ask my colleague the deputy chairman of the committee, Mr Daryl Melham, to take over chairing the proceedings from now on. The reason for that is that I have other duties. In a moment I have to take the mayors of the cities of Wodonga and Albury to a deputation with the minister for transport. As a result of that, I am asking leave to attend to those duties and will hand the proceedings over now to my colleague.

I might just say it is another indication of the work of the parliament that the committees of the parliament are made up of members of all political colours. In this case we can slip easily from a member of the government, in my case, to a member of the opposition and pursue a public inquiry in a spirit of cooperation and goodwill, hoping that our deliberations will result in recommendations that cover the whole spectrum and are not on party political lines. Daryl, thank you for helping me out today. If you will all excuse me, Mr Melham will now take over the proceedings. Thank you.

[4.25 p.m.]

CHAPMAN, Mr Murray Paul, Deputy General Manager, Indigenous Land Corporation, GPO Box 652, Adelaide, South Australia 5001

ROSS, Mr David, Chairman, Indigenous Land Corporation, GPO Box 652, Adelaide, South Australia 5001

SKYRING, Ms Sally, Manager, Policy and Research, Indigenous Land Corporation, 44 Waymouth Street, Adelaide, South Australia 5000

WILSON, Mr John Frederick, General Manager, Indigenous Land Corporation, 44 Waymouth Street, Adelaide, South Australia 5000

ACTING CHAIR (Mr Melham)—Welcome. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Before we ask you some questions, do you have an opening statement you would like to make?

Mr Ross—Yes, thank you. Thanks for the invitation to the ILC to give evidence at this inquiry. We will be happy to answer any questions about the ILC's activities, subject, of course, to commercial confidentiality. Before we do, I would like to make a few broad introductory remarks.

For thousands of years our land has provided not only the foundation for our culture, religion and ceremonies, but an economic base as well. It would be foolish to suggest, therefore, that the land has somehow ceased to have economic significance or potential for indigenous Australians. Indeed, because indigenous Australians lack accumulated reserves of personal wealth or capital, land will often be the only means by which we can participate in this country's economic life.

In any discussion about the use of indigenous land, however, we need to keep a couple of things in mind. Firstly, it is not the case that each and every parcel of land in the indigenous estate, whether acquired by the ILC or some other body, has a self-sustaining, economically viable use. Sometimes land in the indigenous estate is so remote from markets or so unproductive or just so very clapped out from sustained misuse that its economic potential is low or next to zero.

Secondly, no-one should assume that every Aboriginal person wants to be a fish farmer, a cattle baron, a wheat grower or an entrepreneur. Even where people's aspirations may lie in those areas, the ingredients for a successful business may simply not exist. Sometimes the level of skills available in a community will not be sufficient to match the commercial aspirations; at other times, running a business will just not be a high priority for some groups; and sometimes the level of resources necessary to start a business may just be too high. In short, the land management job of the ILC will sometimes have a commercial flavour and sometimes it will not.

Where the ingredients for a successful enterprise already exist or can be put together, we are

committed to assisting indigenous Australians to establish land based enterprises which work. We assume that your interest here today is in the ILC's activities. At the commercial end of the spectrum, the ILC is involved with a number of indigenous organisations which are seeking to grow or change the direction of existing businesses. In other cases we are working with organisations to identify and support alternative sustainable land uses.

The enterprise funding landscape in which the ILC has started to operate has certain characteristics that need to be acknowledged and dealt with, if we are to make any headway in this area. Firstly, recurrent deficit funding has tended to be a feature of many indigenous enterprises over the years. In addition, many indigenous businesses have been characterised by the lack of an adequate skills base, poor management, and a lack of direction and of clearly understood goals. While the ILC on its own cannot turn this state of affairs around quickly, cheaply or without difficulties, we do recognise that the problems exist and we are committed to devising strategies to address these problems.

Being hard-headed about the commerciality of particular ventures is only part of that process. Indeed, our act requires us to operate according to sound business principles when we are engaged in commercial activities. This is not going to win us a lot of friends, in many quarters. The ILC has already been criticised for its failure to support commercially unsound enterprises that have powerful and vocal local supporters. Everyone likes to be popular; but, if laying the groundwork for more solidly based indigenous enterprises means the ILC will sometimes have to make the unpopular decisions, then so be it: that is the price you have to pay.

Perhaps the most pressing challenge for the ILC is how we deal with the indigenous pastoral estate. We have produced a map, which we will probably show you shortly, of the wealthiest corporate pastoral holdings in Australia. It shows that the best pastoral land, built up over a century or more, extends in a fairly rough arc going from the Kimberleys, across the Victoria River Downs areas of the Northern Territory, over the Barkly Tableland, through into parts of Queensland and down into New South Wales.

A map of current Aboriginal land-holdings shows very few Aboriginal land-holdings within that arc. Where you will find the largest concentrations of Aboriginal land is in desert and extremely arid country, or on the margins of the pastoral regions. There are some notable exceptions but, generally speaking, the larger Aboriginal land-holdings tend to be on land which has been disposed of by non-indigenous pastoralists as being just too hard to make a living from, or as never having been capable of sustaining a viable pastoral operation. In other words, the only reason that some properties have ever been acquired by Aboriginal interests is that nobody else has wanted them. We will come back to those maps.

ACTING CHAIR—You might like to put them on the ground, facing us.

Mr Ross—In very broad terms, ILC's role in relation to the indigenous pastoral estate is twofold. Firstly, it is to provide support to increase the viability of those properties which can be viable; and, secondly, it is to assist the landowners to identify alternative land uses where their land cannot realistically support a viable commercial pastoral enterprise. In doing this, we realise that we will have critics: there are many of them out there.

One of the most common refrains in this area has been that acquisitions of land for Aboriginal people have resulted in land being taken out of the pastoral estate. The truth in many cases is that the land should never have been in the pastoral estate, or that it is so clapped out from misuse that it should no longer remain in the pastoral estate. An ability to work long hours and ride horses is not necessarily the recipe for success in the pastoral industry, if ever it was. Anyone who wishes to succeed in the primary industries in the late 20th century needs to be clever and needs to think strategically. Of course, this also applies to the ILC and to all indigenous pastoralists, as well.

The ILC does not underestimate the difficulties it faces in this job. We believe, however, that our current strategies have a good chance of extracting an optimum return, both economically and socially, from the indigenous estate. These strategies include cooperative planning with land council pastoral units and regional producer groups, and the establishment of ILC subsidiaries on indigenous land. We would be happy to discuss those later on.

The ILC is yet to respond formally to the minister's recent discussion paper 'Removing the welfare shackles'. Until we have done that, we would prefer not to comment in any great detail on its comments. However, I should tell you that I informed the minister this morning about the ILC board's decision to establish a commercial company to be a wholly owned subsidiary of the ILC to look after its land based commercial enterprises.

By way of general comments on the minister's discussion paper, I would like to make a couple of points. Firstly, the ILC does recognise that commercial land management activities on indigenous people's land have to be more focused than they have been in the past. One of the themes of the minister's paper is that past indigenous enterprise assistance strategies have failed because of a confusion between social and cultural goals on the one hand and economic goals on the other.

We have also heard the view expressed by our colleagues from the Aboriginal and Torres Strait Islander Commercial Development Corporation in their presentation. In our view, funding bodies, lending institutions and indigenous entrepreneurs who fail to take account of people's social and cultural aspirations will find the going much heavier than it needs to be. We believe that, if communities engaged in business of any sort have thought hard about their goals and how they propose to achieve them, then a variety of aspirations can be accommodated.

Secondly, we have grave reservations about the proposal to place management of the Indigenous Land Fund in the hands of the proposed new Indigenous Business Australia. The proponents of the transfer argue that rolling the land fund in with other pool funds in the indigenous affairs portfolio will lead to increased financial leverage. The informal advice from our investment advisers suggests that this will almost certainly not be the result. In addition, they have advised that pooling funds in such a way will result in a gross blurring of the objectives of the various funds. Proponents of the transfer also argue that the transfer will somehow free up the fund from the statutory restrictions which apply to many invested funds. This is somewhat misleading. There is actually no need for the land fund to be transferred out of its current home so that the current investment restrictions can be relaxed.

What is required is not a new home for the fund, but an executive decision allowing the funds

managers to invest more widely than is possibly allowed at the present time, something along the lines of how superannuation funds are invested, rather than opening the box as wide as you like. Mr Chairman, that concludes the introductory remarks. We would be open to try to answer any questions that members may have.

ACTING CHAIR—Thank you, Mr Ross. Before we do that, there were some comments you made towards the end of your opening statement and some criticisms of other submissions. I am not denigrating what you were saying, but I am interested as to whether the ILC is able to put forward a supplementary submission at some stage in terms of that advice that you have sought or is that as far as you propose to take it? I do not disagree with what you have said. I actually have a view very similar. I am interested as to whether there is more material that you might want to put before the committee.

Mr Chapman—Mr Melham, we might be able to do that best by providing the committee with a copy of the submission we are providing to the minister in response to his discussion paper.

ACTING CHAIR—That would be good, at the appropriate time, if it is covered.

Mr Chapman—I think mid-June is the cut-off date for that.

ACTING CHAIR—Terrific, that covers that.

Mr McGAURAN—I have to confess to still be struggling with a proper understanding of the aims and objectives of the ILC in practice. I certainly understand your charter, which is to correct dispossession more than it is for economic development. You take account naturally of the cultural, environmental and traditional values of the people you serve. Having read your original submission to the committee and now having heard Mr Ross's verbal presentation, I still cannot quite strike the balance between acquiring land to redress dispossession and economic development.

I need you to give me some practical examples, because I fear very much in the future, as you have predicted, Mr Ross, that critics will say that you err on one side or the other. In other words, how will you strike that balance?

Mr Ross—I suppose there is a short answer and there is a long answer, and it is probably better to give you the longer version. The ILC and the land fund were born out of the Native Title Act 1993 which was born out of the Mabo decision. In terms of being able to expend funds, the ILC put together a national strategy before funds could be expended. In order to do that, rather than sit around in Canberra or in a city or wherever and decide on how that was to be done—as had been the past procedure for many previous operations—we decided to consult with ATSIC regional councils throughout the country. We consulted with land councils, native title rep bodies and any other Aboriginal organisation that has some charter regarding land.

As a part of all of that, the arguments that had surrounded the legislation in setting up the land fund, and the blues that had taken place at that time, had to be taken into account. Part of those blues was the fact that people had no land; they wanted land. They wanted a land base; that is what it was about. It was not

about wanting a business or other things; it was about land. That is what the argument was within the indigenous community throughout the country. It was about returning to people some land that they could use and call their own. That was the starting point.

As part of all those consultations that we went through at the end of 1995 in order to put our national strategy together, the most consistent thing throughout the country from people wherever we went—whether it was the ATSIC regional council in Sydney or an ATSIC regional council in one of the very remote areas of the country—was that the basis of any land acquisition had to be tied to cultural attachment, where people belonged. That is what was put to us. From our point of view, we have carried out the wishes of the indigenous community to that extent, while fulfilling our requirements that we are governed by under the legislation.

As a part of that, then comes the argument: once people have got land, what do they do with it? Then the economic commercial realities of the world come in. The first part was about helping people acquire land and give people some base and ownership of land. People in the Northern Territory have had a lot of land for a long time. A lot of that land was acquired under the Northern Territory Aboriginal land act and the automatic scheduling of that land in terms of reserves, missions, et cetera. Some of that land was purchased.

What was also missed was that, over the last 20 years through the Aboriginal land fund, the department of Aboriginal affairs, the ADC, ATSIC or whatever other mechanism, a lot of people in other parts of the country utilised those funds. What they utilised them for was to actually buy buildings so that they could operate their organisations out of them, rather to acquire land as land itself. That has also had to be taken into account.

Now that people have got some of that land, they want to start utilising it, which is why in my opening remarks this morning we addressed our minister, Senator Herron, and said that the ILC board has now made a decision to put together a subsidiary company owned by the ILC to start undertaking commercial activities.

We have not finalised that. It is a decision by the board to go down that track. There is a problem where people now want to utilise the land for all sorts of activities. We have also made the distinction and have had discussions with the general manager of the ATSIC Commercial Development Corporation that our interests lie mainly in primary production, be it agricultural, pastoral and things of that nature, and not in other activities, whether it is putting together a supermarket, a mining deal or whatever.

That is the nature of their business; that is their side of commercial activities. We need to stick to the things that basically deal on that level. They are the sorts of things that we have discussed. They have no difficulty with that and that is the track we are heading down. This is simply because one goes with the other in terms of our legislation and the work that we have to perform, and the expectations from the Aboriginal community, if not the broader community. That is really where that has come from. I do not know if that answers your question or not.

Mr McGAURAN - Extremely well, and you do give us forewarning about the equity investment in your written submission. I am glad to know that that is progressing. That may well be the solution to the

dilemma I have spoken of and that you recognise and you speak of in your own submissions to the committee.

Given the impatience and hunger of Aboriginal and non-Aboriginal Australians for economic independence and all that that means, and the desire to learn from mistakes of the past and to invest properly, it is inevitable that we are all going to look to the ILC for economic development because of the size of your funding.

My question from the left field is: could you avoid this dilemma between rectifying the wrongs of the past with regard to dispossession and fulfilling the cultural, environmental aspirations of Aborigines and Torres Strait Islanders by separating the purchase of land from any further economic development of that land? In other words, should the ILC be smaller and concerned only with the acquisition of land and much of your funding be directed to another body that will pursue the economic development of it.?

Mr Ross—No, I do not think so. I think that is really what you have had to this point in time and it is much more important that these things are worked through together. That is why we say that we need to separate out the social, cultural and environmental side of the ILC from the commercial, and why we need to establish a commercial arm which carries out commercial activity. But what has to be remembered is that you have a block where people live and their social and cultural needs have to be addressed along with the commercial.

If you do not separate out land ownership and deal with land ownership and social cultural activities separately from your commercial activities, then all you have are the problems that we have had for the past 20 years. That is where some of these activities need to be separated out and not just heading down the path of going into commercial activities alone.

Part of the commercial activities will certainly need to address the problems of education—and I do not mean education across the board, that kids must go to school, et cetera. That is the department of education's problem. It is educating the community about what your business is—what does it mean to be a director of this particular company, what does it mean to undertake this type of activity and so on? That has not been addressed; someone needs to start doing that. That is the course that we are heading down.

Further to that, training needs to be effective—and I do not mean six-week courses; I am talking about proper training so that if we can get into a joint venture arrangement with outside partners, be it a pastoral or agricultural operation or whatever the case may be, on that land then there is a cut-off point where you can train people up who can then take over management and who have been trained in a proper manner, not on your six-week or six-month courses. These things have to work together.

If you separate these things out too far, all you are doing is creating the problems that have existed to this point because there has not been any communication. There has been a lack of communication and this old problem of 'we know best'. In this case, you have got the ILC, as the ILC board with the ILC, undertaking its normal activities here of acquisition and land management. A part of that land management undertakes your social, cultural and environmental concerns which are basically grant type funding. On this side you have your commercial operations. They are not miles apart. It is still a part of the same organisation,

separated only to the point where one does this and one does that, but you have got the communication links there and these things can work together.

Mr McGAURAN—All right. My final question, with your indulgence, Mr Chairman: in regard to a ‘clapped out’—a description you used earlier on, Mr Ross—pastoral holding, you might put more weight purely on the cultural ambitions and aspirations of the local Aboriginal community without real regard for the economic aspects of it because they are only seeking a poorly developed resource but, on the other hand, if there is a full-blown pastoral holding with a viable business, you would only fund that, regardless of the cultural aspirations, if there were training programs in place, if there was management expertise and if you were satisfied that the business would continue. In other words, I am still trying to find out when you apportion cultural values to a greater extent than economic viability.

Mr Wilson—I can give you a couple of examples which may help. You talked before about what is the practical implementation of what we have talked about. We currently own three sheep stations. Just to give you an idea of what we are talking about, that came about through a national indigenous land strategy which I notice you have on the top table there. It essentially says that the first strategy of the ILC will be to put the country back under the feet of Aboriginal people and that will be the main plank. The fact of life is that when some people want to sell a bit of country, they also sometimes want to sell the sheep—otherwise they will not sell anything.

What the ILC board has decided to do in these three cases was say ‘OK. Does it meet the prime criteria of the national strategy?’ Let us assume the answer to that is yes. And in these three cases it is yes. There is a business sitting there. We have said there is an Aboriginal community as well in place that represents traditional owners that will need to have title to that land. We will not give money for the business because it is an investment. We will go in partnership with people on the land to run it as a business and over time they will seek to buy us out.

There is a difference between a grant or gift of money for the land which is our prime core business, if I can call it that. The fact of life is that there are commercial operations going on and they can sustain a profit. I should emphasise that in all cases where we own the business we have had a commercial assessment done. If the answer is, ‘No, we cannot turn a profit,’ we have said, ‘OK, well, let us talk about some other land use,’ not, ‘Let us try and make it work by bunging a lot of money at it,’ because we know from history it will not work. That is the way we have dealt with it in the current environment, if you like. We also have from the beginning of this year full responsibility for all land management which was hitherto shared with ATSIC, so we had joint programs for the first two years until we got up and running.

We estimate that with the proper management sort of training that Chairman Ross was talking about and some other stuff, over something like a five- to six- to eight-year period we might get 20—it is an estimate obviously—pastoral businesses run properly by Aboriginal communities.

We are not talking about large numbers. We are also saying that we need to separate those activities. As you have just heard, we are doing that via the establishment of a commercial corporation. We are not ignoring those other cultural aspects that need to be taken care of. We are trying to say that we can work in parallel, if we work in partnership, and not through giving money but through the investment of money in a

partnership way, either with the Aboriginal community or, in some cases, with others in the industry who might want to come in on a joint venture basis. Both of those possibilities will exist.

Mr McGAURAN—Thank you, that helps very much.

Ms Skyring—For those parcel holdings, where perhaps there is no viable business or where there is unlikely to be, we are looking at alternative land uses. I do not know whether you are aware that in Western Australia they have just launched the Murchison Gascoyne range land strategy and there are others around the countryside whereby the Department of Agriculture in Western Australia and the government have recognised that there is a lot of land in the pastoral estate—that middle area of Western Australia—that really needs help. The land is no longer productive for the families and communities that live there and they have developed a strategy and put funding towards either assisting pastoralists, including Aboriginal pastoralists who own land in the region, to get out of the pastoral business in a structured way or to increase their land-holding and their carrying capacities to make their businesses viable.

They also have involvement with the environmental protection agencies and the equivalents so that they can look at the pastoral estate as a whole and say, ‘These bits are unproductive in terms of the pastoral business but they are important for cultural and natural heritage values.’ We should separate those out from the pastoral estate and look at alternative land uses. We have looked at that in Western Australia for a couple of properties. I am talking there about such things as the Lake Eyre basin catchment—the types of non-pastoral activities and support mechanisms that state governments can offer so that people who choose to stay living in rural and regional Australia have an alternative other than pastoralism to support their community.

Mr McGAURAN—Notwithstanding my own earlier confusion, you are confident, Mr Ross, that, within the ILC there is no doubt, despite the complexity of your role, as to how investments will be judged in the future?

Mr Ross—Whatever you do, nothing is guaranteed in this life. As I said earlier, we know we are not going to be loved because we will just not chuck good money after bad year after year. We are in the business of trying to get some outcomes and some returns to benefit the people that money has been thrown at for many years, without any proper planning or particular outcomes addressed. It just has not been done. We know it is going to be hard, but it is a fact of life.

ACTING CHAIR—Before I move to Mrs Stone, can I just follow up on what you have just said. If you think something that you have invested in is going bad, what structures do you have in place to remedy that?

Mr Ross—At present, we have not started on that course. For the last number of months, we have had nearly every major pastoral house in the country knocking on our door. They have either spoken to us or they are lined up to speak with us. They are coming with proposals for a starting point: ‘You either own the land or Aboriginal people own the land. We are not in the business of tying our money up in the land. We are sick to death of that because our money is not going anywhere. We are interested in owning and operating a business. We can either do that solely or jointly. We can manage your business for you, et cetera.’ There is the possibility of joint venturing. There is possibility of having them managing or

contracting expertise, whatever the case may be. These are all the sorts of issues that we need to address before we actually embark on this process.

Mrs STONE—Can I find out a little more about how an indigenous person goes about actually identifying a property—either alone or in a community group—and then sets about actually successfully purchasing that property, with their aspirations beginning to be met? I have to say that indigenous people were talking to me at the weekend about their frustration with the time it takes for the process to actually be worked through. In particular, in Queensland, people were describing to me their frustration in terms of identifying who should end up being regarded in the community group as the new owners, and in terms of the process of proving that they too should have a part of the action on a particular property.

It seems to me that some of these matters take several years to settle down. In figure 3 in your annual report, you show that in Queensland you have approved 14 properties for purchase and that there are probably six properties settled. How long ago, for example, were those 14 properties approved? In other words, how long does it usually take to end up getting a settlement?

Mr Ross—I will let John go into a bit more detail in a second, but the very first decision of the ILC was for a particular property in Queensland—seeing that we are talking about Queensland—and, for that property, the asking price of \$1.5 million was nowhere near the valuation that was placed on that property. Some of the people that want to sell us properties, or sell them to us on behalf of the people that had acquired the land, want to charge fees because the land may have some ecotourism opportunities on it and they want to add that in as a value. They also want to add in other things that may be of value: clean air, or nice running water. But that is not the value of the land. People are coming to us with premiums that we refuse point-blank to pay. We will pay the valuation and nothing more.

Mrs STONE—I can understand that.

Mr Ross—For that particular property, the decision was made in May 1996 to go ahead to acquire it. We picked that property up and finalised the deal about a month ago, for \$630,000. It is a long way from \$1.5 million. We are not going to play with fools. The difference between 14 and six takes into account some of those crazy, outrageous things that people try to pull on us. John may have some further details he would like to give.

Mr Wilson—That has certainly been a problem for us, that we have had quite outrageous prices: as soon as they see the word ‘Aboriginal’ or ‘indigenous’, they think they can double the price, quite literally.

ACTING CHAIR—I am sorry to come in on that at this stage, but have you developed a mechanism to overcome that?

Mr Wilson—Basically, we have an independent valuation and we say, in public, ‘We buy at or near valuation.’ Obviously, we then use agents to make an offer, and it becomes obvious fairly quickly if their asking price is ridiculous in comparison with our valuation.

Mrs STONE—But I would have thought a normal commercial property purchase usually takes some

negotiation between buyers and sellers. You have just described a situation that took nearly four years.

Mr Wilson—No. Can I just go back? We spent the first year putting together the national strategy, which you have. The first decision, which was the one we are talking about in Queensland, was made in May 1996. That is very unusual; that is the worst case. We have something like 200 land acquisition proposals in the pipeline. We obviously have to go through a process to see that each one meets our criteria. There have been some quite long delays, but the board meets every six weeks, and it sometimes looks at two quite fat booklets of land acquisition proposals. With seven people on a board, there are only so many they can look at at each meeting. It would range from three months to the worst case, which you have just heard about from Chairman Ross, which was that first one.

We do a lot of negotiation and consultation with people, but one of the problems is that people do not always distinguish between the ILC and whoever was there before. So they will say to you at meetings, ‘I’ve been waiting six years.’ I can respond by saying, ‘Well, I’ve only existed for three years, and so you can’t hold me responsible for the first three years.’ That is part of the problem. When you hear these statements, I am not saying they are not accurate, but I am saying that I do not think those sorts of claims of delays are really very fair.

Mrs STONE—So have you got an average that it takes from, say, approval of a purchase to property settlement and the indigenous community actually moving onto that property and taking advantage of it?

Mr Wilson—I cannot give you a firm figure that we have actually calculated. But my feeling is—because I approve them all once the board has made the decision—that it would be something like 3½ months, providing we have got some measure between price. But if we have got the situation like, for instance, one down on the south coast in New South Wales at the moment, where in the mind of the owner the figure is something like \$2 million, our valuation is less than \$1 million, we have made an offer and now, obviously, it is a stand-off, we do not see any point in making another offer if we are so far apart and that could drag on for six to nine months. So—feet in the fridge, head in the oven, on average you are warm—you have to be careful of averages. But the point is that, generally, they are not taking that sort of time if we have a serious vendor who wants to sell. We do not always have that.

Mrs STONE—How long does it take to get to the approval for purchase stage, on average?

Mr Wilson—In terms of getting to our board, do you mean, from when they put it in to us?

Mrs STONE—Yes, from when a community might put in a proposal to when it would be dealt with and there would finally be board approval to purchase?

Mr Wilson—Some of them have been with us since we started, but generally they are situations where we have gone back and said, ‘We need more information; we cannot do the assessment.’ That sometimes comes and sometimes it does not. I was on the phone yesterday, for instance, talking about one we have only had since March. So, again, it will differ. I am not trying to fudge the answer; I am trying to give you an honest answer.

The backlog was quite bad to start with because of what we inherited. What happened was that people who had applied to ATSIC basically photocopied it and sent it to us. We had to go back and say, 'No, we are not doing business that way. You need to answer some specific questions.' That in itself took a long time for people to understand, that there is a new organisation in town and we are going to do business a bit differently. Most of that backlog is now gone. That is not to say that we will not have had some proposals that have been around for some time, but I am pretty confident that most of them will be where we are waiting for information from the group. Until we get that information we cannot do the assessment, and until it is ready it cannot go to the board.

Mr Chapman—Or, in some cases, there are two or three groups proposing that we buy the same property for them. Resolving that sort of difficulty takes time.

Mrs STONE—I can imagine.

ACTING CHAIR—What are the resolution procedures you have for where you have a number of groups competing for the same area?

Mr Chapman—One very conscious position that we have adopted is that we are not about to replicate the role of the National Native Title Tribunal. We are not there to resolve intra-community disputes between competing proponent groups. What we do is to the extent possible facilitate negotiations. At the end of the day, however, in some cases, what we have said is, 'Unless you mobs, you two, can come to some sort of agreement, we are out. The ILC is not going to be responsible for the Aboriginal people cracking each other's heads in the main street. Once you have sorted it out, come back to us.' Not surprisingly, that has resulted in some focus being applied to people's regional land priorities in some cases.

One of our subsidiary companies, for example, started out with a bit of a tussle between two competing Aboriginal groups in the same area. Group A wanted the property. Group B wanted it. ILC said, in effect, 'We are not buying it for anyone until you lot can come to some sort of agreement about what you want.' That happened. Property was purchased. We are now in a joint venture type of arrangement with the company and growing lots of wool.

Mrs STONE—Where there is a situation where the approval has happened and the property has been settled, what is your process then? Do you try and determine before the property settlement which individuals will constitute the community that is to now own this land, or does that happen after the purchase period?

Mr Chapman—It depends. In some cases you will have an organisation whose memorandum and articles of association are such that they are an existing body that is an appropriate body to hold title to land. In other cases you will have, for example, the Aboriginal corporation that runs the local CDEP whose memorandum and articles of association do not fit them appropriately to hold title to land.

In some cases you will have organisations who, although they are interested in the purchase of a specific piece of culturally significant land, have other objectives—they are a medical service or some other sort of service. In those cases what we do is say, 'Okay, we will assess the proposal for the acquisition of this bit of land on the basis of its cultural significance to this particular traditional owner group, but you, as

an organisation that has some traditional owners in it, must talk within your community and come up with a body that is custom built for the purpose of holding title.'

Mrs STONE—At the end of the day, do you have a list of the individuals who will be the shared owners of this land?

Mr Chapman—No—as I said, we do not propose to replicate the work of the National Native Title Tribunal. Nine times out of 10 in Aboriginal communities people know who is who in the zoo. They will know who is descended from traditional owners and who is not. We are not about to impose our views on the locals about who are the local traditional owners. That is a recipe for getting the ILC's head cracked.

Mrs STONE—It is just that it has been represented to me that some of these settlements have been held up while the ILC waits for other individuals, wherever they might be, to come forward and say, 'Us too.'

Mr Wilson—No, that is not true. We have never held up a settlement in a commercial business sense because title holding issues are outstanding. In an ideal world we would love it all to be solved before the thing even goes to the board. But the facts of life are that we probably would not have bought any properties if we had waited until all the things were sorted out. They are difficult issues.

Mrs STONE—So people can in fact take up settlement and start working as they wish on the property before—

Mr Wilson—No, because we have not divested it yet so it belongs to the ILC. The ILC will then need to determine what can happen on the land until we divest it to whoever is the appropriate Aboriginal community.

Mrs STONE—This is my point, I guess. This is what they are saying—that they have been waiting a long time for the divestment because they still have individuals appearing to say, 'Us too,' so it has been several years—

Mr Ross—That is a great problem that we have in parts of Queensland—not just Queensland but it certainly is a great problem in Queensland—where people of the same family groups are vying for 'king of the tree', you might say, as to who is going to be the titleholder and who is going to stand over the rest of the family in terms of what is going to be done on the property.

I will give you another example. This one is not from Queensland but from another state where, like it or not, because of the incorporation laws and the Aboriginal Councils and Associations Act, there is one group and there are something like 20 corporate bodies, and there is one particular property where five of these corporate bodies are vying for the ILC to purchase this land for them. The trouble is that two of them happen to be brothers, one happens to be a sister of theirs, one is a cousin and one is an uncle—all of the same flamin' family yet they all want the ILC to make a purchase and grant every one of them the title. How do we do that? It is not our place to say who is who in the zoo there. It is not our country. That is their country. They need to sort out the relationship between themselves and who they are and how they are going

to hold country. As we say, we are not in the business of taking over the responsibilities of the National Native Title Tribunal.

Mrs STONE—I hear what you say.

ACTING CHAIR—Can I just explore the question of investment and your policy in relation to that. Could you elaborate that for the committee?

Mr Wilson—Yes. Could I just make this point to make sure I did not mislead Mrs Stone—I certainly did not intend to. No settlement has been delayed because of these issues—that is, if we can do that in the commercial market. Certainly there are a number of issues still going on where we have not divested the property because we have not resolved those issues.

Mrs STONE—Yes, that is the terminology—divestment. What has been represented to me is that there has been a long period of time for a number of community groups where that divestment has not occurred.

Mr Wilson—Well the longest period is actually 11 months, so it depends what you mean by ‘long’. Under the act, if we do not divest within a year, then we pick up stamp duty. So there is a big incentive on us, in fact, to divest within the year and we would want to do that. But it is difficult in some cases. In some cases, for instance, we have had to engage professional anthropologists to try and sort out—what was the expression you used, Murray—who is who in the zoo, or whatever you said, because there is a sort of battle royal going on out there.

ACTING CHAIR—Can you just explain how the timetable generally works?

Mr Ross—Generally, when the ILC buys, it has taken a view—and the board has taken a view—that we are only there in a custodial situation. In an ideal world, we would settle on the Tuesday and divest on the Wednesday. We are there to hand it over to the appropriate Aboriginal group. The facts of life are that that simply has not been possible in a number of cases because of the disputation going on between groups. We need to get a resolution to that. The act establishes some particular penalties—that is, stamp duty is attracted if we have not divested within one year.

ACTING CHAIR—Right.

Mr Ross—That is an incentive for us to try to make sure it does happen within that time frame.

ACTING CHAIR—Have you had many instances?

Mr Ross—We have not had any instances as I speak now. On a couple we are getting close to the year mark. We are almost on it in a couple of cases, so it is getting a bit close for comfort.

Mr LLOYD—There seems to be a reluctance on the ILC’s part to want to go into business initially. I think you have said today that you are recognising that you need to manage businesses. If you had a property

where there was a viable business on it, but the opportunity was there to purchase the land and not the business, regardless of how viable it was, would you go ahead and just purchase the land?

Mr Ross—Why not? We are happy to do that. We will go and buy the land. If someone else has the money to buy the business, why not? Why spend all of our money on one block, when someone else has the money to buy the business, as long as it meets the needs and addresses the issues of the community.

Mr McGAURAN—With job creation?

Mr Ross—That is part of it.

Mr McGAURAN—If it is possible to buy the land without the business, you may well choose just to buy the land, but if it is a viable business would you not want to stimulate job creation?

Mr Ross—It depends what the community wants. Do they want to own that business themselves? Are they able to get the funding from elsewhere to do that without ILC's involvement? If we are in there, we will want a number of things dealt with.

Mr Wilson—And do they have the skills to run it?

Mr LLOYD—What I was getting at was the business may not be viable on its own. It may fail or collapse. If it was sold as one package with the land and the business, and it was a viable concern, that would be okay. If you say that you would come in and buy the land, and the business can be sold or moved or whatever, depending on the type of business, it may not be a viable business.

Mr Wilson—Remember when I was talking before I said we owned three sheep companies.

Mr LLOYD—Yes.

Mr Wilson—We have joint ventured with ATSIC on one of those cases. They have injected some working capital into the business. For the first couple of years we estimate we will get probably just a bit above break-even. It is marginal in the sense I was talking about of making a profit. But that is where we have joint ventured, where it has not been ILC money only. If the community wants or has the skill, then we have never insisted that we do not buy the business. There have been occasions where we have believed the business simply could not survive and we have said, 'Look, we need to negotiate with the vendor to buy it there.' Then we will have a conversation about what we can do with the land, which might be something a bit different to what was there before. I do not think it is an anti-business thing, which I think is where you started the question.

Mr LLOYD—I think there is now a tendency to look at the business side of it, but I see that your primary role is land acquisition. That is what you are there for and I accept that. On a different question, who manages the land fund and where is the balance of the money invested? On reading through here, 34 per cent was spent this year and the balance is going into your fund.

Mr Wilson—The land fund itself is managed by ATSIC at the moment. Technically it is managed by the delegate of the minister for finance. In fact, the minister has appointed Glen Reece, who until recently was the deputy CEO of ATSIC. He is the delegate of the minister. Technically, the department of finance actually administer it, but it is done through ATSIC. There is a consultative forum on which Chairman Ross and two of my board members sit to advise where that should be invested.

Basically, because of the restrictions we referred to in the introductory statement, you can really only invest in cash. They have extended that to things like floating rate notes, which are really cashable bills you can invest in. It is fairly limited. They use a private sector adviser. Frank Russell and Associates provide advice to that consultative forum. It is invested in some fixed interest and some long-term and short-term interest.

You may be interested that the committee has tracked what it might have made had it been slightly less restricted than it has been and that is a large sum of money. We have been very keen and been trying to push for some time to get some of those. I do not think we want to stick on coffee futures in Brazil or anything silly. You would still want to be prudent, but just cash is really rather restrictive.

By way of comparison, when we have not spent money on land, we have also invested our money so that we get interest. We are not restricted in the same way, which seems rather strange, but that is as it was written into the act.

ACTING CHAIR—Is there anything afoot to try and look at amendments in relation to that?

Mr Wilson—We have approached the department of finance on a number of occasions. I do not know Minister Fahey's view because I do not think it has ever got there. People in Finance tend to be rather conservative in my experience and they have not been prepared to push the lines. No, it has not gone further than discussion points.

ACTING CHAIR—It seems to me that it is a very onerous restriction that you have.

Mr Wilson—You may notice part of the proposal is removing the welfare shackles and that those restrictions ought to be removed. We will argue about where you house it, as Chairman Ross said before, but we would agree certainly that the restrictions are far too restrictive in terms of the return you might get. In the 11th year of the fund, there is no more money for the ILC and so it becomes very important from our futures point of view what sort of investment they are getting in that first 10 years.

ACTING CHAIR—Yes, fair enough.

Mr Chapman—For what it is worth, the advisers that ATSIC retained for purposes of providing investment advice have said of the way in which the fund is managed that it is better than benchmark.

ACTING CHAIR—That is the impression I get, Mr Chapman.

Mr Chapman—Had the provisions of section 62B(1)(d)—or whatever it is—of the Audit Act not

applied, the income to the land fund would have been in the order of several tens of millions of dollars greater.

ACTING CHAIR—Right.

Mr Chapman—As things are, even with cash and fixed interest investments, with the advice of Westpac and Frank Russell, ATSIC have managed the fund to above benchmark levels for that type of investment.

ACTING CHAIR—What worries me is the shackles that are still there on you. It is not as if your record in the short time you were there was not a good one. It is an excellent record.

Mr Chapman—The fund would prefer to be \$50 million to \$80 million dollars richer. Given that we are now accepting that we are not, I suppose my point is that the fund is being managed in a pretty competitive way.

ACTING CHAIR—I am interested in what Mr Wilson said. I get the impression that this is being progressed in terms of policy within government.

Mr Wilson—We have tried. We have not to date got very far. I was merely commenting that the *Removing the welfare shackles* paper, as I understand it, picks up the same point. It also makes the additional point that they want to change where it lives. The reason for worrying about where it lives is that, over time, someone will say ‘There is a bucket of money. I know it used to be for land; let us use it for something else.’ Our concern, as the Indigenous Land Corporation, is that it was specifically set aside for land.

Mr Chapman—One of the things that has concerned us in the past is that it has been suggested that a trade-off for more—‘adventurous’ is probably the wrong word—‘liberal’ investment guidelines would be removal of the top-up guarantee should it be required in the final year of subventions to the fund. Obviously, a more liberal investment strategy brings with it higher attendant risks together with the prospect of a higher gain. You have a prospect of possible shortfall and I suspect that that makes the department of finance—

ACTING CHAIR—What worries me though, Mr Chapman, is the double standard that seems to be applying at the moment in that there are more constraints on you. You are actually shackled. You have given a charter, but you are precluded from following that charter because of some of the restrictions that are applying.

Mr Wilson—The restrictions are on the fund though, not on the ILC.

ACTING CHAIR—No. I accept that. That is what I am talking about—just the fund restrictions, not the ILC.

Mrs STONE—Are the fund restrictions the same as those in place in 1995?

Mr Wilson—Yes, but they have now been replaced by the Commonwealth authorities act or whatever it is that replaced the Audit Act.

Mr Chapman—One comparison that is drawn is with what used to be called the Aboriginals Benefit Trust Account, the ABTA, in the Northern Territory. Section 62B(a) of the Audit Act also applies to the investments in that bucket of money. There have been rumblings in the past about the earning capacity of that pool if those investment restrictions were lifted. Mr Wilson mentioned earlier the comparison with the investment strategies that apply to superannuation funds. Super funds are regarded as among the more sacred buckets of money about and the trustees of superannuation funds have very stringent duties. They are fairly conservative but the investments of those funds extend way beyond the cash and fixed interest, which is what we are effectively confined to.

Mr LLOYD—With the land that you have purchased, is it differing titles or freehold or leasehold?

Mr Wilson—No, leasehold as well.

Mr Chapman—Two forms of title that are not presently available to us are the grazing homestead freehold leases and grazing homestead pastoral leases in Queensland.

ACTING CHAIR—Why is that?

Mr Chapman—Because of the provisions of the Queensland pastoral land act or the land act that prevents corporate holding of those titles.

Mr Wilson—They can be bought by individuals. We cannot divest to other than corporations.

Mr Chapman—And they cannot sell to us because we are a corporation.

ACTING CHAIR—Have there been any efforts to try to progress that situation?

Mr Chapman—Yes.

Mr Wilson—Minister Herron has written to his counterpart in Queensland and we have tried to progress that.

Mrs STONE—But you have the highest number of purchasers in Queensland?

Mr Wilson—Yes, they are not all those particular leases though.

Mrs STONE—They are not the freehold homestead or the freehold lease?

Mr Chapman—Ordinary pastoral leases or freehold.

Mr Wilson—Some of the difference in that table between the 14 and the six is that two or three of them are stuck in that catch-22. We cannot get them out of it at the moment so we cannot purchase.

Mr Chapman—Although we retain options to purchase on some of those.

Mrs STONE—You mentioned the joint ventures that you are looking to for the future and for the management and ownership of these areas to be mixed and so on. Do you have a policy? What is the practice now in making sure that the indigenous communities owning these places are not supplanted by non-indigenous management or, indeed, that they end up not being involved in the business? Do you have any policies about the managers who look after these properties during the periods that they are in the process of being divested—some of them up to 12 months? Who manages them during that period? Is it indigenous or non-indigenous people? If you are bringing in management, do you have a policy about that management being indigenous or having a real training or development relationship with the indigenous owners?

Mr Wilson—It is a bit of a mix. There is no policy that they should be either indigenous or non-indigenous. There is a policy that we often need them. In some cases, we have quite deliberately put in somebody who is not associated with either. We talked before about some of the disagreements between various groups so obviously we would be very concerned about putting somebody in from one of the particular groups who would send a signal to the other two or three that are disputing that.

In the case of the business we own in Western Australia, we have an indigenous manager who manages the station. That person reports to a board on which there is a community representative and normally a local pastoralist we have involved. We have a consultant to tell us about sheep and those sorts of things. There is a white manager in the one in New South Wales. He has been with the property for 30 years. That appointment was very much accepted by the local community because they knew him very well and he was very much part of that community. There is no particular policy with one or the other; it is a case by case basis if you like. We normally find that we need to put in somebody to caretake the property for a time at least if we have not been able to divest. We have done that on a number of occasions.

Mrs STONE—And that would rarely be an indigenous person?

Mr Ross—Not necessarily. The main thing you would want is to have somebody who has the expertise, regardless. I think that is the most important aspect when you are dealing with this problem. If you are not going to get the best person with the necessary skills and expertise, then you are not going to look after your investments, are you?

Mrs STONE—It is just that in our business inquiry we often find that non-indigenous management is there doing all of the up-front work and over a period of time the indigenous participation declines in the business that was originally purchased for them to be a part of.

Mr Ross—We understand that very well and a part of what we raised earlier was that the ILC is going down a commercial path and two very important aspects are the education of directors of the company and training, because without that what you mention will just keep going on. You have to educate people and train them effectively; otherwise there will be no change over the next 20 years.

Mr Wilson—I think we see it as a cadre of Aboriginal trained technicians, managers, and people, for instance, from the pastoral industry. These days you tend not to be trained just for one particular industry so there will be benefits wider than the particular businesses we get involved in.

ACTING CHAIR—Thank you. Do you have copies of the large coloured map in a smaller form that we might be able to incorporate into the evidence?

Mr Wilson—It is certainly possible to make them smaller. How about that?

ACTING CHAIR—Do you mind if that is left with us?

Mr Wilson—Not at all.

Mr Ross—How about I get these fellows to explain that so that you know what it is that you are getting?

ACTING CHAIR—Exactly.

Mr Chapman—The basic point that the chairman made in his opening remarks had to do with where the indigenous pastoral estate was compared with the larger and longer-term non-indigenous land-holdings in the pastoral estate. Basically, from what you see there, the yellow bits are predominantly freehold land; the reddy-brown bits that extend in an arc from the Kimberley, across VRB and the Barkly and down into western Queensland are where the Heytesburys, the Stanbrokes, the EG Greens and the larger and longer established pastoral companies have their holdings. If you overlay a rainfall map and several other sorts of maps, I think you will find that there is a pretty close coincidence. That is good pastoral country.

You will notice the red bits there. There are very few of those red bits interspersed among the reddy-brown bits, if you like, and the chairman's point was basically that that is not by accident. There are very few parcels of Aboriginal pastoral land within that arc, precisely because it is the good land, and there are correspondingly more bits of red in places like, for example, the Western Desert, the Simpson, the Pitjantjatjara lands and Maralinga lands. I forget what the percentage is but, for the purposes of making sensible policies on land management, the ILC has to keep in mind that, notwithstanding the superficially attractive 15 per cent of the Australian landmass, most of it is actually gibber and spinifex and stuff that cows do not particularly like to eat. That was the point of the map.

ACTING CHAIR—I thank you for your attendance this afternoon. It has actually been quite illuminating and thank you for your submission. Can I also, on behalf of the committee, make the offer to you that, if you do want to comment on other submissions or if there is other material that you want to put before the committee that you might think is relevant as a result of evidence, documents or submissions that you see tabled, the committee would appreciate that. Part of this exercise is trying to bring together a report that really assists people and raises their consciousness in this area.

Mr Ross—Is there a time limit on that, Mr Chair?

ACTING CHAIR—If there is any extra material that you want, or further comments, it would need to be submitted in the next couple of weeks, probably no later than 5 June, but to be taken into account, given the speculation of an election or whatever, I would have thought earlier that week. We are going to have to be rushing to get out a report in a usable form if an election is called, which will be some time

around that date. But we do appreciate your attendance here. I have some knowledge of the ILC in my shadow ministerial role and the quality of your evidence today reflects the esteem in which you are held, which is very high.

[5.38 p.m.]

HUGHES, Mrs Roslyn, Chairman, Canberra Enterprise and Employment Development Association, Canberra Business Centre, Bradfield Street, Downer, Australian Capital Territory 2602

STRONG, Mr Peter James, Projects Director, Canberra Enterprise and Employment Development Association, Canberra Business Centre, Bradfield Street, Downer, Australian Capital Territory 2602

ACTING CHAIR—Welcome. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. Before we ask you questions, do you have an opening statement that you would like to make?

Mrs Hughes—Yes. The Canberra Enterprise and Employment Development Association, which is known as CEEDA, is a not for profit community organisation which runs the Canberra Business Centres. The goal of CEEDA is to create sustainable employment through enterprise development. The Canberra Business Centre was established in 1987 and has since grown to provide three locations in Canberra, at Downer, Kingston and Erindale. These centres support over 80 on-site businesses. These businesses, together with the more than 60 graduate businesses, provide in excess of \$60 million of revenue to the ACT economy.

The success of the Canberra Business Centres incubation process is recognised by many regional communities. We endeavour to export our knowledge and skills by making our staff available to undertake feasibility studies and economic development work. This work focuses on providing frameworks for the provision of business incubation services which are tailored to suit the unique needs of individual communities.

The business incubation process is successful, and this success has been proven over many years. Creating the right model for delivering the business incubation process to remote communities is the challenge. One of our staff, Peter Strong, has been working with the Tennant Creek community on this issue and Peter might like to go on and say something about that.

Mr Strong—A lot of what we are doing was summarised in the report that we have given to you. For information, I will be going up there on Tuesday week, 9 June, to do a final delivery on the business plan to the community.

ACTING CHAIR—I am interested in your background and speciality with indigenous people and your history of dealing with them. I know some of it is here.

Mr Strong—My more recent background has been on some World Bank projects with the Turks and with some Kurdish or Kyrgyz people, as well as a short time in Vietnam doing business, community and economic development. This was mainly behind mass retrenchments, but certainly in communities going through change. The Soviet Union was going through change. They did not know what a small business was and I worked for some time there.

ACTING CHAIR—I mean with indigenous communities and the length of time.

Mr Strong—I am moving back to that. It is important to note that I have worked in cultures going through change. The things we are talking about I have applied overseas as well as here. I have worked in Moree and Inverell, in particular working in the employment area with the old CES—an organisation that used to exist—and working in developing Aboriginal businesses as much as anything else. I was working with particular Aboriginal community-owned businesses, but also with individuals going through the business development phase, in partnership with the old Department of Aboriginal Affairs as well as ATSIC in developing businesses.

ACTING CHAIR—You have been around for a while?

Mr Strong—Yes, for a while. I first got involved in the early 1980s with Aboriginal business development activities. I have seen some changes in that time. As I say, what we are talking about here are things that I have applied overseas during change in other cultures. What I am doing in the Barklys is going into remote communities and it is very similar to what I was doing when I went into Kurdish or Kyrgyz communities or whatever. English is not their language and they are going through some change. I am applying the same practices there as I did overseas, which is working quite well.

ACTING CHAIR—Have the practices changed over time? What have been the most successful strategic practices that you have been involved in?

Mr Strong—The most successful ones are certainly where the culture I am working with takes control of the change. It is training a group of people—and normally a small group of people—in what we are on about, and that training consists of translation services. We translate into their language. The powerful part of that is that they take a concept that I am talking about, such as the words ‘employment development’, and put that into their own language.

They have to sit with me and ask me exactly what I mean in some cases, because they do not have the words in their language that correspond. In doing that, they then pick up ownership of the concept of the change process and they can then put it into the words that their people understand. That works quite well.

Most of the problems that I have confronted over the years have been internal problems. I have been a practitioner at that level. I have worked at the policy end of things here in Canberra, but I have spent more time working at the delivery end. Getting people to understand the impediments that they have to change and what they can fix has been the area in which I have been involved. It has been more fun and it has been more beneficial in the long term, because they take control of the very small end of things at the family end. If you can have a family understand what a business is, it is more likely to succeed than if you have the policy right.

ACTING CHAIR—Is that basically the thrust behind the incubator without walls concept?

Mr Strong—The thrust is getting the advice to the individuals involved in business, walking that person through every stage of business development and being with them as they go through their crises as

they do. It is taking what we do in Canberra and other places, which is where you can see the person every day going through business development. You can see if they are happy, if they are not happy, if they are elated, if they have just won a contract or if they are going through a crisis at home that is affecting their business. We are there to support them through those first few years which is the time when they need that support.

ACTING CHAIR—In terms of your consultancy, what is the fee in relation to that? How does that work?

Mr Strong—The difficulty compared to what we do is getting the money to make it work. We are charging businesses for access to those services. This is what the business plan will state. We are talking about \$200 a month at the moment to have access to an expert who will come out and visit you once a month. Eventually we will develop that Internet access as well and it is \$200 a month. Our sums do not show that that is going to work to pay for the business adviser, so what we are working on at the moment is to try and make that work through other mechanisms.

The big mechanism that we are working on is partnerships from the organisation that we are setting up in the Barkly with local businesses in the development of tourism and arts and crafts in particular. If they bring a group of tourists in, the incubator organisation will take a share of the profits or take a share of the money that they get. That would then pay for the ongoing support of the business adviser. It is very much a community funded thing, through the people who are running businesses providing funds back to it.

It is a model at the moment. This will be the first one that we will have working. I am very confident that it will be up and running in the next three months. They will start it in the next three months. DEETYA and other organisations are very positive about support for it.

Mrs STONE—I was about to ask you what sort of business, but you have mentioned tourism, art, craft and that sort of thing. I am very familiar with the business incubator concept elsewhere. A key thing there is that the different small infant businesses have some association with each other, learn off each other and lend each other support, and a mentor is there day and night in the establishment. You are in Canberra. You talked about going there in a couple of weeks and so on. Whom do you have on the ground who is going to be available to these people night and day in the way you just described as being important in Canberra?

Mr Strong—The community group up there, which will become incorporated and run the incubator without walls, will recruit a manager. It is a key part of it. We are going to assist them with that and provide training down here for whomever they select. We will provide teleconferencing support for that person when they need it, because they will go through their own learning curve as well.

The day and night support is the thing we are trying to duplicate, and you cannot do that with a remote community. We are going to duplicate it initially by visits, but in the long term through access by teleconferencing by video links. That is what we are going to do.

Mrs STONE—Again, with the usual business incubator people come to you and say, ‘We wish to

sustain our business via the incubator.' In these remote communities are you also trying to stimulate business ventures from the very beginning? In other words, will you go to individuals or communities and say, 'Have you thought about A, B and C?' Or are you waiting for people to come forward with an idea, a partially developed concept or a business already begun?

Mr Strong—I would be very reticent to tell anybody to suggest ideas to people, because that normally sets them up for failure. They do not have the ownership that we would like them to have. But, certainly, in the feasibility work that we have done, we have said, 'Do you have any ideas?' and there was no lack of ideas. Once they start talking and felt comfortable discussing these things, they have plenty of ideas. The issue now is to find out which ones are the real ones, and which people have the capacity as entrepreneurs to grow these businesses. That is the next step for this particular organisation.

Mrs STONE—Finally, what have you learned in your overseas development work? You mentioned Turkey and the Kurdish and other remote Russian communities. What have you learned there that you think can assist you to develop these programs to work in remote Australia?

Mr Strong—Firstly, again it is that they own and understand the process.

Mrs STONE—Yes, the empowerment process; the old community development concept.

Mr Strong—And in their own language. In all those places that I went to, once they understood that, the rest of it became very easy. The next step is accountability, because if you put money out there it disappears, as things do without a decent accountability set-up, and, again, they have ownership of that accountability.

It was not just setting up so that people understand business development and the concepts of that, but also a decent public sector behind it that would do accountability controls and empowerment and make sure the empowerment remained there.

The other thing is to get good pilots up and running that work and publicise those. It is easy to have failures, especially when we are talking about business development. We would pick and choose people we thought would be successful—and in most cases they were—and then we would promote that and what they did to other communities.

Mrs STONE—Who is going to do the auditing or the accountability work? You mentioned the public sector being supportive there. Where are they going to get their venture capital from to begin?

Mr Strong—The auditing, et cetera, will be done by the funding bodies at their level. DEETYA will contribute most of the funds, but certainly DARTI and other organisations will be involved. The internal auditing will be set up as well. Our organisation is very strong on making sure that we do not just say we have done things, but that we have actually done things.

We survey all our tenants and we are setting those processes up there as well so that everybody will be surveyed. Those surveys will be provided to the community and to anybody who wants them. I think the

accountability on the funds will come from DEETYA for the first three years.

The process that we set up is also very strong based upon what we do in Canberra. There is a strong board of management; there is a strong business practice. Our organisation is a business in its own right. It needs to make money. We receive no government funds, and so we have to make money to survive. We are looking at setting the same thing up there; and so, if they are not accountable internally, they will not survive anyway. Can you repeat the second part of your question, please?

Mrs STONE—I was wondering where these groups were going to get their own capital from to begin their businesses with; but have you suggested that that seeding fund might come through DEETYA, too?

Mr Strong—No. The money from DEETYA is for the incubator itself, to make it work. For the businesses, they would have to access venture capital as other people do: our businesses go through the normal processes to banks, et cetera. Up there, ATSIC at the moment is a big funder of Aboriginal organisations and will continue to be so; there is no doubt. Once the incubator is up and running, then our experts or the experts owned by the community will be looking for venture capital from other sources. I would think that working with mining companies—and there are examples of people working with mining companies—to get venture capital is another option that will be considered, once they get going.

Mrs STONE—If people have skills gaps and need training, will you also help them find training that is appropriate for whatever the business is that they are pursuing?

Mr Strong—That is right. I should say that the training that we provide in the facilities in Canberra is very much on the job. That is how it works, because entrepreneurs are like that; not all of them want to go off to TAFE and learn there, because that is not what they want. We want to replicate that in the remote communities, because only some will want to go and learn in a formal way. We want to take the entrepreneurs and facilitate the growth of their business. If that means that we are out there, hands on, once a month or else that someone has to go there for two weeks, you make that decision as a business to get out there and work with them. It is documenting the learning that is the next important thing, so that people can say, 'Yes, the learning has occurred. It might not have been through TAFE or through a traditional formal course, but these people now know how to run a business and they have learnt it their own way.' Certainly, using some of the land councils to do that would be important.

Mr LLOYD—You have already answered a number of the questions I had concerns about. Where does the funding for the Canberra Business Centre come from?

Mrs Hughes—We do not receive funding as such. Our operating budget is a self-sustaining operating budget. We provide services to the businesses. They pay rent on the premises. They pay for business services, telephones, electricity, photocopying and all that general sort of stuff. So the business itself is self-supporting. The other area where we do make operating money is from the consulting services. We are selling our services to other communities, which pay for them, and then that money gets ploughed back in to support the Canberra centres and the development of everything we do.

That is not to bypass the fact that we have received substantial support from the ACT government in

the form of building support: we have the Downer centre and the Kingston centre, which are on peppercorn rentals, and we pay for all the maintenance and upkeep of those buildings, which is a substantial cost to our organisation. We purchased the building at Erindale, and again the ACT government were very generous in their support in providing a reasonable deal for that. We also, in the very beginning days, received a very small amount of seed funding from both local and federal governments and just recently we received a grant from DEETYA, which is the only grant we have ever received and which has allowed us to proceed with the Erindale centre. We do not receive any recurrent funding of any kind.

Mr LLOYD—Again, I am very familiar with mentoring programs and incubators. We are just constructing one in my electorate, and the federal government contributed \$500,000 towards the building, but the condition is that it will have to be up and running and self-sustaining within a couple of years.

Mrs Hughes—That is generally accepted throughout the world. Two of our senior people are overseas on a study tour in the United States, and it is generally accepted that business incubation programs do not work unless they receive infrastructure support from the community or the government.

Mr LLOYD—The grant from DEETYA was for a centre in Canberra, was it?

Mrs Hughes—That was to allow us to open up the Erindale centre, yes. It had some other things that allowed us also to expand the Downer centre, but basically it was for the Erindale centre.

Mr LLOYD—What about the funding for the outreach idea in the Northern Territory?

Mrs Hughes—That is through the local community up there. What is the name of the organisation?

Mr Strong—That is the OLMA committee; it is one of the local committees. Basically, the funds there at the moment—and we will finish the business plan in a couple of weeks—will be for wages and the development of a small infrastructure development in Tennant Creek itself. A large empty building is being supplied rent free by the local Aboriginal organisation, and we need to fit it out and put in airconditioning and a few other things to make it worth while as a business centre: infrastructure such as photocopiers and phones and things like that. A lot of the money will be used for that, but it will also be used for wages for at least the first couple of years.

I have to say that this is very different. This is not infrastructure support. There are a lot of people out there very interested in it, and the thing that we are wary of is not setting the community up for failure. If you get this wrong, it drags the community back five years—and the Aboriginal communities, as much as anybody else. So we are being very careful with this. People want it, because they want to see how it works. But, again, everybody is being very careful, as they should be, because it could actually set the community up for failure. We are even talking about putting sunset management clauses in there to say, 'If you know after two years or 2½ years that this is not working, do not close overnight. Manage the closure so that there is no great loss across the community,'—which I think is the professional way of looking at it.

Mrs Hughes—I would make the point that that is very true. In the start-up phases of these types of services, it takes many years for them to be well established so that they are self-supporting. In terms of

CEEDA in Canberra, it took nearly five years for the Canberra business centres to be genuinely self-sustaining. There were many days, weeks and months where things were teetering on the brink. It takes a long time to get the wheels moving with the goodwill and the critical mass required to make these things work.

Mr LLOYD—Have your preliminary investigations indicated the number of likely businesses within the region?

Mr Strong—Yes, we have done the work. Our normal way of doing a feasibility study in Adelaide, Melbourne, Sydney or wherever is quite well established and works very well. You go to the Bureau of Statistics, you do Yellow Pages and White Pages analysis, and you go to business name registries—

Mr LLOYD—It is a bit different out there.

Mr Strong—Out there, you do that and you find there are four businesses. The information is just not there.

Mr LLOYD—That is what I am getting at.

Mr Strong—As we have gone around the communities, we are looking at between 50 to 100 businesses that may need support across that community—that is, from Borroloola down to Ali-Curung, towards Alice Springs, and out to the border at Alpurrulam, near Mount Isa. It is a large area. There are not as many businesses as we might think, but there are certainly more than statistics show.

The other thing we are going to establish over the next few years is just what the need is. If I go into a community and talk to people, as I have done, I find out that there is seed collection happening already, that they are selling their paintings, and that there is someone that really wants to have a small caravan park to look after tourists. There seems to be the wherewithal and desire, and there certainly is the understanding that they do not have the business skills. That came across everywhere we went. People were very strongly saying, 'We do not have the business skills, and that is what we want.'

The next step is to find out how many of those, say, 10 businesses that want to start or that have started already in their own way, with painting, et cetera, we can convert into what we would see as a real business. Will it be 40 per cent? Will it be 20 per cent? I think it is conjecture for anybody to sit there and say what it is going to be, because they have not had hands-on business support before. There are certainly a lot of ideas out there, and things are already happening. They open a door and point to a shed full of seed and they say, 'I do not know the next step of getting this to people.' And we will put people out there who can do that with them. What percentage of the community are entrepreneurs is something we will discover.

ACTING CHAIR—Thanks very much for coming before the committee to give evidence. It has enriched the submissions that we have. It is an interesting concept, and obviously one that will be developed over time. I do wish you well. I also thank *Hansard* and the secretariat for their support.

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

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

Committee adjourned at 5.59 p.m.