



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS

Reference: Indigenous businesses

CANBERRA

Wednesday, 3 June 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

**GRUNDS, Mr Richard David, Executive Director, Office of Aboriginal Economic Development,
Department of Commerce and Trade, PO Box 7234, Cloisters Square, Perth, Western
Australia 6850 243**

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT
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Present

Mr Lieberman (Chair)

Mr Dondas

Mr Quick

Mr Entsch

Mrs Stone

Mr Lloyd

Committee met at 4.14 p.m.

Mr Lieberman took the chair.

CHAIR—I declare open the final public hearing for the committee's inquiry into indigenous business. Members of the committee believe that appropriate indigenous economic development is one of the key ways in which Aborigines and Torres Strait Islanders can reduce their dependence on government funding, increase their income and gain greater control over the events that affect their lives.

The purpose of 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 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 are fortunate to be able to take evidence from a representative from the Western Australian Office of Aboriginal Economic Development. The office delivers state government programs to assist indigenous economic development and also acts as ATSI's business agent for Western Australia.

This hearing highlights the importance of the partnership between the different levels of government, in my view, in delivering assistance to indigenous businesses. Anyone who would like further details of the inquiry is free to ask any of the committee staff present here today.

With these remarks I turn to the proceedings at hand and would like to warmly welcome Mr Rick Grounds, who is from the Office of Aboriginal Economic Development in the Western Australian Department of Commerce and Trade, to give evidence.

[4.14 p.m.]

GROUNDS, Mr Richard David, Executive Director, Office of Aboriginal Economic Development, Department of Commerce and Trade, PO Box 7234, Cloisters Square, Perth, Western Australia 6850

CHAIR—A very warm welcome to you. Before we ask you some questions, we have received a very substantial and helpful submission, which is part of the public record. It has been authorised for publication. Do you have any additional statements, opening statements, that you would like to make before we turn to questions?

Mr Grounds—I would like to partly reiterate a couple of things in the submission. If you are interested, I have received a copy of the discussion paper released by the minister and I have some comments on that.

CHAIR—We would welcome those.

Mr Grounds—I would be happy to give those either at introduction or later on. I understand you have been to Fitzroy Crossing and you have seen our submission so you may well have some questions and obviously I would like to leave most of the time for that.

The state government's purpose in being involved in the field of Aboriginal economic development is not primarily for the purpose of delivering Commonwealth programs. That is something we currently do but it is not why the office exists nor why the state government has an active involvement in this field.

The state government has three broad objectives in this area. One is improved economic circumstances for indigenous people in the state. The second is regional economic development. In two or three regions at least in Western Australia, improved Aboriginal economic circumstances will have very substantial implications for regional development as a whole and there are industry sectors also where improved Aboriginal economic circumstances will have a significant impact at a state level. So that is what we are about.

Secondly, I want to put the case for the further development of partnership between the Commonwealth and the states in this field. It is our very strong belief that, as in areas such as indigenous health and indigenous housing, a partnership between the states and the Commonwealth to achieve service delivery within the framework of the national commitment to improved outcomes is also a model we should look at in the field of Aboriginal business development or indigenous business development.

The states have a very critical role in the delivery of business development programs and services overall and we believe linkage between indigenous business development and general business should be nurtured at a state level. The states have significant relevant organisational infrastructure on the ground that should be made use of and we have a commitment to development. So we are not just interested in what matches program guidelines. Each of the states has a variety of economic development goals, so that sees us as being willing to go the extra mile in circumstances that go beyond program guidelines.

We have an interest and a capacity to participate in the development of programs but it is something we would rather not do in isolation from the Commonwealth, which has significant responsibilities in this field. For example, the support services program that is a subprogram of the indigenous business incentives program is one which is very similar to one that was earlier provided by Western Australia—and still, in fact, is provided in Western Australia as a joint state Commonwealth program, known as Indigenous Enterprise Support Services. We are interested in being involved more comprehensively in the development of programs and policies on a partnership basis with the Commonwealth in this field.

We know we are not perfect and, certainly, I am sure you have heard of instances where our delivery of ATSIC programs has not been as good as it could have been. But we do have a commitment in this field and that includes a commitment to continuous improvement. I am not making a pitch here for our continued role in delivery of ATSIC's programs. We do not have a view either way in the end about whether we should or should not. If another agency arrangement was put in place, then we would see part of our role as helping clients move into accessing those programs. But a partnership above the level of the agency arrangement, I think, is an important objective irrespective of what program arrangements the Commonwealth has at any given time and irrespective of our role in delivering those programs.

Those are my introductory remarks. I am happy to turn to the minister's paper at some stage.

CHAIR—We might do that now. We can come back to it in questions as well but I would be very interested to hear your views on the minister's paper.

Mr Grounds—It does concern us that the focus of the paper is primarily on the Commonwealth's administrative arrangements. I do not think we are in a position necessarily to judge what is the best arrangement at the Commonwealth level. I can see some of the advantages in bringing the programs together under one roof although I am not totally convinced that it will achieve the depth of commercial expertise that the paper refers to.

There are, presumably, some benefits achieved from bringing all the Commonwealth agencies with a role in this field under one roof. Whether that roof should be a whole new organisation or the possibility of bringing it under the wing of the Department of Industry, Science and Tourism—DIST—is a matter that should be considered.

Certainly, the approach in Western Australia has been to move away from having an organisation where there is one door for Aboriginal business and another door for other business. The logic of establishing the office within the department is to bring responsibility for business development, whether it is indigenous or otherwise, under one roof, and, generally, our clients appreciate that.

The paper is primary concerned, as I said before, with Commonwealth administrative arrangements. It does not address the question of how those arrangements are going to be implemented on the ground. There is a footnote reference to agents in the paper but that is perhaps half the task at least of actually delivering on the ground because IBA, Indigenous Business Australia, is not going to be so large that it is going to be able to have significant numbers of staff at the coalface level where the clients are. So I think there is some further work in relation to how the programs are delivered on the ground.

The question of how the organisation will deal with, on the one hand, the scale of projects that the Commercial Development Corporation currently deals with and the small business clients who, in our experience, make up the vast majority of indigenous business clients, is something that also needs further exploration although I guess we would argue that is where the states have a particular role to play—with the small to medium enterprise scale of client.

There are some functions set out for Indigenous Business Australia and I do not have an argument with the functions that are envisaged for IBA. Again, it is a question of how they will be delivered. For example, there is reference to IBA being a key adviser and facilitator for indigenous business development but, given the lack of personnel on the ground, I am not quite sure how that will be achieved. There is also a function of acting as a conduit for access to other government business assistance programs. Again, unless there is work done on how things work out on the ground, that conduit function will not be achieved. A group of 20 expert staff in Canberra and perhaps a handful in other states just are not as accessible as will be required to actually give effect to that function.

I do not think we have an argument with the notion of bringing the Commonwealth's programs under one roof. Whether an indigenous specific organisation is the appropriate way to go, is debatable. Certainly at a state level, we do not believe that is the way to go, but it might make some sense at the Commonwealth level. I cannot judge that. Secondly, there is a lot more work required to address the question of how the programs will be delivered on the ground, which, in the end, is what counts. That is our main response to that paper.

CHAIR—Thanks, Mr Grounds. I must say we had the pleasure of meeting one of your officers in Fitzroy Crossing during our recent visit there and, whilst our meeting was, of necessity, short, I was very impressed with his attitude and his enthusiasm. So I congratulate you on selecting staff of that calibre. I wish him well in his career. He has only been with you seven or eight weeks, I think.

Mr Grounds—Yes, he has. We do have a second officer in the Kimberley. You may have met Sam Lovell, also, in Fitzroy.

CHAIR—We did.

Mr Grounds—Sam's role is a very different one from that of Mr Heath Nelson, to whom you referred before. Sam, as some of you would know, had his own tourism business for about 12 years and was essentially a pioneer for tourism in the Kimberley, not just for Aboriginal tourism. He now works for us full time as a mentor for some of the emerging tourism operators in the Kimberley, which is a quite specific role. It is a Sam Lovell job essentially but Sam is also on the ground in the Kimberley.

CHAIR—We are evaluating the current programs, as you know, and the methods of delivery and having regard to the minister's discussion paper, too, so we have an open mind on it. But I must say I am attracted to the Western Australian model—and I just want to make sure I have understood it. You have established what is virtually a high-powered policy development unit, specialising in Aboriginal economic development. It is called the Office of Aboriginal Economic Development and its role is to make sure that the policies are relevant and to monitor them and all of those sorts of things. And then you have some delivery

arms that are answerable, I think, to your minister but not to the Office of Aboriginal Economic Development?

Mr Grounds—It is the other way around.

CHAIR—Just explain that and make it a bit clearer for me, would you?

Mr Grounds—The Aboriginal economic development strategy—and I think we forwarded a copy with our submission—was developed by the department prior to the office being established and it was adopted by cabinet. That provides for the establishment of an Aboriginal Economic Development Council, which is an advisory body direct to the minister on policy and program matters. The main function of the office in the aftermath of the strategy being adopted is program delivery.

CHAIR—But you have separated the continuing development of policy development from the function of decision making, delivery, picking the winners and whatever?

Mr Grounds—Yes.

CHAIR—I am very attracted to that. You can tell from my body language. I am very nervous about what we have got in Australia at the moment and I am very attracted to the separation of function.

Mr Grounds—The council has been operating for only five months but I think the members are quite pleased that they do not have to make decisions about grants and loans in Western Australia—that they have got that scope to range fairly freely in the policy arena. We were concerned that the policy momentum that was reflected in the strategy be maintained and we are also conscious that we will be very much taken up in client work in program delivery.

The role of the council is really to maintain that momentum, to check the pulse. The circumstances are going to change; we need a body that has got scope to say, ‘The programs might have been right a couple of years ago. But now we need some new programs’ or whatever. I am a member of that council, *ex officio*, and I guess that is the link with the office to maintain some policy linkage and policy role in my position. But the bulk of the staff are concerned with the provision of services.

CHAIR—Does your advisory council—I will refer to that for *Hansard* purposes; we all know who I mean—produce annual reports?

Mr Grounds—It will do. Its functions include an annual report to the minister on the government’s performance, in relation to not just the Department of Commerce and Trade but other government agencies that have a role in Aboriginal economic development. Perhaps we can come back to those agencies later. It will report annually on both the implementation of a strategy that cabinet has already adopted and generally on the performance of government in relation to Aboriginal economic development.

CHAIR—Does the advisory council travel? Does it leave the ivory tower, so to speak, and go out, and meet people regularly?

Mr Grounds—Yes.

CHAIR—It does do that? It is one of the functions?

Mr Grounds—It will. Its next meeting, in fact, is in Broome during NAIDOC week. There was a very conscious decision to be there for that occasion. It is envisaged that every second meeting will be in a regional location. In between four meetings of the council, some members will be involved in consultations. We recently ran a workshop in the Pilbara and the member of the council who lives in the Pilbara took part in that workshop. The council has not embarked on any formal consultation work yet but it is envisaged that it will. That will take some members out.

CHAIR—So the function will be that it will listen, it will get out there and kick tyres and whatever?

Mr Grounds—Yes.

CHAIR—It will monitor the effectiveness of programs; it will make recommendations for changes in policy where necessary?

Mr Grounds—Yes.

CHAIR—Will it also seek additional grants and funding? Has it got a role in seeking money from the minister to further enhance and expand programs or to introduce new ones, purely on an advisory basis?

Mr Grounds—Yes, perhaps even a little bit more than that. We have an agreement that in the future development of our annual budget the council will have a role in an advisory capacity. That means that I will sit down with them. Even with this year's budget, in the short time available, they made some proposals to me that I took on board. Certainly, if they believe that additional or different allocations are required, they will have the capacity to advise the minister directly of that.

Mrs STONE—Mr Grounds, from what you are saying it seems that you have separated out the functions in the sense of recommending which indigenous business proposals go through to ATSIC and then another part of your Western Australian government goes and mentors and assists on the ground, should that program be given the funding. Is that what you are saying?

Mr Grounds—No. The office has a role in mentoring and in evaluating the applications.

Mrs STONE—The same group of people?

Mr Grounds—We have a group of business planners who are not public servants, a mixture of private operators and private business planners who assist clients with applications and the associated business planning. We have a group of assessors, who, again, are not public servants, who assess applications. It is not possible to be both a business planner and an assessor. We forbid that.

CHAIR—A separation of power.

Mr Grounds—Certainly.

CHAIR—Translated: how to avoid going to gaol!

Mr Grounds—Yes. We want to take it a step further. We often find ourselves caught in a dual role with our clients. We are both their friend and their judge and it is not a role that we are very comfortable with. I am not sure that not being comfortable is a sufficient reason to change it but it is our intention, subject to being ATSIC's business agent in future—and there is a tender under way, as you may know—that in future the assessment function will be contracted out entirely so that the recommendation is made by the assessor, not by us. We would expect liaison with the assessor through that process but, in the end, that they would make an independent judgment.

Mrs STONE—Does your work also include looking for and recommending joint venture partners for indigenous business?

Mr Grounds—Certainly. I do not know if you have heard of the Gumula Aboriginal Corporation in your inquiry—

CHAIR—With Rio Tinto?

Mr Grounds—Yes, with Hamersley Iron—it is part of the Rio Tinto group. That was a situation where Gumula, which represented the traditional owners, had reached a native title settlement with Hamersley Iron, and then we came in after that and sat down with both Hamersley and Gumula to explore the business opportunities that might be possible as part of the mine development. Hamersley itself identified some opportunities and some prospective joint venture partners. All three parties—ourselves, Gumula and Hamersley—worked through an extended process that has resulted in the three joint ventures.

In the Kimberley, at the moment, we are involved in work with five of the key arts organisations and a non-indigenous cultural exporter, to look at the possibility of establishing a joint venture which will open up export opportunities for indigenous product.

Sometimes the clients come to us, but we see part of our role to certainly open up opportunities and to facilitate contact with prospective joint venture partners. I guess, because of our extended network through our kindred organisations within the state government and the private sector, that we have some capacity to play that role.

Mr DONDAS—We have a report from CDEPs in Western Australia, in terms of helping them with a bit more direction towards economic development.

Mr Grounds—I think it is fair to say of CDEP that it has always had that potential. There are a number of remote communities, particularly in the Kimberley, where I think CDEP will probably always be primarily involved in the provision of basic services to communities. Their remoteness will always rule against significant business outcomes from the CDEP. That said, there is probably more scope for plugging the holes in the leaky bucket which I think afflicts some remote communities where too much of the money

leaks out.

If you look at organisations like Yulella Fabrications in Meekatharra, Nirumbuk CDEP in Broome, Willa Guthra CDEP in Geraldton and Manjimup Aboriginal Corporation's use of CDEP, you will see that there are a number of CDEPs that have set themselves the role of becoming an incubator for business activities and are quite deliberately working in that direction. If CDEP as a scheme were to come to an end now, that would be very unfortunate because I think the potential that has always been there is now being actively pursued by a number of CDEP organisations as a transition towards business. Mainly in regional centres, where there is enough diversity of economic opportunity, the CDEPs have been, and will continue to be, quite important.

A number of our clients are CDEP organisations, not just for the purposes of accessing IBIP CDEP. Some of them are not necessarily looking for grants and loans to establish businesses but they want to get the planning process right or they want to get the skills right. Those CDEPs I mentioned are all in that case but they are also accessing the financing programs as well.

Mr QUICK—My apologies for being late. I hope the questions that I will ask have not been answered already. On page 3 of your submission, you mention an important and distinctive role of the office is the planning, development and promotion of enterprises and some of the industry sectors currently being targeted are listed in a whole raft of things there. Could you give us an idea of the number of jobs that possibly could be created in perhaps three, five or 10 years? Has the office done a projection? One of the things that worries me is that there might be a plethora of things but the number of people per project or per service delivery is pretty small. So five years down the track are we looking at hundreds of jobs—or, ideally, 500 or 1,000?

Mr Grounds—We have not done any projections. Perhaps to give you an idea of the potential, I think it is fair to say that the majority of our clients are micro-enterprises; husband and wife, father and son, brother and brother. A lot of the applications are under the BFS, that type of business—trades based, personal exertion sort of businesses.

The Gumula joint ventures I mentioned before involve the creation of in the order of 50 jobs and we are also involved in facilitating a joint venture as part of the Anaconda or Murrin Murrin project, which will involve in the order of 100-plus jobs. I guess your view about the likely number of jobs depends on how confident you are that Aboriginal business activity will extend into those industry sectors. I am confident it will, particularly within the framework of joint ventures which provides for skills transfer over a period of years. Those sorts of businesses would not necessarily succeed on their own first up but there is that capacity for transfer within the joint venture.

I do not think it is unrealistic to expect in Western Australia that within five years we might see 2,500 jobs created within Aboriginal businesses. One of the important points here is that if you look at the efforts over the last decade or so to achieve improved rates of Aboriginal employment, you will see that the principal targets have been the private sector and the public sector. Although there have been some achievements there, the sustainability of those achievements has always been an issue. One of the attractions of targeting Aboriginal enterprise as a generator of Aboriginal employment is the cultural factor—outside the

metropolitan area anyway—of the preference to work within Aboriginal organisations. Encouraging Aboriginal people to move away from working in the public sector—or seeing the public sector or Aboriginal community organisations providing community services as the most likely employment prospects—to the possibility of working for Aboriginal enterprises, is a strategy which, I think, has very good prospects for achieving more sustainable outcomes in Aboriginal employment.

Mr QUICK—Back to the issue of micro-credit: it works in just about every underdeveloped Third World country. It seems ideal for indigenous communities, yet I have yet to see any real evidence of any state governments, through whatever agencies, setting a process in place. In America, \$US1,500 is the maximum for Detroit and Chicago. What is the Western Australian government doing in the area of micro-credit? Are you doing some trials? One would think, in looking at the overseas experience, and the family concept of Aboriginality, that they would be ideally placed for a micro-credit regime where they have a collective responsibility to the debt. What is Western Australia doing in that area?

Mr Grounds—We have not done anything in that area yet. There are a number of areas in the strategy that we have not got to yet. I would accept that the area of financing is one that we have not devoted a lot of attention to yet.

Mr QUICK—My big concern is that we see applications; people asking for \$500,000, \$2 million or \$3 million, when some of the basic things could be done through micro-credit, probably a lot more effectively. The sense of ownership and success would permeate through and work its way up the system, rather than having a joint venture where, in many cases, there is some lack of expertise from the indigenous community. I will leave that with you.

The second question I have is on page 5, where you mention the office has facilitated access by indigenous businesses to DEETYA. You mention ‘encouragement for the development of informal and formal networks by Aboriginal businesses’. What do you mean by ‘encouragement’ in light of the restructuring of DEETYA, the plethora of new organisations and considering the vastness of Western Australia? I do not wish to be political here, Mr Chairman. I would like to know, with the new structure of DEETYA, how this encouragement is actually working, considering the isolation of many of the communities. What happens when they perhaps want to access some formal training, and educational institutions are not within a bull’s roar? Do we take them from 600 or 700 kilometres away to a training course in Perth? Or are there extensions through TAFE or whatever it is up in the north-west of your state?

Mr Grounds—Just to clarify the situation about the things I have mentioned here, such as the point about encouraging networks. I am not saying that it is something we have done yet, but I think it is important and I will come back to that. I am really not in a position to comment in any expert way on the changes to the delivery of DEETYA’s programs. But the major employment strategies program remains something that is delivered by DEETYA itself.

As you may know, in the past, if an employer took on an individual Aboriginal person, there was a subsidy known as TAPS—the Training for Aboriginal Persons scheme. Those subsidies for individuals have gone with the change to the DEETYA programs, but there is still a significant amount of money in DEETYA’s own budget for major employment strategies directed at Aboriginal training and employment

outcomes. I have referred before to the fact that the private sector and the public sector had been targeted by DEETYA, so companies like Telstra and BHP and so on would sign agreements with DEETYA to take on a certain number of trainees and in return DEETYA would subsidise delivery of that training and the wages. That was known as a major employment strategy. It was done on a case-by-case basis. That sort of money is still available. In fact, the Gumula joint ventures involve in the order of \$600,000 of DEETYA money spread over three years to achieve those 50 or so position within those businesses.

We are working very closely with DEETYA's office in Western Australia. As I said before, we share a belief about the benefits of targeting Aboriginal enterprise as a source of sustainable Aboriginal employment. We are currently talking to them about another couple of potential major employment strategies directed to that end. I think there is still scope for creative use of those programs. Certainly, we will seek to align it with our work whenever it seems to fit.

Mr QUICK—How do the linkages with the state education system operate with the troika of DEETYA, the Commonwealth agency and the state to develop strategies? One would assume that you are the key power broker in this strategy?

Mr Grounds—I am not sure how but—

Mr QUICK—My understanding is that you are the umbrella.

Mr Grounds—I guess we are the lead agency. There are a number of training providers. There is no doubt there are challenges in the provision of vocational training in remote parts of Western Australia. For example, take the delivery of the new enterprise incentive scheme—NEIS. We have a client group, the Puntukurnupana Aboriginal Corporation—the Western Desert or Martu people—and they would like to have 20 or 30 of their community members undergo the NEIS training package which, under the current agreement, ATSIC will pay for. But the reality is that the curriculum, as it is currently structured, and the delivery do not suit the Martu people—not by any means. No version of NEIS has been developed yet, in all the years of NEIS, that suits traditional people in traditional circumstances.

Mr QUICK—Is that right across Australia?

Mr Grounds—Yes, that is right across Australia. There are a couple of remote delivery options—

Mrs STONE—In my area of northern Victoria, which has a number of Koori people, but they are not traditional people, we have had a number of Aboriginal businesses go through NEIS quite successfully.

Mr Grounds—That is good. It is counted on one hand each year in Western Australia—sometimes one or two and sometimes zero. There are some challenges in developing both curriculum content and delivery methods for Aboriginal vocational training in remote areas. The Kimberley College of TAFE has been doing some quite good work on the ground with tour guide training and there has been some good work done at Halls Creek by TAFE. But I think there is a way to go for both public and private training providers. I guess there has not been a dollar in it and the costs are high. Certainly we see it as a priority. We have a

couple of former DEETYA staff working for us full time on the development of business skills programs and delivery methods.

Mr DONDAS—Do they have enough education to do that job?

Mr Grounds—There are a number of Aboriginal people who have a variety of work experience—perhaps I will go back a step. The traditional route into small business is that you work for someone else, you save some money, you learn some tricks and then you have a go at it. I cannot put a figure on it but there are a significant number of Aboriginal people who have vocational experience. Most of them are still working in the public and community sectors, by and large, and you cannot blame them because the salaries are good and reliable. But a number of people are choosing, in their 40s or early 50s, to move out of that employment and to apply what they have learnt through their work experience to a business situation. I could give you some instances in the Kimberley. There is a pool of people who have some relevant background to benefit from that sort of training. There is also a significant number who want to make that jump from a very limited skills base into business.

My view is that you have to look at each situation on its merits. We are not going to recommend anyone for a grant or loan if we do not think they are going to be able to operate the business. It might be, in some cases, that we have to provide extended mentoring and the skills development process will have to be slower. But if we believe that we can put that sort of arrangement in place to support a person, they have to demonstrate that they have sufficient commitment to go through that. Making NEIS courses obligatory has some logic to it because if people will not go through that course then they are not going to have sufficient commitment to last the distance. It might just mean that you have to take a long term view in some situations and make sure that you have the mentoring in place to see it through. The dollar figures do not necessarily have to be vast in that case. Certainly, for our part, if we think all the other factors point to success, then we are willing to put in that resource.

Mr QUICK—I have two more questions which follow on.

CHAIR—I am worried about the time but feel free to put your questions.

Mr QUICK—On page 7 you mention under ‘Maximised returns to individuals and communities’:

. . . assisting the creation of new enterprises which reduce external leakage of financial and human resources.

One of the other committees I am on is dealing with Aboriginal health and one of the issues raised there is the amount of money being expended on something as simple as hot water cylinders for Aboriginal communities. They were designed in Sydney or Melbourne and, because of the make-up of the water—I am not sure whether it is the pH level or the calcium level—they were unserviceable after a while and they had to tear out the insides and redo them all again and virtually reinvent the hot water cylinder.

Mr DONDAS—It happens in Katherine too.

Mr QUICK—My question is: how are you working with the Northern Territory and South Australian

governments in, say, the AP homelands where the people are Pitjantjatjara, to name one tribal group, who are wandering across an area that covers part of your responsibility, the Northern Territory and South Australia, to see that these people are gaining some skills in construction of houses and the maintenance of basic services like water and sewerage where there is an obvious benefit? The people acquire some skills which they can transfer to other communities that have the same problem, as well as perhaps make a quid by perhaps operating out of Alice Springs in designing hot water cylinders for remote Aboriginal communities rather than having them brought in from half-way across Australia.

My other question, linked to that, is about the community stores program. We heard evidence that not too many of them are run by Aboriginal communities. They tend to be let out to somebody. There should be some encouragement to communities to perhaps grow some food with aquaculture, hydroponics and the like to provide some adequate nutritional food.

Mr Grounds—We have not done a lot of work on the opportunities for remote communities yet. We have worked with the Ngaanyatjarra Corporation to help them win a tender to provide essential services maintenance. I hear what you are saying. I think there are opportunities there and it is something we have not got to yet.

In relation to community stores, the challenge to achieve sustainability of community stores just seems to be a permanent challenge. We are about to do some collaborative work with the Office of Aboriginal Health in Western Australia which has recently launched a nutrition development policy. We are about to go into a review of our own community stores program which has a business focus to ensure that we take account of the nutrition objectives of the Office of Aboriginal Health. We have some work to do yet but we see those as important targets.

Mr LLOYD—Do you find any impediments to going into business because of the lack of educational standards? Do you have an opinion on the level of educational standards of older Aborigines and young people coming through?

Mr Grounds—Yes, there is no doubt that educational standards are an issue and this is, perhaps, as important as the lack of vocational experience. I do not have the statistics at my fingertips, but when I think of someone like Sam Lovell and his generation, I see that they have a mixture of vocational experiences that made the transition into business not so daunting. When I look at the current generation, and the significant number of unemployed, I feel that is a concern for the future because there will be a group of people there who do not have that experience to draw on in being involved in business.

We take a long-term view. There are no quick fixes to make up for that gap. One of the reasons why things like the Gumula joint ventures are important is that they provide a framework within which a number of people will be able to gain work experience and, in some cases, might become subcontractors to Gumula with administrative support being provided by Gumula. There is a significant gap.

We have clients who come to us who are dreamers. But anyone who goes into business, I think, is a dreamer in the end. That is not necessarily a disqualification, but generally I find that they are willing to face up to the fact that they have got some things to learn. If they are not, they soon tire. They will not go the

distance through the planning process or whatever.

There are some major challenges in the skill area; I think more so than in business financing. That is probably the major challenge in indigenous business development. I think, to a large extent, the Commonwealth programs are very important now. Over time they will become much less so in the financing area. But I think the skill gap is going to be the major impediment, if it is not already.

Mr LLOYD—On a different subject, one of the comments we have had is the delay and the difficulty in getting up, not just a grant—IBIP or one of those—but particularly joint ventures, where there has been a joint venture proposal put through. By the time it has gone through the period of inquiries in departments, the opportunity for that joint venture has basically fallen over because the people who wanted to invest in it have gone elsewhere or the opportunity does not exist any longer.

Mr Grounds—Yes. We hear that most often in relation to the purchase of existing businesses. I think it is always going to be slower to access public sector grants and loans than it is a bank loan. There are accountability issues there. There are challenges in providing services in remote situations. But that said, we are conscious of the fact that we have been less than perfect in that regard. I think we have certainly lifted our game in the last year or so. But it will always be different from going to a bank.

Certainly, if someone comes to us and says, ‘Look, there is a business on the market—I would like to buy it’, we help them get an offer in and we help them liaise with the vendor and so on. Then we give that priority through the application process. But a lot depends on the applicant’s commitment. They have got to front at meetings and do some of the research and so on and we do have some applicants who think that if they sit back it will all get done for them. But that is a minority, and certainly we try to give some priority to the purchasers of an existing business because it is more likely to be approved in the first instance because there is financial information available and so on.

Mrs STONE—Could I follow on that education-type question and ask to what extent is there a problem for people—perhaps it is younger people wanting to either become employed in someone else’s enterprise or indeed start one for themselves—in terms of English literacy, in particular English language competency?

Mr Grounds—I am not really in a position to comment much.

Mrs STONE—As I say we have had some information about how the older generation, who were mission trained or more likely to have been given education in English language only, have English language skills, but there is concern sometimes that the younger generation may not have that same training.

Mr Grounds—I have not come across that. It does not ring any bells, so it has not come up as an issue in our work in my experience—no.

Mrs STONE—As a quick follow on, in terms of indigenous land fund recipients, do you deal often with their wanting to start businesses, and do you treat them any differently? Do you find that people who have been receiving an indigenous land fund grant are more inclined to be concerned to start a viable

business?

Mr Grounds—I do not know that I can detect any difference, but our experience is relatively short. But, more and more often, we are involved at an early stage with organisations that are dealing with the Indigenous Land Corporation. As it happens the Western Australian manager of the ILC is a former state public sector employee, a director of one of the regional development commissions that are our cousin organisations. I guess that helps, but we come in very early. When there is a purchase that involves a business for example, then the ILC looks to us for some advice on the prospects for that business before they make a decision to purchase. And if the property seems to have some future economic potential we get involved early on in looking at that potential and looking at what sort of planning and development process the client might go through.

We see that relationship as a very important one. There are some personality issues between ATSIC and ILC, historical issues that go back a fair way, but we find in Western Australia that we can, I would not say rise above, but work our way around those issues. It is a very productive partnership, but it is a very short one. There is not a model there that is clear for the future but we see it as important that you bring that business planning into the equation as early as possible.

Mrs STONE—In terms of your local government bodies, to what extent do you liaise with them and have them involved in helping mentor or identify the potential of applicants coming forward to have business development?

Mr Grounds—I think in Western Australia, the work that we are doing, local government is one of the gaps that we have not addressed yet. I am not sure what you have seen of the work that has come out of Queensland in relation to their strategy, but they have addressed themselves to local government much more so than we have. That is partly I think a reflection of the more significant role local government plays across the board in Queensland, than it does in Western Australia, where local government, especially in country areas, has a more restricted role.

We have had two or three instances where local government has become a significant partner in the work we are doing and that is something that we need to turn more attention to. It just has not been at the top of our list of priorities but we recognise that it is something we need to address as part of the overall effort.

Mr ENTSCH—When we are talking about economic opportunities for Aboriginal and Torres Strait Islander people, one of the things that is enjoying a very significant boost in popularity at the moment, is their art, the marketing of their art and, I guess, their culture. It is one of the things that really could continue to give them a tremendous opportunity for economic empowerment. There was a recent example of where some half-smart lawyers grabbed an Aboriginal guy and basically took control of all his work, marketed it for a huge amount of money and this guy ended up with nothing. He was a fairly traditional type of person. They pulled him aside; he was impressed by who they were; they got him to sign something at a moment of weakness or after they offered him some inducement and, as a consequence, he got done. Is anything being done in Western Australia or through your department to protect these people who are still very, very inexperienced with regard to business dealings and the ways of the legal system? Is anything being done to

protect their interests with regard to that?

CHAIR—Just the legal system or only the lawyers? No-one else?

Mr ENTSCHE—Yes, normally at the end of the day it is a legal document that they get hung on. They sign something up because somebody has come in there and put their arm around them and said, ‘Trust me, we’re going to look after you’ and they get done. It is a very serious issue and it is probably one of the areas that they have the greatest chance of economic empowerment without having to interfere with or destroy their cultural background. So do you have any programs or anything that will protect that?

Mr Grounds—Not directly. We work with a large number of Aboriginal arts organisations as clients and some individual artists. I am confident that the situation you have described does happen but also that it is the exception rather than the rule and it is only likely to occur in a situation where you have got an individual artist who is not part of a group of artists.

I think of the artists at Balgo, who have their own quite sophisticated arts operation, which turns over \$1 million a year and they have tight control of it. Similarly, the Warrangarri Aboriginal Corporation operates like that.

There are a number of quite strong Aboriginal arts organisations in the state. The state department for the arts has an Aboriginal focus, and often provides advice. Certainly, if we come into contact with someone, we talk to them about those sorts of issues. Beyond that, I am not sure what you can do to prevent it.

Mr ENTSCHE—Given that you are specifically set up as the Office of Aboriginal Economic Development—and I think it would be accepted that that this is the single area where there is likely to be the greatest amount of success with regards to economic development for Aboriginal people—I was just wondering whether it would be appropriate to give a bit more of a focus on to that to afford them a greater opportunity to prevent exploitation. You say that it does not happen all the time, and that is correct, but when it does happen, it usually happens in a pretty big way.

Mr Grounds—I think you are right. We have just embarked on a collaborative effort with the arts department in Western Australia. What we find—picking up the theme that you have outlined—is that a lot of people see arts activity as an economic boon. That does not mean that many individual people can earn a full-time living from art activity. It is like tourism, it is very attractive, but not necessarily a way to earn a full-time dollar.

We have a lot of people who are in that grey area between being hobby artists, if you like, and people who can change their economic position through art. At the moment, the programs that we offer do not address the vast majority of people in the arts field.

We are looking to develop some transition programs that help people go through the process from being practising artists to people who can sustain some sort of financial return from their art activity. We have just begun that work with the arts department.

I think an important part of that is education about what happens from when you produce a work of art to when it finishes on a collector's shelf in Europe. I would like to believe that that sort of awareness raising will prevent some of the excesses that you are talking about. I do not think it will ever prevent all of them.

Mr ENTSCH—Oh no, you cannot.

Mr Grounds—I think we can do more in that area, yes.

CHAIR—We have only got about three or four minutes left of the public hearing time, so can I just ask a couple more questions, and also request some information?

The approval process where you are acting as an agent for ATSIC on various programs, is it the case that ATSIC still have to give the final yes?

Mr Grounds—Yes.

CHAIR—Right, so you do all the work, get it all ready, help the prospective with the business plan and go through all of your various processes, where you are prepared to recommend it, but the decision is still made by ATSIC? Is it at state level, head office or ATSIC Perth, or whatever?

Mr Grounds—Yes, it is usually state office. There are some that must be referred to Canberra—

CHAIR—So you have got no delegated authority—

Mr Grounds—No.

CHAIR—to actually grant even a small \$20,000 or \$10,000 business loan? It has all got to go through ATSIC?

Mr Grounds—That is correct, yes.

CHAIR—The second thing I would like to ask is: would it be possible for your office to provide this committee, as part of its inquiry, with a list of—if not the names, we certainly do not necessarily pressure you for the names—localities and type and nature of businesses actually established to date? If it is possible, could you give us an indication of the amount of money provided and, if so, by whom and under which program?

Mr Grounds—Yes.

CHAIR—We would also like any information as to the number of employment outcomes for each one. That would be enormously helpful to us. This transcript will be sent to you by the way, so you do not have to worry about the copious notes bit.

Mrs STONE—And could we add to that the number of mentors and the number of specialised

officers you employ in this process of business development?

CHAIR—Yes, that would be good.

Mr Grounds—So business planners and mentors?

CHAIR—Yes. If you would not think we were imposing ourselves too much, would it be possible for one of the representatives of the secretariat, on my behalf if I was not able to get over there, to come over to your office at a convenient time to you and have a look at the systems—

Mr Grounds—Yes.

CHAIR—And also get more information about the advisory council and its function. If that is okay we would be very grateful for that and I think it would help us in our inquiries. So it looks like you might have James over there for a couple of days, if that is okay by you.

Mr Grounds—Yes, I would welcome that.

Mrs STONE—It might be considered out of order, but can I just ask the order of the value of your tender, or the size of the ATSIC contract that you have—in dollar terms—to help this program?

CHAIR—Fee for service you mean?

Mrs STONE—Fee for service or the size of the contract.

CHAIR—Is it commercially available?

Mr Grounds—I think in the current year it is in the order of a million dollars. It would not have been as much as that in previous years, but the activity level has gone up very significantly. Just to give you an indication of that, we have opened 460 client files since 1 July last year. So it is probably going to end up being in the order of a shade under a million dollars this year.

Mrs STONE—So it is actually a fee for service—the bigger your business the more you in fact are reimbursed through ATSIC?

Mr Grounds—That is right, yes. We engage, as I said before, business planners and assessors and historically we have only been recouping direct costs from ATSIC. When we re-tendered we tried to adhere to the national competition policy principles and we put a commercial cost in our bid as best we could. If we are the agent in future years, it will probably cost more than that. But in previous years it was in the order of three-quarters of a million dollars and this year in the order of a million dollars.

CHAIR—So that is for your work, and then you add to the bill—the invoice to ATSIC—the disbursements for employing the agent—

Mr Grounds—No that is all up. That is the total cost.

CHAIR—So you absorb those and then you—

Mr Grounds—We have been charging the direct costs of business planners and assessors and the associated travel and so on, and we carry the costs of our own staff. We would have the office whether we were involved in ATSIC's programs or not. But certainly we have had to look at what additional staff we might need in future to do the whole job.

CHAIR—Thank you for that. Before I close the public hearing I would like to thank you very much for the excellent submission and advice and, in anticipation, for the additional information you will give us. I congratulate you on the work you have been doing. It is very interesting. I wish you well.

Thank you for your attendance today, and also a special thanks to the secretariat. This is our last public hearing. Thank you for all the work you have done to get us to where we are today. Also a special thanks to Hansard.

Resolved (on motion by **Mrs Stone**, seconded by **Mr Lloyd**):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 5.18 p.m.