

Indigenous Economic Development Strategy Draft for Consultation



Submissions due by 1 November 2010



Australian Government





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Ministers' foreword

Indigenous Australians should have the same opportunities as all Australians – to have a healthy start to life, a sound education, get a job, build a career, own a home, start a business and provide for their families. For this to happen, there needs to be greater Indigenous participation in the economic life of our nation.

Our economy is driven by businesses and individuals who are motivated to strive for a better future. In doing so, they create better and stronger communities.

Giving Indigenous Australians equal access to economic opportunities relies on a fundamental change in the way that we work together and demands that each of us plays our part.

Across the country, a new wave of Indigenous leaders is emerging, keen to take responsibility for the future of their communities and foster the personal responsibility that is at the heart of family and community life. They are challenging perceptions that exist in some areas - that a life on welfare is normal, rather than a short-term exception.

The private sector is increasingly providing employment, assisting skills development, creating demand for Indigenous businesses and skills and forming business partnerships that support Indigenous economic self-reliance.

Governments need to facilitate partnerships and ensure that the ground rules for economic activity create the incentives to maximise economic participation.

Through new partnerships between Indigenous Australians, the private sector, governments and the community, this Indigenous Economic Development Strategy sets directions aimed at increasing the participation of Indigenous Australians in all aspects of the Australian economy.

The Prime Minister's Apology to Australia's Indigenous Peoples in 2008, and the subsequent endorsement of the United Nations Declaration on the Rights of Indigenous Peoples in 2009, enabled us to start the process of reforging our relationship with Indigenous Australians.

Resetting this relationship requires more than a verbal commitment; it demands urgent, ongoing and tangible action across all areas of disadvantage, including Indigenous economic development. To date, the Australian Government has made major reforms to the CDEP program, the Indigenous Employment Program and has created new opportunities for direct engagement with business leaders and community organisations through the Business Action Agenda and the Indigenous Employment and Enterprise Network. It has partnered with the minerals industry under a Memorandum of Understanding to provide sustainable economic opportunities in remote Indigenous communities. The Government will continue its efforts to increase Indigenous economic participation and support Indigenous economic self-reliance while feedback is sought on the strategy.

We are pleased to be able to present this draft strategy for consultation. Your responses, experience, knowledge and commitment will shape the final strategy. In each key area, we are calling on all partners to identify priorities that will increase Indigenous economic self-reliance.

The draft focuses on five key areas for improving the prosperity of Indigenous Australians:

- education and building the capacity of individuals;
- creating and realising job opportunities;
- business and enterprise development;
- financial security and independence; and
- creating the incentives and environment for full Indigenous economic participation.

We look forward to working with you to drive this agenda that is so important to the economic and social life of our nation.

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Community Services and
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Contents

Glossary	vi
Introduction	1
Guiding Principles	2
Context	4
Ongoing engagement	8
Strategic Priorities	9
1. Education and Individual Capabilities	9
2. Jobs	11
3. Business and Entrepreneurship	13
4. Financial Security and Independence	15
5. Strengthening Foundations	17
Measuring success	20
Public Submission Process	21

Terminology

The term 'Indigenous' as used in this strategy refers to Aboriginal and Torres Strait Islander Australians.

Glossary of acronyms used

ABS	Australian Bureau of Statistics
AGD	Attorney-General's Department
AHL	Aboriginal Hostels Limited
ATSIEAP	Aboriginal and Torres Strait Islander Education Action Plan
BAA	Business Action Ambassador <i>The Business Action Ambassador promotes private-sector, commercial engagement with Indigenous business</i>
CDEP	Community Development Employment Projects
COAG	Council of Australian Governments
DAFF	Department of Agriculture, Fisheries and Forestry
DEEWR	Department of Education, Employment and Workplace Relations
DEWHA	Department of Environment, Water, Heritage and the Arts
DIISR	Department of Innovation, Industry, Science and Research
DITRDLG	Department of Infrastructure, Transport, Regional Development and Local Government
DOFD	Department of Finance and Deregulation
DoHA	Department of Health and Ageing
DRET	Department of Resources, Energy and Tourism
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
IBA	Indigenous Business Australia
IBCA	Indigenous Business Council of Australia
IEDS	Indigenous Economic Development Strategy
IEEN	Indigenous Employment and Enterprise Network <i>The IEEN is a forum that will provide advice to Government on where action on Indigenous employment and business should be focussed. The IEEN is comprised of Indigenous business leaders, corporate representatives and third-sector partner organisations</i>
IEP	Indigenous Employment Program
ILC	Indigenous Land Corporation
JSA	Job Services Australia
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
NTRB	Native Title Representative Body
PaCE	Parental and Community Engagement program
SEAM	School Enrolment and Attendance Measure



Introduction

Aim of this strategy: to increase the wellbeing of Indigenous Australians by supporting greater economic participation and self reliance.

Indigenous economic development is about increasing the economic wellbeing of Indigenous Australians and improving their overall quality of life. It goes beyond the Closing the Gap targets in life expectancy, health, education and employment by encouraging career development, business and home ownership, building individual and family prosperity and making the most of existing assets.

Actions to encourage and support economic development need to reflect the diversity of Indigenous Australians, including:

- where they live;
- demographic profile;
- links with and access to the labour market and broader economy;
- cultural, family and community connections and responsibilities; and
- economic and social aspirations.

This strategy acknowledges that economic development requires action across a range of interdependent areas that highlight the role of the individual, the community, the private sector and governments. Each element requires the other – incentives to increase labour market participation cannot work if people do not have the health, education and capacity to secure and retain a job.

Approaches to economic development are also dependent on location. In cities and regional centres Indigenous economic development is about ensuring that Indigenous Australians can tap into the existing diversity of economic activity. In these regions the focus is on building individual capabilities to participate and putting effective incentives in place.

In remote locations the opportunity to participate is limited by access to markets. Increasing Indigenous economic development in remote regions is in part about identifying new opportunities (such as emerging industries), supporting access to existing opportunities in employment and business, removing barriers to genuine commercial ventures, and looking at ways to maximise community economic and social returns on government investment.

School attendance, the attainment of literacy and numeracy skills, and increased personal responsibility for child and family wellbeing are fundamental if individuals growing up in remote communities are to exercise a broader set of choices and opportunities. Similarly, long-term reliance on income support undermines other capabilities. Improved education and participation in study and work are essential if Indigenous Australians are to get more out of the assets, opportunities and leadership that exist across remote Australia.

Guiding Principles

The following principles will shape the way in which actions under the strategy are developed.

1. We will support indigenous economic self-reliance by:

- recognising that lasting Indigenous economic wellbeing relies on Indigenous Australians taking responsibility for their individual and family wellbeing, education and economic independence;
- supporting and promoting Indigenous leadership;
- adopting market-based solutions, while recognising that government plays a stronger role where markets fail;
- having policies that set effective incentives to promote school attendance, employment and wider forms of economic participation; and
- setting high expectations that support Indigenous aspirations in education, employment and business.

2. We will work collaboratively towards increasing Indigenous economic development by:

- genuinely engaging with Indigenous Australians in formulating policy, acknowledging that policy reforms are more likely to be successful where they are informed by those affected; and
- ensuring that governments, the private sector and the broader Australian community work in partnership with Indigenous Australians at all levels – from national organisations to individuals, families and businesses.

3. We will set a long-term vision by:

- recognising that a long-term perspective to deliver sustainable results is required; and
- supporting actions that target both existing need and future growth.

4. We will strengthen the role of Indigenous Australians in the economy by:

- recognising and respecting the unique contribution that Indigenous Australians can make to our economy as first Australians, and through the application of cultural and traditional knowledge;
- acknowledging that high and persistent unemployment increases the risk of poverty and contributes to inequality;
- building on assets that are uniquely Indigenous; and
- acknowledging that Indigenous participation in the economy benefits all Australians.

5. We will be responsive by:

- recognising that economic development requires both place-based and sectoral approaches that respond to the different circumstances of Indigenous Australians;
- acknowledging that people living in remote communities face greater economic challenges and more limited market opportunities; and
- supporting access to existing opportunities and exploring new sustainable options, particularly in regional and remote areas where opportunities for education, work and business can be limited.

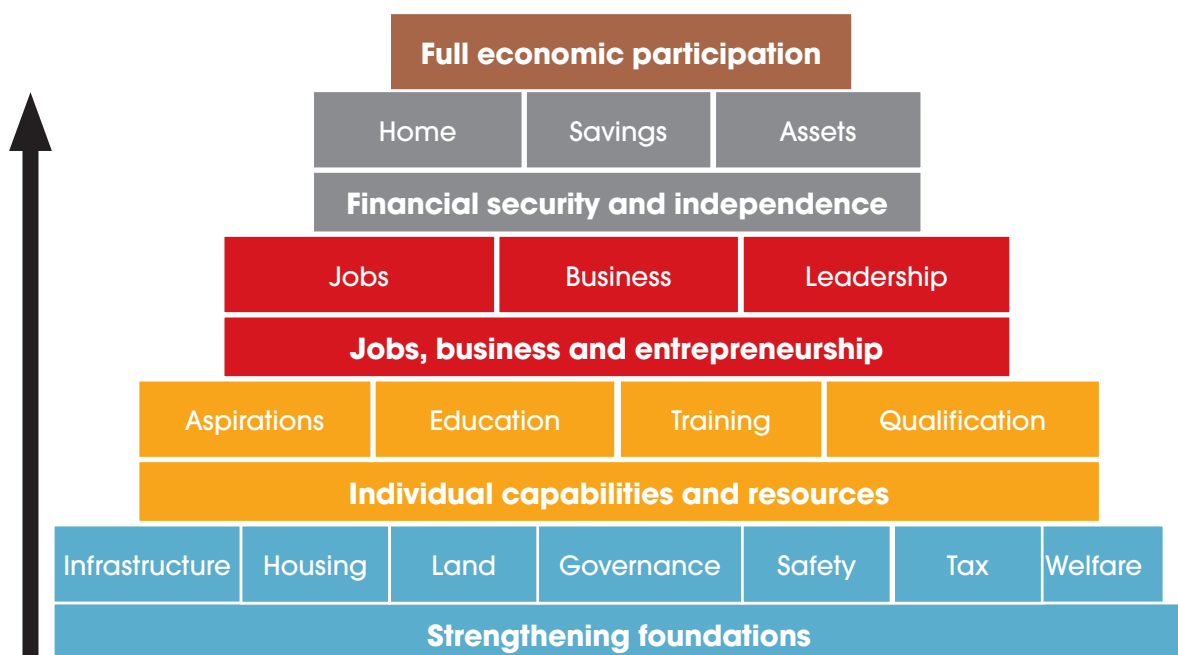
This strategy will be used to:

- guide decision-making and prioritise the allocation of resources;
- assess the relevance and effectiveness of actions; and
- communicate our collaborative approach to Indigenous economic development.

The strategy focuses on five key areas for action:

1. increasing individual capabilities and resources to participate in the economy through a strong focus on education and motivation;
2. increasing participation in the economy through sustainable jobs;
3. supporting Indigenous business and entrepreneurship;
4. assisting individuals and communities to achieve financial security and economic independence by strengthening the capacity of Indigenous Australians and communities to identify, build and make the most of economic assets; and
5. strengthening foundations for economic development by creating the right incentives for participation and investing in the underpinnings of economic activity.

Figure 1: Indigenous Economic Development Strategy



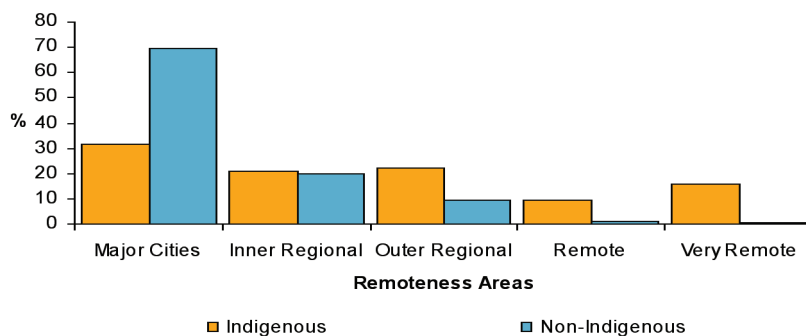
Context

An increasing number of Indigenous Australians are graduating from our schools, colleges and universities, working in rewarding jobs, running businesses, enjoying prosperity, and living healthy, rewarding lives. But Indigenous Australians remain under-represented in each of these areas when compared to the broader Australian community.

This strategy considers the different economic circumstances and conditions that Indigenous Australians face when compared to other Australians.

Location – 75 per cent of Indigenous Australians live in urban and regional centres. While only 25 per cent live in remote Australia they make up a large proportion of all Australians in remote and very remote locations – see figure 2 below. Where Indigenous Australians live affects their access to employment opportunities, markets, services, infrastructure and education and, therefore, their ability to participate in the broader economy.

Figure 2: Estimated Resident Population by remoteness area, 30 June 2006¹



Source: ABS cat no. 4713.0, May 2010

Age – the Indigenous population is young with 49 per cent aged 19 years and under, and it is growing much faster than the non-Indigenous population. By 2016, over 125,000 Indigenous Australians will enter the working age population².

The ABS estimates the projected annual growth of the Indigenous population at 2.2 per cent; increasing the number of Indigenous Australians from 517,000 in 2006 to as much as 721,000 in 2021. This compares to a projected annual growth rate of between 1.2 and 1.7 per cent for the total Australian population³. Figure 3 shows the very different age profiles of the Indigenous and non-Indigenous populations.

The Indigenous population will remain a young population with specific needs for accommodating an increasing school aged population and young workforce. The needs of a young Indigenous demographic may not be reflected in broader economic

1 Remoteness Areas are classified based on the Accessibility/Remoteness Index of Australia (ARIA) which measures the remoteness of a point based on the physical road distances to the nearest urban centre

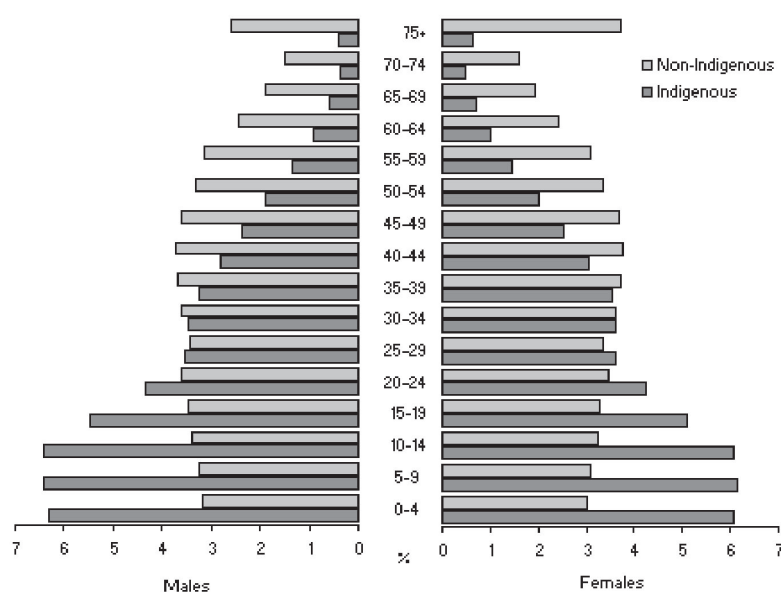
2 ABS Census 2006

3 ABS 3238.0 Experimental Estimates and Projections, Aboriginal and Torres Strait Islander Australians, 1991 to 2021

priorities that target an ageing population and therefore require specific attention by governments.

Demographic studies show that Indigenous populations are moving into a transition phase due to reduced fertility and increased survival. This will see the population in the prime workforce age groups peak over the next 20 years⁴. Schooling, employment, savings and asset accumulation – whether in housing or other investments – are the keys to unlocking the opportunities presented by this demographic window.

Figure 3: Estimated resident population by age



Source: ABS cat no. 4713.0, May 2010

Education – non-Indigenous Australians are almost twice as likely to finish Year 12 as Indigenous Australians. Indigenous 15–19 year olds are less likely to be enrolled in school than their non-Indigenous counterparts (37.9 per cent compared to 51.7 per cent)⁵. Indigenous Australians aged 20–24 years attend university at about one-fifth the rate of non-Indigenous Australians and attend Technical and Further Education (TAFE) at two-thirds the rate of non-Indigenous Australians⁶.

Employment – Indigenous Australians are more likely to be unemployed and remain unemployed for longer than non-Indigenous Australians. They are also less likely to be employed in professional, managerial, technical or trades-based occupations and less likely to earn higher incomes. Part-time employment also accounts for a greater share of total employment among Indigenous Australians (37 per cent) compared to non-Indigenous Australians (29 per cent). The 2008 NATSISS indicates Indigenous Australians

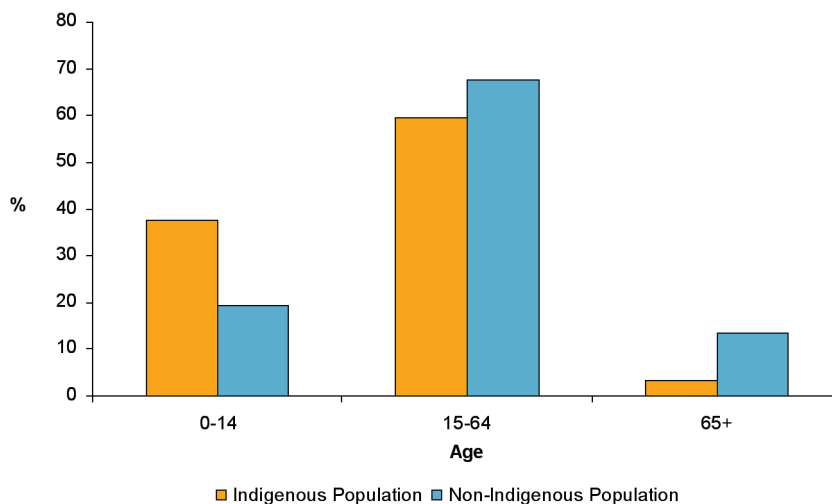
4 Taylor, J *Demography as Destiny: Schooling, Working and Aboriginal Population Change* at Wadey Centre For Aboriginal Economic Policy Research Working Paper No. 64/2010

5 Productivity Commission, 2009 Report on Overcoming Indigenous Disadvantage

6 Productivity Commission, 2009 Report on Overcoming Indigenous Disadvantage

are more likely to not be in the labour force than non-Indigenous Australians. Some 36 per cent of working age Indigenous Australians (15–64 years) were not in the labour force in 2008, compared to 22 per cent of their non-Indigenous counterparts⁷. Employment rates for Indigenous persons are lower in regional and remote areas (51 and 52 per cent, respectively), than in major cities (59 per cent). By contrast, the comparative employment rate for non-Indigenous Australians was 75 per cent⁸. The Indigenous labour force participation rate is lower, and the unemployment rate is higher, than for non-Indigenous Australians in all remoteness areas, states and territories and age groups⁹- see figure 4.

Figure 4: Comparison of working age Indigenous and non-Indigenous populations



Source: ABS cat no. 4713.0, May 2010

Income – Indigenous Australians earn just over half as much as non-Indigenous Australians (\$278 per week compared to \$473 per week)¹⁰.

Business ownership – Indigenous Australians are three times less likely to be self-employed than non-Indigenous Australians¹¹.

Home ownership – Only 36 per cent of Indigenous Australians own their own home, compared to 71 per cent of non-Indigenous Australians¹².

Figure 5 provides a snapshot of these indicators and the differences between Indigenous and non-Indigenous Australians.

In 2008, COAG agreed to six ambitious targets to close the gap between Indigenous and non-Indigenous Australians in life expectancy, health, education and employment. All governments have committed substantial resources to meet these targets. This strategy aims to capitalise on this investment and provide Indigenous Australians with increased access to the full range of economic opportunities all Australians should enjoy.

7 ABS 2008 National Aboriginal and Torres Strait Islander Social Survey

8 It should be noted that the above employment data includes people participating in Community Development Employment Projects (CDEP)

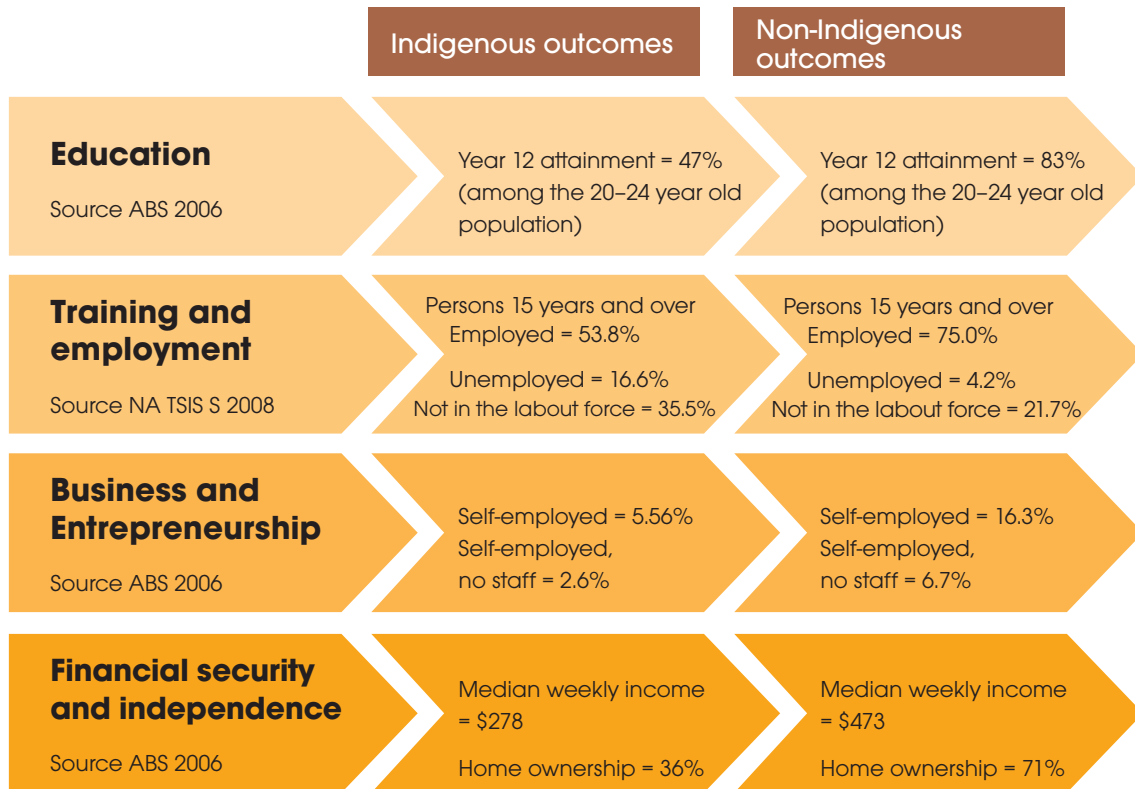
9 Productivity Commission, 2009 Report on Overcoming Indigenous Disadvantage

10 ABS Census 2006

11 Australian Bureau of Statistics 4722.0.55.009 - Self-employed Aboriginal and Torres Strait Islander People, 2006

12 ABS Census 2006

Figure 5: Snapshot of Indigenous and non-Indigenous economic indicators



Areas of competitive advantage – collectively Indigenous Australians have some unique areas of competitive advantage, including:

- land holdings (including Indigenous-owned land, land held by the ILC and native title rights) and associated resources (including access for minerals, water and areas of high biodiversity value);
- strong social networks and community identity;
- traditional and cultural knowledge;
- cultural tourism, natural resource management and arts industries; and
- proximity to regional opportunities (e.g. mining).

This strategy builds on these areas of competitive advantage where they exist, as well as those areas that maximise Indigenous Australians’ opportunities to participate in the broader economy.



Ongoing engagement

The successful implementation of this strategy relies on active and ongoing engagement and leadership from Indigenous Australians, the private sector and governments.

The strategy provides a framework to guide the development of actions, programs and policies for economic development, and aims to ensure that those most affected are equal partners in its formation. It seeks to open a new dialogue about how more Indigenous Australians can be equipped to take control of their economic futures.

Where possible, the Government will use existing representative bodies to contribute to policy development. Representative and peak bodies like the National Congress of Australia's First Peoples and Native Title Representative Bodies will be actively engaged.

In education and training, advice will be sought from existing groups such as Indigenous Education Consultative Bodies, the Indigenous Higher Education Advisory Council, the Ministerial Council for Tertiary Education and Employment and the Ministerial Council for Education, Early Childhood Development and Youth Affairs. In engaging with the corporate sector, the Indigenous Employment and Enterprise Network and the Business Ambassador, together with peak industry bodies, will play a key role. To contribute expertise in business development, national, state and regional Indigenous business networks will be engaged as well as the new Indigenous Business Advisory Group, which will be established.

The draft strategy is provided for comment to make sure that we have targeted the areas that will make the greatest impact on Indigenous economic development. During the consultation period, however, the Government will continue to progress key initiatives to ensure that momentum is not lost. These initiatives are summarised in the Action Plan 2010-2012 attached to this strategy.

Once the strategy is finalised, a comprehensive Action Plan will be developed in partnership with the above partners, together with the private sector and all levels of government, with each partner committing to real actions that will bring us closer to achieving Indigenous economic self-reliance.

The Action Plan will be reviewed regularly to make sure we are reaching our targets, that our priorities are on track and that our actions reflect evidence of what works. As this strategy is firmly grounded in the broader context of the Australian economy, there needs to be sufficient flexibility to accommodate and benefit from changes in our economy as they occur.

Strategic Priorities

1. Education and Individual Capabilities

Why are they important?

Economic development fundamentally relies on the capabilities of individuals to choose and lead lives that they value. Access to a sound education, support for training and building resourceful and responsible individuals is the starting point.

Individuals with a sound education typically have greater job opportunities, higher incomes, better health and longer life spans. Prioritising investment in education will not only close the gap in educational attainment, but will provide Indigenous Australians with the skills and capabilities to expand their economic and life choices.

The Government is addressing the underinvestment in education and will look to Indigenous Australians, families, communities, students and their schools to help support community values that prioritise education and set high expectations for young Indigenous Australians to stay and succeed in school.

To participate in the economy, Indigenous adults need to develop the life skills and confidence to seek out new opportunities. Literacy and numeracy provide the basic skills for employment. However, increasing motivation and supporting aspirations for economic independence is the key. The expectations that people have about their opportunities, and the social norms that influence behaviour, are key underlying long-term factors that support economic development.

What are the priorities?

1.1 Implementing the Aboriginal and Torres Strait Islander Education Action Plan

which outlines how education providers will work together with Indigenous families to achieve the Closing the Gap targets. The Aboriginal and Torres Strait Islander Education Action Plan will identify schools to focus on and set priorities for action in Indigenous education, including:

- improving school readiness by providing universal access to preschool, giving all Indigenous children the best start to their education. A focus on early intervention will improve overall schooling outcomes and help set expectations in education that will stay with students and families throughout their learning lives;
- improving engagement and connections with Indigenous families and communities, for example by employing Indigenous community education officers in schools and regional offices to support schools with school retention and to build aspirations and high expectations among Indigenous students;
- increasing school attendance by using incentives such as the Improving School Enrolment and Attendance Measure (SEAM) and targeted school attendance programs like school nutrition programs and the Clontarf Academy;
- boosting Indigenous literacy and numeracy through actions like providing individual tuition for students who do not meet minimum literacy and numeracy standards; and

- encouraging leadership in teaching and workforce development to improve the quality of teaching in our schools.

The Government will use new strategies like the five year Aboriginal and Torres Strait Islander Education Action Plan that focus on schools and students to learn about what we need to do in the future to improve education outcomes for Indigenous students.

1.2 Building and supporting Indigenous aspirations for life after school to create clear and visible pathways from school to further study or work.

- The Government will continue to work with the private sector and non-government organisations to build Indigenous aspirations for economic participation beyond school through initiatives like 'Learn. Earn. Legend!' to ensure that Indigenous youth complete their education and connect to the economy.

1.3 Encouraging Indigenous students to obtain tertiary qualifications to help build the representation of Indigenous Australians in the professions.

- Drawing on leadership from Indigenous educators, ensure that incentives for tertiary education attract and retain Indigenous students in higher education.

1.4 Strengthening transitions from school to work to raise the aspirations of students at risk of leaving school early.

- Greater assistance is required to create clear and easy-to-navigate pathways from school to work. The Government will partner with local employers to make opportunities for work, scholarships, cadetships, mentoring and school-based traineeships available in the private sector that offer career opportunities for Indigenous students.

1.5 Improving the match between vocational training and the labour needs of employers to create more clear and meaningful pathways to employment for Indigenous Australians across the country.

- Greater support for vocational education programs will be provided in partnership with employers to ensure a greater match between training and labour market demands in the economy.

1.6 Building the skills and capabilities of Indigenous adults to participate in the economy.

- Working in partnership with Indigenous leaders, the Government will support programs that encourage self-reliance and build the skills of Indigenous Australians and communities, particularly in literacy and numeracy.
- Support Indigenous families to provide the supportive home environment that encourages students to study and achieve their academic potential.

1.7 Recognising Indigenous leaders who set high expectations and encourage participation in the economy.

- Work with Indigenous communities and leaders to support positive role models and help build economic aspirations.

1.8 Providing better access to health services. Healthy individuals and communities can make education and economic participation a priority in their lives.

- Provide better health services and accessibility as a necessary precursor to improving health and education outcomes in Indigenous communities.

2. Jobs

Why is it important?

For most Australians, engagement with the economy begins with a job. Australians with secure incomes can participate in the economy as consumers, build their standard of living, provide a stable home for their families, and develop an asset base for the future. Employment also enhances self-esteem, and improves interaction at the family and community levels, reducing social alienation¹⁴. For these reasons, increasing the number of Indigenous Australians in the labour market is a key priority.

High achievement at school, participation in training, on-the-job work experience and higher education go hand in hand with long-term employment and career development. Meaningful employment is the reward for committing to education and training. It brings financial security, pride, personal growth and satisfaction. Employment is a key social determinant for the health and wellbeing of individuals and communities.

A collaborative approach between employers (from corporates through to small-to-medium enterprises), governments, Indigenous Australians and the community sector is needed to build demand for Indigenous employees and to build success for Indigenous Australians in the workplace.

Economic participation is undermined if the welfare system and government programs fail to engage Indigenous Australians in the labour force and entrench passive dependence. The employment system needs to match real employment and career opportunities with business needs and provide effective incentives to attract and sustain participation in the labour force.

Indigenous leadership is essential. Supporting Indigenous leaders to actively participate in policy development means that our employment programs and services will be tailored to support participation and directly target barriers.

What are our priorities?

2.1 Ensure welfare and government programs do not discourage Indigenous Australians from joining workplaces across the country.

- Build incentives that strengthen accountability and action in return for welfare payments. Apply consistent and meaningful participation standards to all welfare recipients and provide support for job-seekers.
- Ensure that the welfare system and Government employment programs support young Indigenous Australians in earning or learning activities.

¹⁴ Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage, Key Indicators, 2009*

2.2 Improving employment services to match Indigenous Australians' job aspirations and employer business needs.

- Trial new ways of brokering government services and employer needs, particularly in regional areas to improve how supply is tailored to demand for employees and ensure training and support is most effectively targeted.
- Employment services will be encouraged to extend their reach with Australian employers, from small-to-medium enterprises, to large corporate organisations, to promote Indigenous employment and retention.

2.3 Increasing public sector employment so that Government adopts best practice for increasing employment of Indigenous Australians.

- Commit to achieving 2.6 per cent representation in public-sector employment across Australia (2.7 per cent in the Australian Public Service) by 2015 and create and sustain a desirable work environment and career options for Indigenous Australians, with transparent and accountable reporting on progress.
- Encourage training and employment for Indigenous Australians in government service-delivery growth sectors like education, health and aged care, and land management through targeted employment strategies.

2.4 Building the skills of the Indigenous labour force – creating supply through high achievement at school and improving the literacy, numeracy and skills of Indigenous adults so that they are ready and able to work productively.

2.5 Building private-sector employment and retention and better matching employment supply and demand.

- Encourage employers, from corporates to small-to-medium sized enterprises, to develop productive partnerships with Indigenous Australians and local employment service providers to increase demand for Indigenous employment, particularly in emerging and growth industries like resources and mining, tourism and green jobs.
- Build partnerships between employers – directly and through representative peak bodies – and governments to provide labour market intelligence on industry-specific approaches to training, matching employment supply with demand in regions and sectors that are experiencing skill shortages.
- Work with the private sector to build inclusive Australian workplaces where workplace discrimination is actively targeted and long-term career plans are developed.
- Work with industry to ensure Indigenous school leavers transition from school into employment.

2.6 Reforming Government procurement to maximise Indigenous employment outcomes from Government investment.

- Implement the Indigenous Opportunities Policy which encourages tenderers (private sector, governments and the community sector) to employ Indigenous Australians in the delivery of government-funded programs and projects¹⁵.

2.7 Recognising and rewarding best practice to promote Indigenous Australians achieving success in workplaces, and to highlight the achievements and efforts of employers with Indigenous workforces to raise employment aspirations of Indigenous Australians.

- Include an Indigenous achievement category in mainstream business awards to recognise corporations that demonstrate excellence in Indigenous employment and success in Indigenous employment.

3. Business and Entrepreneurship

Why is it important?

Business ownership enables direct participation in economic markets, provides an important entrepreneurial foothold in the Australian economy and acts as a strong incentive to remain in business where there is greater control over day to day business decisions. This in turn contributes to intergenerational asset accumulation.

The Indigenous private sector is a fledgling but growing and important part of the Australian economy that not only contributes cultural enterprises like tourism, arts and land management, but also provides every-day goods and services to other businesses, consumers and governments in the economy.

Coordinated Indigenous business support that caters to start-ups and business growth helps to develop sustainable and successful businesses. Indigenous business support programs need to provide client-centred, business-focussed support.

To embed Indigenous businesses into the Australian economy and to align them with broader business drivers, the private sector, in partnership with Indigenous business leaders, needs to take a lead role in shaping the future of Indigenous business development.

Business-to-business activity needs to be encouraged, with coaching that directly transfers commercial expertise to Indigenous businesses and aspiring entrepreneurs. Incorporating Indigenous businesses into corporate supply chains will help embed trade with Indigenous suppliers as ordinary good business practice. In remote areas, joint ventures and enterprise partnerships between Indigenous and non-Indigenous businesses can help capitalise on areas of competitive advantage.

Indigenous leadership in the business sector is growing. Promoting Indigenous business leaders will help to inspire young and emerging entrepreneurs.

¹⁵ A copy of the *Indigenous Opportunities Policy: Guidelines for Potential Suppliers* can be found at www.deewr.gov.au/iop. The implementation of the policy will commence staged implementation on 1 July 2010, with full implementation by 31 December 2010

What are our priorities?

3.1 Improving access to capital to support Indigenous business start-ups and business growth.

- The Government will work with the financial sector to provide capital and equity options that are aligned with business needs.
- The Government will support organisations like Indigenous Business Australia (IBA) and the Indigenous Land Corporation (ILC) to undertake more joint ventures with Indigenous businesses.
- The Government will work with Indigenous groups to better leverage existing assets, including land rights, to improve opportunities to access capital.

3.2 Better aligning Indigenous business support programs to provide a client centred, business-focused approach to supporting initiatives.

- The Government will work across federal, state, and territory Indigenous-specific and mainstream business support programs to provide Indigenous business owners with support that meets their business needs.

3.3 Increasing private-sector engagement and partnership with Indigenous businesses to embed Indigenous business in the Australian economy.

- Build partnerships with the private sector to match Indigenous and non-Indigenous entrepreneurs with Indigenous business owners for partnering and mentoring.
- Examine ways to encourage business investment in Indigenous businesses and in commercial opportunities in remote locations.
- Promote private-sector commercial engagement with the Indigenous business sector through initiatives such as the Business Ambassador.
- Explore new sector-specific initiatives and new industry opportunities to promote sustainable Indigenous business growth.

3.4 Increase the use of Indigenous businesses through Government procurement to maximise Indigenous economic outcomes from Government investment.

- Facilitate increased purchasing from majority-owned Indigenous businesses in the public and private sectors.
- Examine policy options to directly engage Indigenous suppliers through Australian Government procurement.

3.5 Supporting Indigenous role models and business leadership to provide a representational Indigenous business voice to support sectoral growth and to inform policy making.

- Support state and regional Indigenous business networks.
- Establish an Indigenous Business Advisory Group to directly inform future Indigenous business policy development.
- Support Indigenous business awards to highlight success in business.

3.6 Creating better sources of information about Indigenous businesses to inform policy and strategic business direction.

- Work with federal and state agencies to improve data collection on Indigenous businesses, including their size, scope and contribution to the Australian economy.
- Assess regional economic development opportunities to encourage local Indigenous business development, identify new market opportunities and prioritise government investment that supports place-based Indigenous economic development.

3.7 Encourage Indigenous business skills development to create a stronger Indigenous business sector.

- Promote participation in business administration and business management training through the vocational and higher education courses; and,
- Provide business financial literacy training for Indigenous entrepreneurs.

4. Financial Security and Independence

Why is it important?

Financial security provides individuals and their families with stability and greater choices in life. It provides an asset base that can be used to help generate greater wealth and be passed on to future generations, helping to create economic self-reliance and breaking the cycle of welfare dependency.

For individuals, financial security and independence relies on a secure home to live in, access to employment and education, skills to manage finances and investments, and leadership to guide economic and social development. There is a strong correlation between an individual's financial literacy, their education and their standard of living¹⁶. Poor financial management skills limit the capacity of Indigenous Australians to improve their individual and family circumstances.

Indigenous Australians and communities have a rich wealth of cultural knowledge and heritage, significant land assets and extensive experience in land management. Building and effectively using personal, business and community assets is one of the ways to increase investment and wealth creation. This relies on a strong partnership with the financial sector.

For economic opportunities to be fully realised, individuals and communities need to be able to see a future where prosperity is achievable. Role models that Indigenous Australians can identify with, together with a supportive community and family environment, help to set high aspirations for economic independence and the skills necessary to achieve it.

To make aspirations a reality, we need to focus on strengthening the capacity of Indigenous Australians and communities to identify, build and make the most of economic assets to generate economic wellbeing for themselves, their families and their communities.

¹⁶ ANZ Survey of Adult Financial Literacy in Australia (2008)

What are the priorities?

4.1 Increasing Indigenous home ownership to build financial security, personal and family wealth. A functioning and well-maintained home provides a stable base and prepares families for private home ownership in the future.

- Seek the views of Indigenous Australians, the private sector and the broader Australian community on the ways in which Government can further influence increased opportunities for Indigenous Australians to take up home ownership.
- Work with the private sector and government agencies to increase the availability and accessibility of affordable home loans for Indigenous Australians and their families.
- As rates of Indigenous home ownership rise, work with the financial sector to help families use this equity as a platform for building wealth.
- Put in place secure tenure arrangements that enable private lending for commercial and residential development on community-title land.
- Through active tenancy management in social and public housing, work with Indigenous communities to build the individual financial resilience and personal responsibility that is required to purchase and pay off a home.

4.2 Increasing Indigenous savings and superannuation to provide economic self-reliance now and into the future.

- Work with the financial sector to extend financial advice services and incentives to encourage greater savings and superannuation by Indigenous Australians and their families.
- Indigenous Australians will be encouraged and assisted to build capital assets beyond residential property and land.

4.3 Improving financial and money management skills to increase Indigenous Australian's income and assets.

- Support training in financial planning and money management to increase financial literacy. The Government will work with Indigenous Australians and the financial sector to improve programs that support financial literacy.

4.4 Building Indigenous leadership and capacity to reach economic independence.

- Work with Indigenous expert and representative groups such as the National Congress of Australia's First Peoples, the Indigenous Business Advisory Group and Native Title Representative Bodies (NTRBs) to recognise and support Indigenous leadership that builds economic self-reliance. This will encourage other individuals and communities to further strengthen their leadership capabilities.

4.5 Supporting Indigenous Australians to get the most out of their assets, particularly in areas of competitive advantage.

- Support programs that expand the capacity of Indigenous Australians to build and make the most of their assets (physical, cultural and intellectual) especially in relation to land, environmental management and cultural heritage. This will include clarifying property rights, protecting these assets, and ensuring cultural values

and community aspirations are supported. This will be developed by Indigenous Australians, the private sector and Government working together.

- The tax treatment of some types of payments, such as native title payments, is uncertain and can be confusing. The Government will clarify how these payments should be treated for tax purposes to ensure that there are no perverse incentives and to help encourage long-term economic benefits.

5. Strengthening Foundations

Why is it important?

The legal, welfare and taxation systems provide important ground rules and incentives for economic activity. Indigenous economic development depends on an environment that supports participation in markets that are effective. Governments need policies and regulations that consistently reinforce the drivers of economic development – that clarify property rights, provide welfare incentives that reward work and study, and ensure that the tax system supports these signals. These foundations help to underpin economic growth.

Major government investments in housing, health, education, infrastructure (such as power, water and information technology) and service delivery need to create greater employment and business opportunities for Indigenous Australians.

Infrastructure, both physical and social, connects individuals to markets. Lack of infrastructure can be a barrier to business activity and investment; however the cost of major infrastructure is often prohibitive. New technology may offer improvements in how remote communities can access the economy.

Clarifying and protecting property rights will provide greater certainty for property owners and investors. Indigenous Australians own or control approximately 17 per cent of land in Australia¹⁷. Broader native title agreements are also an important vehicle for providing certainty of land use, removing barriers to private sector investment and providing opportunities for increasing Indigenous commercial enterprise in regional and remote areas.

Long-term, secure land tenure and effective planning and leasing arrangements on Indigenous land are critical in providing a stable environment for private and public investment. Secure tenure reduces transaction costs and opens the way in which land can be used – whether as security for financing, a site for business establishment or as a resource to be developed. Secure tenure also facilitates investment in housing. Safe housing, be it public or community housing, private rental or privately owned, provides individuals with a more stable environment that supports employment and education.

How organisations and communities make decisions and how well they manage their resources will directly affect the level of economic activity. It is clear that effective organisational and community governance arrangements and practices lead to better asset management and leadership.

¹⁷ Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage, Key Indicators, 2009*

Effectively dealing with crime, violence and substance abuse in communities is a fundamental pre-condition to economic development¹⁸. Safe and secure communities create environments that promote social engagement, achieve better educational outcomes and are more likely to attract business investment by lowering risk for investors.

What are our priorities?

5.1 Ensuring infrastructure and housing investment supports economic development

wherever feasible.

- Improve access to safe housing (public and private) that enables individuals to participate in the economy.
- Explore new public and private partnerships that strengthen infrastructure in Indigenous communities and support connections to economic activity.
- Work to ensure that major spending in areas such as remote service delivery, housing, broadband access, water and power maximises employment and business opportunities for Indigenous Australians. The Government has made major investments in housing and infrastructure, particularly in remote areas. Investment should be prioritised where there are economic opportunities.
- Address issues with accommodation for staff in remote communities to support effective service delivery and create new economic opportunities, such as property management and maintenance. Lack of housing for support staff and providers undermines the effectiveness of services and can cause delays.

5.2 Supporting the effective use of land and property rights to provide greater certainty and encourage public and private investment.

- Continue to work with the Federal Court, state and territory Governments and NTRBs to help resolve outstanding native title claims quickly and efficiently.
- Increase the capacity of native-title holders and claimants to identify and exploit economic opportunities through improved agreements and procedural rights.
- Support the establishment of long-term leasing, access and planning arrangements to give owners and investors certainty over their assets and appropriately deal with risk. Business development and investment in remote areas is dependent on access to secure tenure.
- Work with the ILC, NTRBs, Land Councils, Traditional Owners and the private sector to promote new approaches to valuing risk and support the use of Indigenous property as security for financing.
- Protect Indigenous intellectual property rights, including that which is derived from traditional knowledge, through international forums (such as the United Nations) and our domestic legal system.
- Encourage security of title over communally-held Indigenous land to enable businesses and governments to invest in Indigenous land, like home ownership and allow for effective tenancy management of community housing.

¹⁸ Sen, A, *Development as Freedom*, Oxford University Press 1999

5.3 Strengthening governance and capacity to improve policy, economic, financial and social decision-making.

- Encourage more sustainable and transparent management of native title benefits for current and future generations. Native title agreements can generate financial assets that could be used more effectively to support economic development and provide sustainable investment for current and future generations.
- Help build corporate governance experience in Indigenous corporations that manage assets on behalf of a community or group, to protect the interests of their constituents and improve investment decisions that promote economic growth. The Government will work with Indigenous organisations, IBA and the Office of the Registrar of Indigenous Corporations to look at ways to strengthen the skills and capacity of directors of Indigenous business corporations.

5.4 Ensuring the tax and welfare systems reward economic participation and encourage self-reliance and investment.

- Continue to increase the focus on linking income support payments with education, work and socially responsible behaviour.

5.5 Promoting access to mainstream government programs and commercial opportunities to support Indigenous participation in the wider economy.

- Encourage the private sector to review how Indigenous Australians are accessing mainstream financial products and remove any barriers to access. Private sector financial products and services should be accessible to all Australians.
- Ensure that mainstream programs are able to be used by Indigenous Australians to support business development, access venture capital, and promote innovation and research. Mainstream government programs should provide support to all Australians.

5.6 Improve community safety and security to create an environment that supports education, employment, health and business investment.

- Support initiatives for safe and stable communities, offering a better environment for people to take up opportunities, security for investors, and attracting greater investment. The Government will continue to work with Indigenous communities under the National Framework for Protecting Australia's Children and the National Indigenous Law and Justice Framework to promote community safety and improve the administration of law and order.



How will we measure success?

Indigenous economic development and full participation in the economy depends on a long-term and sustained commitment. This strategy recognises that economic development depends on action across all the priority areas, many of which are interrelated.

Many key indicators of economic development are captured in the Government's reporting against Closing the Gap targets (such as education and employment) and the Productivity Commission's reporting on Overcoming Indigenous Disadvantage (such as household and individual income).

These assessments and indicators will be used to track economic development and inform progress against this strategy. This will be reported in the Prime Minister's annual Closing the Gap speech to Parliament.

An Action Plan will be developed under the strategy – progress against the actions identified will be tracked and reported every two years.

By prioritising our actions under this strategy we expect to see:

- a skilled and motivated Indigenous workforce, that is securing and retaining jobs, starting businesses and increasing their personal assets;
- a strong and viable Indigenous business sector; and
- an environment that supports greater use and recognition of Indigenous assets and opportunities.

Public submission process

On 24 May 2010, the Commonwealth Government released its draft Indigenous Economic Development Strategy for consultation. The draft strategy outlines a framework for Indigenous economic development. It focuses on five key areas for improving the prosperity of Indigenous Australians: education and building individual capacity; creating sustainable job opportunities; supporting business and enterprise development; financial security and independence; and strengthening the foundations to provide an environment that supports Indigenous economic development.

Interested individuals and organisations are invited to review the strategy and provide feedback on issues raised or any issues you feel have not been adequately covered.

During the consultation period, the Government will continue to progress key initiatives that support Indigenous economic development. These initiatives are summarised in the Action Plan 2010-2012 attached to this strategy.

Once the strategy is finalised, a comprehensive Action Plan will be developed.

Making a submission

Interested parties are invited to comment on the draft strategy by providing a written submission. All submissions will be treated as public documents, unless the author of the submission clearly indicates to the contrary by marking all or part of the submission as 'confidential'. Automatically generated confidentiality statements in emails do not suffice for this purpose. Public submissions may be published in full on the website, including any personal information of the author of the submission. Any personal information about third party individuals will be removed from the published submission unless the parties that the information is about consent to the publication of their information. A request made under the Freedom of Information Act 1982 (the FOI Act) for access to a submission marked confidential will be determined in accordance with the FOI Act.

Closing date for submissions: Monday 1 November 2010

Submissions may be lodged electronically or by post - electronic lodgement is preferred. For accessibility reasons, please submit responses sent via email in a Word or RTF format. An additional PDF version may also be submitted.

All submissions must include a full postal address and contact details.

To lodge an electronic submission: email ieds@fahcsia.gov.au

To lodge a written submission, send to:

IEDS

Indigenous Economic Development Branch
Department of Families, Housing, Community Services
and Indigenous Affairs

PO Box 7576

Canberra Business Centre ACT 2610

Submissions sent by post must be postmarked prior to 1 November 2010 to be accepted.

Receipt of your submission will be acknowledged.

For further information, or to request a hard copy of the draft Indigenous Economic Development Strategy, please contact ieds@fahcsia.gov.au

Public Consultations

A number of public consultation workshops will be held with Indigenous stakeholders and other interested parties. Details of public consultations will be advised on the website as they become available.

