



Submission to
The House of Representatives
Standing Committee on Aboriginal and Torres Strait Islander Affairs
Inquiry into developing Indigenous enterprises

by

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The Desert Knowledge Cooperative Research Centre

DKCRC is a partnership of 28 agencies, government departments, non-government organisations and universities whose research focuses on the people and communities of the remote arid regions. We are an interdisciplinary organisation whose work covers four States and the Northern Territory and we deal with a sizeable proportion of the three per cent of Australians who live on 70 per cent of the land mass - the areas that the rest of the nation knows as “remote”.

Aboriginal people are significant contributors to our research program and we work extensively with people in remote Aboriginal settlements on projects researching sustainable housing, water use, infrastructure and business development as well as natural resource management. Their knowledge is integral to our research and valuing Aboriginal intellectual property is embedded in our practice and philosophy.

Our research is about making life sustainable for desert people and desert communities and promoting sustainable livelihoods in thriving desert region economies. We also look at how we can promote effective governance and equitable access to services for remote settlements, particularly remote Aboriginal communities. Our program involves a great deal of scientific and technical research, but we also apply social science insights into what makes communities work and how we can develop appropriate and sustainable local-level economic activity to support these communities.

Desert Biz™ is one of our five Core Projects. It aims to understand and overcome the constraints on remote businesses and to make small business more resilient, profitable and able to engage with the wider economy. Its purpose is to understand how small businesses and small business networks can more effectively deliver livelihoods for desert based people based on natural and cultural resources and on service delivery, in ways that are environmentally sound and socially appropriate. The targeted outcomes are micro and small businesses based on new models of investment and understanding of the key success factors for encouraging entrepreneurial activity in desert Australia.

Desert Biz™ research focuses on three streams:

1. an audit of work and business in desert Australia;
2. analysis of impacts of businesses on the community and the local economy; and
3. action research which involves engagement with case study businesses to identify critical success factors and business models that are more appropriate and culturally sensitive to indigenous entrepreneurs and better suited to desert Australia.

Supporting Livelihoods and Small Business in Desert Australia

DKCRC ran workshops involving industry, government (state, federal and local), companies and organizations operating in desert Australia in an attempt to paint a picture of work and livelihood in desert Australia. These looked at both the demand and supply sides; and identified initiatives and opportunities for livelihoods and business development. The workshop program was designed to:

- Identify what opportunities are available
- Identify the needs of industry, governments and communities (demand side) that offer livelihood possibilities and business opportunities; and
- Understand the supply side (in terms of labour/employment and the existing types of businesses);
- The gaps, the reason for these gaps and how the gaps can be closed.

The issues

These workshops inform our submission to the Inquiry into developing Indigenous enterprises and we present the key themes for your consideration. We believe the conclusions we draw may be highly applicable in a number of remote contexts in Australia and overseas and are not simply confined to desert Australia. We briefly discuss the issues raised.

- Australian and State Government initiatives present a ***diversity of initiatives***, which may be either a positive response to the myriad contexts and macro to micro levels of application or a collection of many

discrete programs, which generally operate within limited time horizons and often ‘pilot’ programs in nature. In many cases, they do not add value or connect to other programs.

- High turnover of personnel both on the ground and at policy level has meant that *continuity* and sound knowledge management are rarities, rather than the norm. These elements result in few longitudinal programs being in place and little independent evaluation to determine the impact of initiatives, especially over time.
- The myriad of programs, initiatives, personnel and resources offers *confusion for customers*. One participant identified 29 government agencies dealing with indigenous development issues at a state and federal level. This offers little or no possibility of genuine and useful engagement with this diverse stakeholder group; instead it presents a maze of options for community groups and individuals seeking support at the right time in their enterprise development.

Anecdotal evidence suggests that the introduction of Government Business Managers as a central point of contact is a positive feature of the Northern Territory Intervention, with significant improvements to coordination and tools such as the Local Partnership Agreements having the potential to foster genuine partnerships ‘in land’.

- Workshop participants took differing philosophical standpoints on the relative emphasis on *economic development and social development*. Most of the workshops were comfortable with the ambiguity of enterprise that created either or both economic and social benefit. One in particular, however, asserted that it was economic development alone that was the key driver to self sufficiency for desert Australians and it was economic development and sustainability, in a mainstream context, which should be the key outcome for any development work.

This did not mean that discussion did not need to be had about profit and who participated and benefited from it, as it was recognized that unique cultural and family conditions did exist that impacted on economic sustainability in a mainstream sense. It was recognized that these cultural and family elements had potential to both enhance and inhibit this economic success.

- All workshops recognised that *economic sustainability in small to medium enterprise* was incredibly challenging in mainstream contexts, without introducing the many complexities facing desert enterprises. With a failure rate of 75% in mainstream business start ups, it was acknowledged that to expect a better outcome in a desert context was inappropriate.

All workshops discussed the need for alternative and realistic measurements to success that did not detract from (and in fact strengthened) the genuine need to improve outcomes for desert Australians.

- A key opportunity workshop participants identified was the emergence of *new and creative solutions arising from the current skills shortage* in Australia. Out of necessity, enterprises large and small were having to explore strategies to engage those not previously in the workforce, including the long term unemployed and those underemployed. Strategies emerging deal with:
 - pre employment – programs that focused on getting people work ready and included but were not limited to very basic skills such as literacy, numeracy, basic occupational health and safety (including equipment use), rights and responsibilities in the workplace and work experience opportunities
 - during employment – skills development and capacity building
 - career development – providing opportunities for training and development opportunities to expand career options.
- It was agreed that what was perhaps missing from emerging opportunities were initiatives that actually focused on *cultural change* – moving from dependency to independence and understanding the realities of commercial contexts. People felt this cultural change was required by both service providers and

program recipients. It was noted that this was a significant challenge, particularly in remote contexts, where access to new ideas or possibilities, career advice and work experience opportunities were severely lacking.

- A strong and very positive theme emerging from all workshops was that this ‘watershed’ stage of desert economic development in Australia was very positive. There was widespread acceptance that past programs may have experienced limited success in developing significant numbers of sustainable enterprises. New ways of thinking and doing were required and maintaining the **status quo was not an acceptable option**. All workshop participants were committed to networking more effectively, improving knowledge management and finding new ways of working to ensure more positive outcomes.

Elements of successful initiatives

As well as presenting and reflecting on their individual programs in terms of critical success factors and current gaps, participants were able to use their considerable collective experience to outline the key elements of successful initiatives.

Attitude

- Tenacity and passion
- Willingness of all parties to change
- Creating a safe environment to learn and grow confidence
- Hard decisions about enterprise viability and clarity of benefit of ‘profit’ (who benefits – community vs. individual/s - and how, re-investing in the business)

Resources

- Time – to plan, build genuine relationships, reflect and learn
- Information and knowledge management systems to ensure wheels weren’t being reinvented
- Key visionary, driver, leader from within community – the ability to say ‘no’ in order to achieve the bigger vision
- Strong asset base to build on – land management, art and culture, experience, significant comparative advantage to be utilized
- Mentoring support - Appropriate support at different stages of enterprise development. Mentoring programs worked when they:
 - Integrated work, family and community at every level
 - Occurred over considerable time

Process

- Shared understanding, language and focus about what was being undertaken
- Communication and genuine relationships/partnerships for the long term
- Context specific application – begin with audit of community assets – the land, the people
- Integrated thinking – across agencies and stakeholders, at macro and micro level
- Sound governance practices – simple and appropriate
- Sound monitoring and evaluation – quantitative and qualitative, over time
- Development of local capacity where ever possible, and support providers knowing when to move on from dependence to independence
- Focus on enterprise rather than community level to grow success

Current gaps and inhibitors to success

Having identified these critical success factors, participants reflected on the major gaps in service delivery and inhibitors to success.

Attitude

- Culture of welfare/dependency on both sides of equation – return of self respect required
- Family and cultural expectations leading to such things as ‘humberging’

- Lack of knowledge about alternative options – lack of realistic and positive role models and information about realistic alternatives
- A risk averse and over accountable public sector that does not have the flexibility to undertake the creative responses required. There cannot be innovation and entrepreneurship without risk.
- Negative stereotypes – many myths, lack of good stories and positive role models.

Resources

- This is a resource intensive process. More needs to be done to focus on longer term cost benefit, rather than just short term cost.
- Lack of capacity – skills levels, turnover of key personnel, access to right skills set at right stage of enterprise development, over time
- Telecommunications infrastructure to access world markets
- Current inflexible access to finances means very few individuals or communities have the security required to source funding for business start up and/or expansion
- Size and complexity of public sector results in uncoordinated efforts, duplication and short term projects rather than long term development.
- Complexity of agreements, applications, reporting and acquittal processes and diversity of these. This was becoming a very time consuming and expensive process, often needing external professional expertise. People with skills in these areas were very thin on the ground.
- Physical environment – heat, lack of water, remoteness

Process

- Lack of overarching framework, strategy or networks to create focus and provide support across enterprise, community and/or agencies.
- Lack of co-ordination
- Lack of capacity in effective corporate governance and leadership
- Knowledge management – currently too dependent on work and experience of individuals (who come and go), no systemic way to capture experiences and share knowledge
- Information sharing – lack of formal networks across support service providers, business enterprises and communities, reaching remote locations
- Processes required to ensure knowledge (IP) of desert people remains the property of desert people
- Measurement of success limited to short term traditional economic measurements
- Top down implementation does not allow for tailoring of initiatives, does not encourage engagement or ownership of solutions
- Mentors and role models lacking and difficult to engage (logistics and expense) in a remote context
- Few flexible employment models for indigenous Australians
- It is overwhelming!!

Legislation

- Taxation and employment laws that mitigate against sustainable remote micro businesses
- The tension between legal requirements and making documentation (planning, monitoring, acquittals) ‘real’. A whole industry of wasted resources goes into these accountability frameworks. While accountability (especially in relation to public funds) is critical, a new more workable approach is required.

Key opportunities to improve outcomes

Reflecting on the past and anticipating an improved future, workshop participants identified current opportunities that would enhance the success of initiatives aimed at improving livelihoods for desert Australians.

Attitude

- Current recognized need for change from a broad base of government, community and broader society

Process

- A desire to achieve a more collective approach with a genuine client focus
 - One stop shop
 - Reduce duplication
 - Reduce lack of co-ordination
- Top down, bottom up balance, micro macro balance
- Increased time horizons for projects – this has planning and funding implications
- Overarching framework aimed at creating improved focus is required – common understanding, language and commitment to agreed outcomes. Current COAG process has to potential to deliver on this.
- Defining ‘business’, profit, commercial, sustainable in a remote and indigenous context
- Improved knowledge management to enable shared learnings over time, and improve monitoring and evaluation
- Networking businesses and service providers
- The power of mentoring – genuine engagement and relationships. Successful programs:
 - Integrate with family and community
 - Integrate learning with real work, on the job
 - Learning is appropriate to individual readiness and capacity
 - Using the stories and assets ‘in’ community – bottom up approach
 - Genuine partnerships focused on ‘supporting us get our act together’
- Getting the balance right between mainstream and indigenous economic sustainability
- Celebrating, marketing and profiling the good news stories – as an example to others, success breeds success
- Flexible business models that account for cultural and family imperatives

Resources

- TIME and resource intensity and focus to enable long term application to move from dependence to independence
- Research - monitoring and review to continually improve micro and macro initiatives and sharing this research for the benefit of all

Specific enterprise opportunities identified during discussions

- Bush tucker
- Livestock harvesting
- Mine rehabilitation
- Community maintenance services
- Community gardens
- Tourism - International interest in remote environments, aboriginal culture and art
- Virtual business incubation centres

DKCRC offers these matters for your consideration. We also refer you to the DesertBiz™ page on our website, where you will find further information on the issues we have raised:

<http://www.desertknowledgecrc.com.au/research/desertbiz.html>