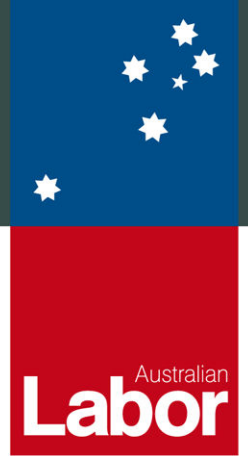




New Leadership.



Indigenous economic development

Jenny Macklin MP

Shadow Minister for Indigenous Affairs and Reconciliation

Warren Snowdon MP

Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs

ELECTION 2007

Overview

Economic development will lie at the heart of a Rudd Labor Government's efforts to improve the lives of Indigenous Australians.

Helping individuals and communities achieve economic self-reliance is critical.

This can only be done by a government prepared to work in partnership with local Indigenous people.

On the 40th anniversary of the 1967 referendum, Kevin Rudd pledged a new reciprocal partnership between a Federal Labor Government and Indigenous Australians.

Federal Labor's economic development strategy will extend links between, and be driven by, the private sector and Indigenous people, rather than relying solely on government programs.

Our policy will be guided by what works and get results for Indigenous Australians.

This paper lays the foundation for the development of an Indigenous Economic Development Strategy by a Rudd Labor Government.

Economic Development

Federal Labor will work with the private sector and Indigenous people to deliver improved opportunities for employment and economic development.

Indigenous Australians own or have interests in 120 million hectares of land, largely in the remote areas of this continent. In the Northern Territory alone, they own 53 per cent of the land base.¹

Federal Labor supports the efforts of Indigenous Australians to use their land for economic development, and in government, will facilitate this through appropriate land use arrangements, such as block leasing, achieved through negotiation and agreement with Traditional Owners.

Federal Labor will encourage partnerships between businesses such as mining companies, tourist operators, art cooperatives and local communities to ensure the creation of sustainable jobs at fair rates of pay.

Sixty per cent of Australia's mine sites are located next to remote Indigenous communities, providing real opportunities for local employment.

A number of mining companies are now setting targets for Indigenous employment and are investing in literacy and numeracy support and other forms of training for local Indigenous employees.

Education is fundamental

Building economic development in Indigenous communities can only occur if there is sound foundational education and training.

Literacy and numeracy are the building blocks upon which every individual develops his or her participation in society and capacity to work. Unfortunately, the literacy and numeracy performance of Indigenous children often falls behind.

The 2005 National Report on Schooling in Australia indicates the proportion of Indigenous students achieving benchmark levels of reading, writing and numeracy continues to be substantially lower than for non-Indigenous students.

As part of our overall commitment to closing the gap in life expectancy, a Rudd Labor Government will establish a new national objective of halving the gap in reading, writing and numeracy achievement within a decade.

This goal will be supported by new national investment in:

- A **universal preschool year** for all four year olds – for 15 hours a week, 40 weeks a year. This will benefit around 4,500 Indigenous four year olds.
- Expanded **intensive literacy and numeracy** programs in our schools such as *Accelerated Literacy*, *Making Up Lost Time In Literacy*, the *Yachad Accelerated Learning Project* and the development of **individual learning plans** for Indigenous students.

As part of our commitment to increase Indigenous children's attendance at school, a Rudd Labor Government will provide funding of \$60.6 million over four years for **200 additional teachers** for the Northern Territory.

Retention of Indigenous students to Year 12 is also low at just 39.8 per cent, compared with the non-Indigenous rate of 76.9 per cent. To improve school retention, Federal Labor will invest in building **three new secondary boarding colleges** in the Northern Territory at a total cost of \$40.9 million over four years, including a contribution to be sought from the Indigenous Land Corporation. This is in addition to the boarding colleges already proposed for the Territory.

Students will also benefit from Federal Labor's **Trades Training Centres** which will provide all Australian schools with up to \$1.5 million to invest in a trades wing.

These commitments will help to improve education and training outcomes, giving Indigenous children important foundational skills for life.

Local enterprise, local jobs

Supporting local enterprise can help to build sustainable communities.

Within the arid zone of central Australia there are substantial ground water resources that have not been developed outside the town areas of Alice Springs and Tennant Creek.

The Central Land Council has established the Centrefarm Aboriginal Corporation to develop horticulture on ground water basins. Centrefarm has identified that 17 out of 23 development sites on Aboriginal land, covering 2,150 hectares, are suitable for immediate development.

Funding from the Aboriginal Benefits Account (with the support of the Advisory Board) could be provided for infrastructure and start-up support for local horticulture industry in central and northern Australia. These funds could then leverage private sector investment.

There are around 36 Aboriginal-owned properties associated with pastoral projects across Australia. Aboriginal stockmen have played a critical role in Australia's pastoral industry, and pastoral properties have the potential for employment and wealth generation opportunities into the future. Federal Labor will work with the Indigenous Land Corporation, Land Councils and native title holders to develop Indigenous pastoral management capacity, and to develop a forward program of investment in infrastructure and stock.

For coastal Indigenous communities, Federal Labor will work with State and Territory Governments to ensure their local fishing management plans include opportunities for local Indigenous people to participate in the industry, including through their own commercial operations.

Indigenous art is an Australian cultural icon. There are some 80 Indigenous Art Centres across central and northern Australia representing around 6,000 Indigenous artists. Combined sales from Art Centres are in the order of \$28 million annually.

Federal Labor acknowledges the contribution of the recent report into Australia's Indigenous visual arts and craft sector, *Indigenous Art – Securing the future*. Labor has strongly argued in favour of recommendations to increase scrutiny by the ACCC and develop an industry-wide code of conduct, in order to enhance the industry's sustainability and protect artists from unscrupulous conduct by art dealers.

A Rudd Labor Government will review any deficiencies in business and governance training, to enable Aboriginal Art Centres to develop sustainable business models.

Federal Labor will also implement a resale royalty scheme, which will provide additional income for successful Indigenous artists.

A Rudd Labor Government will highlight Indigenous tourism in international advertising campaigns, particularly targeting the “experience seeker” markets. This will involve working with Indigenous people and archaeological groups to market Indigenous culture as the oldest evolving culture in the world.

Sustainable timber production and complementary enterprises such as electricity generation, bark collection for paintings, making didgeridoos and bush furniture have strong potential on Indigenous land. The job potential of this industry is both strong and diverse – from jobs in forestry management, transport and trade to environmental science. Federal Labor will work with industry to assess the feasibility of new commercial forestry projects on Indigenous land. In partnership with Indigenous people, Federal Labor will examine how Indigenous financial assets can best leverage private sector investment in these forestry projects.

Gunya Australia, an enterprise backed by former Macquarie Bank chief executive Bill Moss, has proposed a development model of tax incentives and credits to encourage investment in Indigenous enterprise. In its discussion paper, Gunya proposes that approved projects meeting strict eligibility criteria could receive a tax credit for initial capital and start up costs.² Others have proposed similar concepts to encourage investment.³

Federal Labor will examine these proposals as part of our plans to promote Indigenous enterprise and to encourage Indigenous people to move from welfare into work.

Providing better business support

Access to know-how, mentoring and support is required to get businesses off the ground. Federal Labor will establish a new **\$10 million Remote Enterprise Centre** to help small and medium enterprises to grow and succeed.

Labor’s Remote Enterprise Centre will be based in Alice Springs and provide outreach support to communities not only in the Northern Territory, but also in remote regions of Queensland, South Australia and Western Australia, forming part of Labor’s national Enterprise Connect network.

The Remote Enterprise Centre will support new and existing services and businesses, outback tourism, Indigenous arts and crafts, carbon trading and land management, horticulture and aquaculture, livestock, mining and associated industries such as grading and rehabilitation.

This Centre will:

- Connect new and existing enterprises to other companies for mentoring, private investment and partnerships.
- Connect remote businesses to technical experts, scientific advice and the latest technology.
- Identify complementary businesses which could lead to new business opportunities.
- Identify new markets and provide advice on legal and regulatory issues.
- Compile a directory of remote enterprises, and feed information to the national Industry Capability Network, which helps governments, private companies and major project proponents identify local suppliers.

Housing

There is a severe shortage of adequate housing in remote Indigenous communities. This has led to unacceptable overcrowding and unhealthy environments for children and adults. Additional funding for remote housing has been provided in this year's Budget for the period 2007/08 to 2011/12, and a Rudd Labor Government will ensure this additional funding for housing is delivered in a way that builds construction and maintenance skills, leading to increased employment for Indigenous people.

Federal Labor will deliver the \$1.6 billion committed to Indigenous housing through the Australian Remote Indigenous Accommodation (ARIA) program, and will ensure that appropriate investment to increase and maintain the stock of Indigenous housing beyond 2012.

The rollout of the ARIA program needs to occur in a coordinated way that combines the construction of homes with maintenance of existing stock. This approach will achieve greater economies of scale, allowing efficiencies to be reinvested into more housing.

Significant opportunities exist for apprenticeships and use of Indigenous sub-contractors, and to this end, Federal Labor will ensure tenders and contracting provide training and employment for local Indigenous people. This provides for immediate employment, and will build long-term capacity through a pool of local qualified tradespeople to undertake maintenance and continue construction.

Labor will also involve Indigenous communities in the design, building and maintenance of their homes. Tenants will need to understand and comply with normal rights and obligations under the tenancy laws and this may require the development and provision of specific educational initiatives.

Labor supports Indigenous home ownership and will work with Indigenous communities to achieve this goal when they want to and where it is economically possible. In 2006-07, the Commonwealth Government committed \$107.4 million over four years towards a *Home Ownership on Indigenous Land* program to be administered by Indigenous Business Australia. Most of this money remains unspent. Labor will examine how this program can be improved, including through better use of private investment, to deliver home ownership opportunities for more Indigenous Australians.

Local property development will also be encouraged. For example, in 2001 the Larrakia people negotiated with the Northern Territory Government to trade native title for the first option to buy land for residential sub-division. The Larrakia Development Corporation has since successfully developed the land.

Federal Labor's National Rental Affordability Scheme can also help provide additional rental housing for Indigenous Australians through the use of tax incentives and financial support to provide affordable housing. Indigenous community housing organisations could leverage their existing housing stock under these programs to develop additional housing for Indigenous communities.

Indigenous land and sea management and carbon trading

Federal Labor will invest \$90 million over five years to train and employ up to 300 additional Indigenous rangers on Indigenous lands and waters to undertake environmental services

specialising in noxious weed and feral pest eradication, fire management, fencing and vegetation restoration and the protection of endangered species.

Training will also be provided for these rangers using a nationally accredited land management qualification, supported by local knowledge.

Federal Labor will increase funding to a total of \$50 million over five years to improve and expand the successful Indigenous Protected Areas Program within the national reserve system.

Federal Labor will also provide opportunities for Indigenous participation in fledgling carbon markets by establishing the legal framework for creation of carbon credits from altered fire management and providing \$10 million to:

- build local capacity;
- develop partnerships between the private sector and Indigenous communities;
- research the scientific and market potential of carbon trading; and
- promote sales to growing national and international markets.

Getting the most out of Indigenous assets

There are significant Indigenous financial assets which are currently under-utilised and in many cases, burdened with red tape. Indigenous Australians are entitled to expect that these assets will be used to leverage additional private investment and secure Indigenous jobs and economic development.

The Aboriginal Benefit Account (ABA) receives the equivalent of royalties raised on Aboriginal-owned land. It is used to pay compensation to traditional owners and others affected by mining, to fund Land Councils and for other initiatives for the benefit of Aboriginal people in the Northern Territory.

As at June 2006, there was \$146.8 million in the Account and it is constantly growing due to expansion in the mining sector.⁴

Over the past decade only one third of the available funds for economic development in this Account have been released. The remainder represents over \$50 million that could have been invested in economic development in the most disadvantaged communities in Australia.

Federal Labor will improve transparency and efficiency in the ABA and ensure it is focused on economic development by:

- Streamlining application processes.
- Requiring a five year strategy to be tabled in the Commonwealth Parliament.
- Ensuring ABA funds are not used to fund services that would normally be provided by government.
- Developing a clear policy on the approval of low interest loans from the Account.

Federal Labor will also consult with ABA committee members about the appointment of two external members with business expertise.

By far the largest Indigenous financial asset is the Indigenous Land Fund, which has grown to over \$1.4 billion in the past decade. The Land Fund is used for the sole purpose of

funding the Indigenous Land Corporation, which acquires leases and divests properties for economic, social, cultural and environmental purposes. Since the fund became self-sustaining in 2004-05, its “realised real return” has fluctuated dramatically. In 2004-05 it received just \$4 million, in 2006-07, it received \$96 million and in 2007-08 it will receive no income at all.⁵

Indigenous Business Australia (IBA) manages about \$170 million in private equities (built up largely from annual government appropriations). In 2005-06 it had \$45.7 million for new equity and investment proposals and \$27.19 million for business development and assistance.⁶ This assistance included 74 business loans totalling \$14.2 million and \$4 million for ‘economic development initiatives’. These initiatives mainly involve grants to consultancies to support Indigenous enterprises through workshops or individual mentoring.

IBA investments in 2005-06 created 894 employment opportunities of which only 195 were taken up by Indigenous Australians – this figure should be higher.

Federal Labor will work with the IBA and ILC to ensure that their investment policies support the expansion of independent Indigenous businesses.

This will include IBA encouraging companies to mentor and develop small Indigenous enterprises with which they can sub-contract. This will help to create local enterprise and sustain local jobs.

Federal Labor will seek commitments from the IBA and ILC to:

- Publish Indigenous employment and enterprise targets within specific timeframes and report regularly on their performance against these targets.
- Reduce red tape and bureaucratic handling of applications to make turn-around times more competitive.
- Contribute to industry-based training, jobs and business development in industries outlined in this policy framework.

Federal Labor will investigate ways to maximise the returns of the Indigenous Land Fund and to secure a more reliable level of income for the Indigenous Land Corporation. This stability is crucial to long term strategic planning and economic development.

Royalty money received by Traditional Owners for developments on their land is another significant financial asset. On Groote Eylandt, a community-owned corporation invests royalty payments strategically in enterprise and economic development. Further south, the Central Land Council works with traditional owners in the Tanami and at Uluru to determine priority community development projects to be funded from royalty and rent monies. Native title holders in South Australia have joined together to strategically invest in Indigenous enterprises in tourism, arts, fishing and aquaculture, mining, agriculture and wind energy. Regional mapping has produced estimates of at least 3,000 new jobs across South Australia to be created from these enterprises by 2015.⁷

A number of remote communities on Indigenous lands, particularly in Queensland and Western Australia, have argued for more flexibility and certainty in relation to their land interests. The NSW Aboriginal Land Council network oversees a land estate of more than 616,460 hectares and administers a self-sustaining Statutory Investment Fund, which has grown in value from \$281 million in December 1998 to \$730 million today.

Due to the complexity of the land law and leasing processes, the transaction costs for obtaining a long-term lease for business can be prohibitive.

Land is an important form of security for leveraging private investment and capital for Indigenous enterprise. There are ways to enable more economic development whilst maintaining the interests of Traditional Owners.

Federal Labor will work with State and Territory Governments and in close partnership with Traditional Owners and their representatives to streamline leasing options. These changes will need the consent of local Indigenous land owners.

The native title process provides incentives for the private sector to provide training, job and enterprise opportunities to Indigenous communities in return for developing native title land. These deals are set out in legally-binding Indigenous Land Use Agreements.

For example, an agreement signed between Zinifex Pasma Century Mine Limited, the Queensland Government and three native title groups – the Waanyi, Mingginda, and Gkuthaarn and Kikatj, has resulted in 200 local Indigenous people being employed at the mine.⁸

Federal Labor believes Indigenous Land Use Agreements are a positive framework for regional development with private sector partners and should be supported by all levels of government.

Conclusion

This paper lays the foundation and direction for the development of an Indigenous Economic Development Strategy by a Rudd Labor Government.

Economic development can only be progressed by a government willing to work in partnership with Indigenous Australians and the private sector. It needs fresh ideas and a long-term commitment.

Federal Labor's focus on Indigenous economic development is supported by a commitment to lifting levels of education and training, especially literacy and numeracy, and providing better health outcomes. Federal Labor has committed to close the 17 year life expectancy gap between Indigenous and non-Indigenous Australians within the next generation.

Federal Labor's commitment to close the gap is supported by its plan announced in May 2007, to improve child and maternal health services, early development and parenting programs, and focus on literacy and numeracy in the early years of school.

Endnotes

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3. Adam Levin, *Improvements to the Tax and Legal Environment for Aboriginal Community Organisations and Trusts* August 2007.
4. As at 30 June 2007, ABA Annual Report 2006-07 not yet tabled.
5. Senate Estimates transcript, 28 May 2007, Community Affairs, questions to the Indigenous Land Corporation.
6. Indigenous Business Australia, Annual Report 2005-06.
7. Native Title Unit of Aboriginal Legal Rights Movement, *Aboriginal Self-Help: 3000 New Jobs Targeted in SA*, Adelaide, 2007.
8. Data from Zinifex Century Mine; see Gulf Communities Agreement Brochure.