

Respect Elders . . . Respect others . . . Respect Nature . . . Respect self.  
– traditional indigenous knowledge from Alaska

# International Handbook of Research on Indigenous Entrepreneurship

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## 40 Unlocking the economic potential of an Australian indigenous community

*Duncan Ord and Tim Mazzarol*

### Introduction

The impact of European settlement on indigenous Australia over the past two centuries has been significant, and largely detrimental. Indigenous communities in Australia are still among the most socially and economically disadvantaged in the developed world despite substantial financial investment by federal and state government authorities in indigenous education, health and housing programmes. This chapter builds on research undertaken into the economic impact on the Western Australian economy of the Noongar Aboriginal community. It suggests that the collective economic value of this community is significant, but remains trapped in a welfare paradigm when a pragmatic economic approach is required.

### The reconciliation dilemma

Economic and social disadvantage within the Australian Aboriginal and Torres Strait Islander indigenous communities is significant, with higher rates of unemployment, underemployment, welfare dependency and chronic health problems than any other group within Australian society (Foley, 2003). Contrary to popular perception the indigenous population in Australia is highly urbanized, with around 73 to 75 per cent living in major cities or regional centres (Altman, 2000; MCATSIA, 2004). Although a minority of indigenous communities follow traditional, subsistence lifestyles, the majority seek to participate in the mainstream economic and social frameworks of contemporary Australia. Yet, despite this need and desire for mainstream economic participation, the pattern of labour force participation among indigenous communities has been one of decline (Taylor, 2003).

The social and economic disadvantage of indigenous Australian communities blights an otherwise admirable economic and social track record for Australia, and poses a major long-term challenge for the nation. Failure to address the problems of the Australian indigenous community will result in further social and political dysfunction within the national psyche and serve as a cancer within the body politic. Economic self-determination via employment, enterprise and entrepreneurship is a key to the long-term reconciliation of indigenous with non-indigenous Australia. Achieving this goal will require enhanced school-to-work transition programs, mentoring and support networks, greater involvement by the private sector in indigenous organisations and enhanced indigenous enterprise activities (MCATSIA, 2004).

Within mainstream Australian society the key to social and economic well-being is meaningful employment. Wealth is the primary measure of status within Australian society and wealth is an outcome of employment, which is, in turn, closely related to educational attainment. At least three primary structural barriers have been identified as restricting greater

employment and economic participation among indigenous Australians: (i) lack of education qualifications and skills development; (ii) poor employment opportunities within indigenous communities; and (iii) marginalisation and exclusion from mainstream society (ibid.).

Regrettably the participation rates among young indigenous people are well below those of non-indigenous Australians. However, even when education and training is provided there are few job opportunities available to indigenous Australians, who frequently face latent or open racial prejudice. This prejudice is often from both within and outside the indigenous community. For example, Aboriginal people who have succeeded in professional or business circles find themselves ostracised by their own communities for their success, while failing to be fully accepted in the mainstream community (Foley, 2003).

Integrating the indigenous community into the mainstream social and economic life of Australian society should be one of the nation's highest priorities. However, while there is widespread consensus over the need for such an outcome, there remains uncertainty over the most effective pathways to achieve this. Entrepreneurship and enterprise are important vehicles for economic self-determination within mainstream Australian society, and they apply equally to indigenous communities. However, significant differences exist between indigenous and non-indigenous Australians that require the creation of effective enterprise and entrepreneurship frameworks that can achieve sustainable reconciliation based on economic self-determination.

This chapter focuses on the Noongar Aboriginal community of Western Australia and their opportunities to secure economic self-reliance over the long term through the leveraging of their collective wealth. As the traditional owners of the most fertile and now densely populated regions of the state, the Noongar have also suffered the greatest social and cultural dislocation as a result of European settlement. Nevertheless the Noongar are in the best position of all WA indigenous people to increase substantially their participation in the economy and achieve sustainable reconciliation through enhanced wealth creation. The majority of the Noongar live in areas of strong economic growth and amongst a non-indigenous workforce that is rapidly aging. The concept of 'Noongar Nation' is now beginning to stir a sense of cultural pride and awareness among Noongar youth as they seek to reclaim their community cohesiveness in the wake of the Stolen Generation.<sup>1</sup> As this chapter shows, the Noongar community possess significant economic power, but this will only be unlocked through the application of sound business practices.

### Government policy on indigenous economic development

The period 1998–2003 was one of profound reflection by government and the indigenous community on the failure of policies and programs, and the actions of the market economy to address indigenous economic and social disadvantage. For example, in March 1998, the Federal Minister for Aboriginal Affairs released a discussion paper, *Removing the Welfare Shackles* to explore a way forward. The paper reported on the experience of Canadian indigenous business programs where the emphasis was on building investment income that could fund further investments or be distributed to people in place of welfare dependency. An outcome of this process was the formation of the Indigenous Business Australia (IBA) model based on its counterpart in North America, the Aboriginal Business Canada (ABC). The IBA was designed to invest in commercially viable investments, promote joint ventures, provide grants and loans, provide indigenous housing

loans, hold Aboriginal and Torres Strait Islander land trust funds and promote the establishment of an indigenous bank (DIMIA, 1998).

In response to the formation of the IBA, the Aboriginal and Torres Strait Islander Commission (ATSIC) commissioned its own report, *'Getting on with Business'* (ATSIC, 1998). This report rejected the IBA proposal in favour of a partnership-based model seeking to integrate the existing economic development work of ATSIC with the private sector. This new approach included improved access by indigenous people to mainstream banking services and an emphasis on employment as the main outcome of economic development (as opposed to wealth creation). It also suggested the use of collective negotiating power to influence the financial institutions in supporting indigenous people and businesses with finance. Highlighting their track record in indigenous enterprise creation, ATSIC proposed the formation of an Indigenous Business Equity Fund, which would serve as a venture capital provider open to indigenous land councils and other investors.

The debate over the merits of these two arguments led the Federal Government to establish the IBA under the ATSIC Act in November 2000 (Parliamentary Library, 2000). In response, ATSIC joined with the Business Council of Australia (BCA) to commission a report, *'Indigenous Communities and Australian Business'* (Allen Consulting Group, 2001). This highlighted the economic and social problems facing the Australian indigenous community and the role small business and regional cooperatives play in creating jobs. It noted international efforts to enhance entrepreneurship via small business creation within indigenous communities, and the poor track record of such venture creation in Australia. Also noteworthy was the low commitment of Australian business to anything that does not match their strategic interests.

A key problem in the creation of partnerships between the business community and the indigenous community in Australia has been the issue of control. In most business partnerships with indigenous communities control lies with the private sector partner rather than the indigenous community. This creates the risk of exchanging government welfare for corporate welfare. It is a problem being recognised in the mining and resources sector in which employment creation schemes for indigenous communities, developed as a part of the native titles agreements, have degenerated into welfare.

The need for the business community to play a stronger role in social and economic development through community capacity building was highlighted in the *McClure Report* (2000). This pointed to the need for business to recognise it had a 'mutual obligation' to work with government and community groups to address social and economic disadvantage. Despite these reports the situation for indigenous Australia has continued to deteriorate relative to the overall prosperity of the mainstream population. Federal Government funding to indigenous communities has been substantial, yet it has lacked reliable outcomes-focused measures, and has suffered from duplication and dispersal of effort (CGC, 2001). A key example of this has been the Community Development Employment Project (CDEP) schemes. While well intentioned and sometimes generating successful, sustainable business ventures and employment opportunities, many projects are essentially a work for the dole measure.<sup>3</sup> In June 2002 there were 34 184 indigenous Australians engaged in CDEP projects with the majority unable to find work outside such schemes. Without CDEP, indigenous unemployment rates would have been around 45 per cent (SCRGSP, 2003).

An examination of the general pattern of indigenous employment by industry shows a bias with 40 per cent of jobs located in the government administration, education, health

and community services sectors with minimal involvement in the finance and insurance industries (*ibid.*). Western Australia has the dubious honour of having the lowest ratio of indigenous to non-indigenous self-employment, with only 12 per cent of its massive land area owned or controlled by and for indigenous people (*ibid.*). It has been the policy of the WA Department of Indigenous Affairs (DIA) to promote the process of community capacity building through government partnerships with indigenous communities. This has achieved some success and has concentrated on family groups via local land councils in conjunction with ATSIC (DIA, 2002). However, much of the focus of the WA State Government's indigenous policy has been aimed at health, education and housing for remote communities. These areas of basic need remain poorly served within the state, with around 8 per cent of indigenous households having ten or more occupants (*ibid.*). The indigenous community of Western Australia remains severely disadvantaged, with 66 per cent earning less than \$21 000 per annum and 40 per cent earning less than \$11 000 per annum. CDEP-related work accounts for 46 per cent of all indigenous employment within the state (DOIR, 2004).

Western Australia's State Government is essentially pursuing parallel indigenous affairs policies to that of the Commonwealth, although the state has significant issues to address in terms of an effective 60 per cent unemployment rate among its indigenous people, and geographic isolation of remote communities. There remains some opportunity for employment within the mining and resources sector which has enjoyed a boom in recent years. However such jobs are also linked to mine life and can quickly disappear with a downturn in commodity prices or the inevitable running down of the ore body. Over the period of the 1990s the 'hollowing out' of Australian society has resulted in a shrinking of middle-income families and a growing gap between the wealthiest and the most disadvantaged in the community that has particularly affected regional and rural Australia (Lloyd, Harding and Hellwig, 2000). Indigenous Australians have been the most severely disadvantaged by this trend with CDEP and unemployed people comprising the majority of the lowest income groups in the nation (Jones, 2003).

#### **Indigenous enterprise and entrepreneurship**

Cornell and Kalt (1992) identified four internal assets that can be used by indigenous communities to advance their economic development: (i) ownership of natural resources; (ii) human capital skills; (iii) institutions of governance; and (iv) art, music and culture. Utilising these resources the community can develop either an internally or externally focused strategy, either addressing needs internal to the community, or seeking to engage actively with the external mainstream economy. Cameron (1998) examined semi-autonomous American Indian tribal development corporations, noting that they were often impeded by tribal politics, lack of external investment and indigenous management expertise. It was concluded that indigenous business enterprises must remain free from tribal political interference and free to pursue sustainable business models while still addressing community need.

The experience of indigenous corporations in Canada and the United States has highlighted the importance of running along pragmatic business guidelines with effective management teams and corporate governance structures that can provide confidence to external non-indigenous investors (SFNS, 2002; MACC, 2004). This has led to the formation of a number of well-structured indigenous corporations and even financial institutions such as

the Native American Bank of Alaska, a commercial bank that finances large indigenous business ventures using capital acquired via tribal trusts and the general banking sector through the Community Reinvestment Act compliance (NAB, 2003).

Canada has a similar indigenous profile to Australia, with high levels of indigenous unemployment and a concentration of employment into the government and social services sectors. Seventy-five per cent of Canadian indigenous businesses are micro-enterprises comprising a sole trader or at best a single employee (INAC, 2002a). Canada also operates a CDEP scheme comprising 505 Community Economic Development Organisations (CEDO); however, unlike their Australian counterparts, these provide business planning and support services and micro financing loans as well as training for indigenous enterprise projects. CEDO have also taken equity positions in private and community enterprises. The success of such schemes may be measured in an indigenous enterprise start-up rate within Canada that exceeded non-indigenous start-ups at a rate of 105 per cent over the period 1994 to 2001. Many of these businesses are joint ventures with non-indigenous private enterprises and encompass all industry sectors (INAC, 2002b). Aboriginal cooperative organisations in Canada have also proved successful in fostering economic growth, responsibility sharing and encouraging accountability, particularly in the distribution and management of large sums of money generated from land titles settlements (Ketilson and MacPherson, 2001).

While the experience of North American indigenous enterprise development has many useful lessons for Australia, it must be acknowledged that many of these models have been developed for largely rural tribal reserves comprising homogeneous communities. Such models are less applicable to indigenous communities located in urban areas who are frequently scattered in relatively small family units throughout the broader population (Wherrett and Brown, 1994). This is the common situation found in Australia where the majority of indigenous people live in the cities and major towns. Of concern is evidence that variations in employment rates between indigenous and non-indigenous people in Australia can only be partially explained by such factors as education, skills, location, language or family status (Altman, 2000). Of much greater importance is racial discrimination by business toward the indigenous community. For example, the Northern Territory, despite above-average economic growth and substantial government efforts to boost indigenous employment, experienced a fall in workforce participation rates among Aboriginal people. The only area of employment growth for indigenous people was in the Commonwealth public service (Taylor, 2003).

Australian indigenous communities are characterised by relatively high levels of labour mobility, albeit within relatively confined geographic areas. This mobility appears to be driven in part by high job turnover relating to seasonal employment patterns, high levels of part-time and casual employment as well as very high levels of youth unemployment (Hunter, 2004). Self-employment among Aboriginal Australians is also low.

In 2001, less than 5 per cent of Australia's indigenous workforce were employers or self-employed, significantly below rates found among non-indigenous communities (ibid.). Such low rates of entrepreneurial activity may reflect a lack of access to finance, but this alone cannot fully explain the dismal performance of indigenous Australians in entrepreneurial activities. By contrast immigrant communities who have also suffered social and economic alienation from mainstream society, and a lack of easy access to financing, have overcome such impediments through micro and small business ventures supported

by internal group markets and a capacity to concentrate on niches within the labour market (McDonald, Thomas and Duczynski, 2002).

Hindle and Rushworth (2002) have suggested that entrepreneurship has the potential to redress the welfare dependence of indigenous communities by offering economic empowerment while respecting traditional culture. Indigenous entrepreneurship does not have to involve solely new venture creation, but can include joint ventures with non-indigenous partners. It can also encompass for-profit, not-for-profit and government enterprise structures. Given the social and economic disadvantage within indigenous communities, a mix of all three forms of enterprise activity is often appropriate. However research into indigenous entrepreneurship within Australia is scant.

Foley (2003) has concluded from his research of indigenous Australian entrepreneurs that key factors influencing their success were the personal motivation to 'correct negative social perceptions and resultant social stratification based on race'. In essence their enterprise creation activity was strongly motivated by a desire to overcome negative racial stereotyping. However these same individuals risked losing the support of their own communities and culture as financial success draws them away from the mainstream of indigenous social norms. Mazzarol (2003) found that nascent indigenous entrepreneurs were as motivated to follow a market opportunity as their non-indigenous counterparts as a trigger factor to new venture creation, but placed significantly higher weighting on social status. While the desire to achieve enhanced social status was a major trigger for nascent indigenous entrepreneurs, the key barrier was the 'hard reality' of overcoming fear of failure, securing the support of others, and taking on the challenge of the task itself with limited knowledge and skills.

#### **Noongar nation as an economic force**

The Noongar community comprises the indigenous population who are the traditional owners of the lands encompassing the southwestern part of Western Australia that stretch from Geraldton to Esperance. The Noongar trace their history back at least 45 000 years, with evidence of human habitation of the Perth and Albany regions. While estimates of the Aboriginal population at the time of European settlement are inconclusive, there appear to have been substantial numbers living around the Swan and Murray River areas, and spread throughout the southwestern forests and coastal regions. Tensions between the Noongar and British colonists emerged from the earliest years of the European settlement, with killings taking place on both sides from 1831 that resulted in sweeps by the military and police against the Swan and Murray River tribes. Noongar warrior Yagan became a prominent outlaw and led a degree of resistance to white settlement, ultimately suffering imprisonment and murder (Cormick, 1997).

As European settlement spread into the Murray River and Peel Estuary south of Perth, the Noongar from this area began to clash with the British, resulting in the military and police action known as the 'Battle of Pinjarra' in 1834 that saw the killing of up to 30 Noongar, including women and children (Windschuttle, 2001). From the 1840s, the Western Australian colonial government passed a series of laws designed to control the Aboriginal population, which served to limit their freedom of movement, strip away their language and culture, and confiscate their lands. By 1901, it has been estimated that the population of Noongar had fallen to as few as 1500. In 1905, the Aborigines Act brought all Noongar under government control and required the people (who possessed no citizenship or voting

rights) to concentrate on specified Aboriginal reserves. Children of mixed race were forcibly removed and relocated with non-indigenous families to be trained as domestic workers. By 1915, about 15 per cent of the Noongar population was forced to relocate to the Moore River Native Settlement, 100 kilometres north of Perth and far from their traditional lands. The policy of removing mixed-race children from their parents continued until 1963 and caused significant social and psychological trauma to those affected. It was not until 1967 that the Noongar, along with other indigenous Australians, secured full citizenship rights. By the mid-1970s, the indigenous land rights movement had gathered momentum and this led to the 1992 Mabo decision that reversed the concept of *'terra nullus'* (a land owned by no one) and resulted in the 1993 Federal Native Title Act (SWALSC, 2004).

An investigation into the economic impact of the Noongar People on the Western Australian economy in 2004 found that, while the social and economic marginalisation of the community has been as bad as most other indigenous communities in Australia, the Noongar were in the best position of all the State's indigenous people to 'substantially increase their participation in the economy' (Ord, 2004). In the period 2004–05 annual direct income flows to the Noongar community in WA were estimated at \$359 million, of which \$75 million was business income. Indirect income to the Noongar community was estimated at an additional \$318 million, and the total assets for the community were estimated at some \$442 million (*ibid.*). In essence the Noongar community contributes around \$500 to \$700 million per annum to the Western Australian economy.

The research undertaken for this study was commissioned by the South West Aboriginal Land and Sea Council (SWALSC), which is the main representative organisation for Noongar traditional owners of the south-west of Australia. Its goal is to unite all Noongar people to achieve recognition for their common land title and cultural heritage. Representing 27 000 people within 218 family groups, SWALSC has a central aim of economic independence. As part of the claim, SWALSC has developed a comprehensive economic development strategy for the Noongar community. The study was completed in 2004 and suggested that the Noongar community should seek a target of creating an additional 4000 jobs over the next seven years and around 40 new Noongar business ventures each year, of which 20 would be in the Perth metropolitan area and the other 20 in regional areas of the state's southwestern regions. According to this analysis, 'This level of outcome is needed if the current disadvantage is to be addressed' (*ibid.*).

The creation of 4000 new jobs and 280 new business ventures over a seven-year time frame, while not an unrealistic goal, will require a significant adjustment to the existing enterprise support networks within Western Australia. It will require enhanced entrepreneurship and enterprise education and mentoring schemes aimed specifically at the needs of the indigenous community. To facilitate this process it will be necessary to identify new enterprise and entrepreneurship frameworks that are appropriately tailored to the specific needs of the indigenous community.

Noongar country encompasses five economic regions within Western Australia, namely the Perth metropolitan area and the Peel, South West, Great Southern and Wheatbelt regions. Over the period 1996 to 2001, the annual economic growth rates of these regions were respectively Perth (3 per cent), Peel (5.8 per cent), South West (3.6 per cent), Great Southern (–1.4 per cent) and the Wheatbelt (–4.8 per cent) (Brain, 2004). Noongar population concentrations are most heavily focused on the Perth metropolitan region and the Wheatbelt. In 2001, Noongar unemployment rates were 3.5 times the average of the

non-indigenous community with average individual weekly income levels of \$344, compared to \$576 for non-indigenous people (ABS, 2001a). Perhaps a more critical measure is the level of home ownership among Noongar, with only 9 per cent owning property and 58 per cent renting (ABS, 2001b). Home or property ownership remains a critical issue for future economic self-determination and entrepreneurship. Without access to equity in property, Noongar will find it difficult to gain access to bank financing for future business ventures.

#### **Noongar participation in the WA economy**

The Noongar community participate in the Western Australian economy both directly and indirectly. Direct economic influences comprise Noongar workforce participation and participation in CDEP projects, the individual and household expenditure of the community, and the ownership of property and other assets. Indirectly the Noongar community has a major impact on State Government policy across a wide range of ministerial portfolios including housing, health, education, justice and police. This leads to the expenditure of public funding on schemes designed to address economic or social disadvantage.

The Noongar workforce is more likely to be part time than full time within the WA economy owing to the high level of CDEP-related employment activity. For example, in 2001, the rate of unemployment within the Noongar community was 26 per cent, as compared with the non-indigenous community of Western Australia which was only 7.6 per cent (ABS, 2001a). However the average age of the Noongar was 19 years, while that of the whole WA population was 34 years. This relatively young population produces a demographic disparity between the Noongar and the mainstream communities. Providing meaningful employment opportunities for this young Noongar population will be a major challenge for the WA economy over the next decade.

Within the Perth metropolitan region, 53 per cent of Noongar are employed in low-skilled occupations, with 34 per cent employed in government, health and education sectors (ABS, 2001b). The pattern of Noongar employment in the regional areas of WA is similar to that of Perth, although agriculture comprises a much higher proportion of the total, at around 9 per cent. An analysis of the general employment patterns for Noongar labour market participation suggests they are consistent with national trends, indicating systemic rather than localised reasons for any variance between indigenous and non-indigenous employment rates. The bias toward public sector employment among indigenous communities is an Australia-wide phenomenon. Future employment creation schemes for Noongar will need to concentrate on the private sector to reduce unemployment and build wealth within the community.

Self-employment, particularly small business ownership, is a major source of wealth creation among Western Australians. There are an estimated 139 500 small businesses in WA, of which 61.5 per cent are single operator micro-enterprises with no employees (ABS, 2004). Many of these micro-enterprises are operated by self-employed tradespeople and it is in this area that the lowest level of Noongar workforce participation is to be found. Noongar participation in self-employment and small business is limited by an absence of trade qualifications and a lack of personal equity and start-up capital, particularly home ownership.

As noted above, the CDEP projects provide a high proportion of the employment for the Noongar. Five CDEP organisations are active within the Noongar community: the



Perth Employment and Enterprise Development Aboriginal Corporation (PEEDAC) Pty Ltd; Kaara-Koorliny Enterprise and Employment Development Aboriginal Corporation (KEEDAC); Noongar Employment and Enterprise Development Aboriginal Corporation (NEEDAC); Wheat belt Aboriginal Corporation (WAC); and the Southern Aboriginal Corporation (SAC). These CDEP organisations are funded to pay wages up to the equivalent unemployment welfare payments and for operational expenses needed to provide the work opportunities. CDEP workers are also provided with a supplementary payment of \$20.80 per fortnight from Centrelink to encourage them to register for other employment opportunities (Centrelink, 2003). In 2001, these five CDEP organisations employed a total of 1731 persons and expended around \$21 million (Noongar Country Regional Council, 2002). These CDEP organisations were formerly under the control of ATSIC, but the demise of that organisation has left the responsibility for these operations to the Federal Department of Employment and Workplace Relations (DEWR).

Since 2001, the number of participants engaged in CDEP schemes in WA has risen significantly. For example, the largest organisation, PEEDAC, reported a 70 per cent growth over the period 2001 to 2004, with 950 participants now engaged. The CDEP organisations in the Noongar area own and operate a range of business ventures and generate around \$1.2 million in annual revenues, which are used to offset operational costs and supplement payments to employees. The CDEP are also involved with school-based apprenticeships and PEEDAC has established an Indigenous Employment Centre to broker mainstream employment opportunities on behalf of DEWR (PEEDAC, 2003).

In addition to the CDEP organisations there are the Perth Noongar Regional Council and the Noongar Regional Council. The former was established under the ATSIC WA Regional Office to address economic, cultural and social development priorities. In 2002 it had an annual expenditure of \$11.6 million of which 60 per cent was allocated to CDEP projects, and the balance to housing, sport, and culture and community capacity building (Perth Noongar Regional Council, 2002). The Noongar Regional Council focuses on non-metropolitan areas but has a similar role. In 2002, its annual budget was \$17.3 million of which 83 per cent was allocated to CDEP (Noongar Regional Council, 2002).

A further \$25 million was spent within the Noongar community by ATSIC during the period 2001–02 via grants to groups such as the Indigenous Land Council (ILC) and the Indigenous Business Australia (IBA) (ATSIC, 2002). The ILC was established in 1996 to facilitate land purchases under the Native Title Act, 1993. By 2004, the ILC had made 26 land purchases in WA worth a total of \$35 million, of which \$14 million were for Noongar property. The IBA has made eight investments in WA as of 2004, of which only one was in Noongar country. The IBA has \$3.5 million invested in the Noongar Property Trust. Most property purchases by the ILC have been agricultural or pastoral assets, while the IBA makes its investments in a wider range of assets including services firms, tourism ventures and retailing.

A variety of State Government Agencies employ Noongar people, including the Department of Indigenous Affairs (DIA) and the Office of Native Title within the Department of Premier and Cabinet. Based on the proportion of indigenous people who are Noongar, the estimated state government expenditure on the community is around \$12 million (DIA, 2003). Priorities for State Government agencies include heritage and cultural issues, land administration and general policy work. The DIA employs 132 staff, of whom 41 per cent are indigenous.

Table 40.1 *Noongar business entity survey, 2004*

| Nature of enterprise | No | F/T staff | P/T staff | Revenue (\$) (000) | Asset value (\$) (000) |
|----------------------|----|-----------|-----------|--------------------|------------------------|
| Large organisations  | 7  | 333       | 1889      | 43 350             | 12 200                 |
| Small businesses     | 7  | 48        | 32        | 2125               | 3685                   |
| Micro businesses     | 8  | 2         | 36        | 280                | 3330                   |
| Total                | 22 | 383       | 1957      | 45 755             | 19 215                 |

In addition to the CDEP and government agencies there are around 256 Noongar-related business entities operating in Western Australia. These include approximately 150 indigenous corporations and 100 other legal entities, incorporated associations, proprietary limited companies, partnerships and sole traders (ORAC, 2004). A further 50 businesses have been identified that do not specifically disclose themselves as Noongar. Many of the indigenous corporations were established as a vehicle for the receipt and management of large grants, rather than as trading entities. Identifying Noongar-owned and operated trading ventures is more problematic because of a lack of records and a general reluctance by the owners to specifically identify their venture as Aboriginal.

To gauge the extent of Noongar business activity a survey was undertaken of 125 Noongar business entities recorded in official databases. A questionnaire was mailed to each business, along with a covering letter and return-paid envelope. This produced a 17.6 per cent response rate, generating a final sample of 22 respondents. Table 40.1 provides a summary of these respondent firms. It can be seen that the sample was biased toward the larger ventures with significant turnover and asset value. The absence of small and micro-enterprises in the sample is likely to reflect both a distrust of surveys among such ventures and the relative lack of such firms in the Noongar community. Despite the relative lack of data on Noongar business activity, the total value of large Noongar ventures is estimated at around \$70 million. The smaller firms are more difficult to identify and those that do exist are often reluctant to identify themselves as indigenous in nature. Annual turnover of small firms is unlikely to be greater than \$5–10 million or \$2–5 million for micro-enterprises.

Other indicators of Noongar participation in the WA economy include housing property assets estimated at \$132 million in 2003 (ABS, 2003). A further \$100 million is estimated to be held in superannuation savings accrued by Noongar, giving a total of \$232 million or around \$29 800 per Noongar household. This continues to be well below the average of \$242 000 for non-indigenous Western Australian households.

#### **Economic opportunities for the Noongar Nation**

The areas within Western Australia encompassing Noongar lands are economically dynamic with historically low unemployment. However the labour market in these areas is dominated by the key mining and agriculture industries in all but the South West and Metropolitan area. Noongar labour force participation and business involvement is well below its potential, but there is a significant range of opportunities in selected areas of Noongar country for greater economic participation. Two of the regions have well-articulated Aboriginal economic development strategies, but these need supporting with

access to capital and skills to facilitate change. The economic profile of the region indicates current Noongar economic participation is caught in the casual low-paid and emerging industries part of the economy, which is not delivering an increase in household wealth.

The SWALSC economic strategy is to recreate the idea of a Noongar Nation, and within this to establish a Noongar domestic economy, to build the base from which economic empowerment will emerge. From an economic perspective there should not be Noongar disadvantage to any greater extent than in the non-indigenous community. With 60 per cent of Noongars living in Perth and nearly 80 per cent in major towns, the labour market should provide sufficient jobs to sustain a 65 per cent labour force participation and a 94 per cent employment rate. Given that 40 per cent of all workers in the WA economy do not have qualifications, the skills issues is not, in itself, a reason for an effective 50 per cent Noongar unemployment rate.

Noongar people are achieving success in the labour market, particularly in State and Commonwealth Government agencies. They are also widely represented in the private sector in mainstream employment. The area in which participation is insignificant is in self employment and small business. The State economy has 96 per cent of businesses employing fewer than 20 employees, of which 60 per cent are micro with fewer than five employees. Small businesses are built through networks and relationships and most often through family associations (ABS, 2004). It is in this area that more could be done to assist the Noongar.

Looking at the success of migrants in integrating into the WA economy, a common feature is the establishment of small businesses that at first supply to the domestic market of other migrants from the same group, or the provision of services that others in the main economy do not want to provide, such as cleaning. One feature of migration, however, is that migrants often use their connections back to their previous country to source goods for resale in Australia to new markets. The first generation invest in the skills of their children, use community networks for advancement and progressively move into more complex industries or supply chains. In the case of Noongar people, they have been fragmented into remote communities on the fringes of Perth or in particular country towns and centres. Connection to land and family has militated against the very clustering that allowed migrants to create their micro-economies.

Racial prejudice is still a major impediment to indigenous integration into the labour market and economy. For example, PEEDAC reported clients being very uncomfortable when their Noongar lawn-mowing business employees turn up to collect their \$20 at the front door. Stereotyping is also an issue: WA society appears to have no problem with a Noongar in a suit or painted up with spears for a dance performance, but, as the local handyman or mechanic or electrician, that appears to be a different and less attractive proposition. For example, Perth shopping centres will employ security guards to follow indigenous youth around out of suspicions over potential shoplifting or trouble making, but few, if any, Noongar are employed in these shops when they are the right age and have the same education as the mainstream community.

Regional communities face similar problems, but have the added stress of rural adjustment and the loss of economic viability in small towns, associated with the withdrawal of service branches in areas such as banking, postal services and government offices, brought about by technological change. The Regional Development Council (2004) lists a number

of key imperatives in retaining people in regional communities. These include jobs and career opportunities, health, housing, perceptions of lifestyle, and community and infrastructure.

Noongar communities are forming both formal and informal networks to address the need for social cohesion. These include community action groups and even, at the big picture level, the Indigenous Women's Congress (DCD, 2004).

Canadian research suggests that the building blocks for indigenous economic participation include a supportive business culture, supportive government arrangements including economic development funding and related policies, and support for both individual and community capacity building. Also needed are appropriate education and training programs, access to capital, markets and adequate infrastructure, technology and natural resource development (DIAND, 1999). By any measure, few of these building blocks are in place for Noongar people in Western Australia.

#### **Creating economic building blocks**

Fostering economic self-determination among the Noongar will require a process of empowering the community through a combination of education and training in business and entrepreneurship skills, and the support of indigenous ventures, particularly those already established. Indigenous labour force participation is often influenced by family obligations and a short-term focus on survival. However, many indigenous communities are negatively affected by a lack of self-confidence, health and substance abuse problems, and the scarring effect of long-term unemployment in low-paying dead end jobs (Hunter, Gray and Jones, 2000). Raising the level of Noongar workforce participation will benefit from the creation of workplaces that are more welcoming to indigenous people.

The CDEP projects have been criticised for failing to move sufficient numbers of their participants into the mainstream workforce (DEWR, 2002). However such criticism does not recognise the social and cultural issues facing indigenous employees. Many indigenous people involved in CDEP projects would appear to prefer to take low wages in a culturally supportive environment than be socially isolated in a mainstream workplace. For example, all CDEP organisations reviewed for this study reported Noongar preference for jobs that had no more than 20 hours' contact. As a communal society, they seemingly prefer to work less time, earning less money, to enjoy more time with their family (ibid.).

Despite their desultory track record in developing sustainable employment or business ventures, the CDEP projects remain a potential base for future development. However the CDEP lack the capacity and expertise to provide business development support to indigenous ventures, and will need to be reinforced or supplemented if they are to fulfil a key role. It has been suggested that a CDEP Business Development Fund be established with a focus on encouraging the level of internal trade within the indigenous community (Spicer, 1997). The CDEP organisation located within Noongar communities accepts the need for the establishment of business incubators in which they can introduce workers to appropriate work practices, provide skills training and develop opportunities. However the CDEP lack the necessary resources for such initiatives.

Owing to the financial risks involved, even viable Noongar CDEP businesses have been closed, as they were linked to other businesses that failed within the same legal entity. There is a need to develop entrepreneurial skills and capacity within the Noongar community to facilitate transition from the 'training businesses' of CDEP into the economy proper.

To fill the void in entrepreneurial capacity in the CDEP, a new commercial entity needs to exist to take responsibility for business enterprise formation and to assist businesses through the start-up and development phase. This entity needs to be able to act as an agent for start-up funding programs, such as the Indigenous Small Business Fund (DEWR), or to invest as an equity partner. The IBA provides at the national level a model that could be replicated for small and micro enterprises at the state level. Business opportunities will grow out of the CDEP, Area Consultative Committees, Regional Development Commissions, Local Government, the Office of Aboriginal Economic Development or the SWALSC. Once identified, the process of commercialising the opportunity would be assisted through this entity.

Outside the CDEP structure there remains a need to focus on the enhancement of indigenous entrepreneurship, which can involve both not-for-profit and conventional types of ventures. A key trigger for encouraging indigenous entrepreneurship may be the allure of enhancing social and economic status, but mechanisms need to be in place to provide support to nascent indigenous entrepreneurs. This support needs to help the nascent indigenous entrepreneur overcome the fear of failure, develop appropriate skills in business management and fill in any absence of family or community support. To advance indigenous entrepreneurship requires a focus on industry development that enhances market opportunities and reduces the risks, costs and self-confidence issues (Mazzarol, 2003).

Indigenous micro and small business enterprises are also likely to benefit from the creation of local production networks or markets that seek to create a form of industry cluster, whereby inter-firm cooperation via strategic networks fosters innovation and offers an opportunity for competitive advantage (Quick, 2004). Clusters are created when interdependent firms commit themselves to cooperating strategically to improve their capabilities. In the Noongar context there is a range of small firms in the building and building maintenance sector, but there is no attempt to link them into a cluster of supplied services, products and labour. Residential construction offers a supply chain from design to inputs such as timber and bricks, plumbing, electrical, construction, landscaping, plants and so on. Such collaboration between small firms is a key source of competitiveness within other communities (Ostgaard and Birley, 1994). A cluster approach identifies the opportunity to link supply chains strategically, to offer a more competitive product or range of services. Using this model, Noongar can focus on several strategic industries with long supply chains in a coordinated economic development strategy.

Property ownership is another key element in developing the future economic and entrepreneurial potential of the Noongar. The lack of home ownership among them is a major impediment in their capacity to secure debt financing for new business ventures. Schemes to enhance the level of home ownership among the Noongar community would offer a substantial building block for economic self-determination with long-term impact. However indigenous communities also possess valuable intellectual property (IP) within their culture. To be covered by protection, IP needs to be new, novel, original or distinctive and it needs to be fixed in an enduring form such as a book, disk, painting, film or patent. IP is normally attached to an individual or organisation. Indigenous IP is often communally owned, transmitted orally and based on traditional knowledge, which is often at odds with the legal interpretation of copyright. The rights of indigenous peoples to claim IP over folklore, names and traditional knowledge are gaining momentum, and this offers the Noongar the opportunity to negotiate IP rights in the same way as Native Title with state and local governments.

Janke (1999) suggests indigenous people argue for the right of origin certification status, as used by the French to protect a range of brand names such as 'Champagne'. In addition, traditional knowledge of the bush has great potential application to biomedical research, land use and regeneration. Combining indigenous art with folklore, or language and design, can provide the bases of a Noongar trademark enterprise of some economic significance (ATSIC, 1999). Indigenous IP raises complete ownership issues similar to Native Title. It would be appropriate for the SWALSC to extend its scope to gain community support to act as a central Noongar IP agency and negotiation point.

The WA State Government Intellectual Property Policy promotes the encouragement of IP development for the benefit of Western Australians through commercialisation. An examination of the royalty and licence income as a percentage of industry revenues to WA firms in 2001 shows that the top five industries are those in the plant or botanical sector, textiles and fibre technology, manufacturing, medical sciences and construction and engineering (DOIR, 2003). The prominence of the plant and botanical industries is a potential opportunity for Noongar, who retain traditional rights to native vegetation and their seeds and oil extracts.

Indigenous art and design can be combined with technology to link Noongar to the world economy. Aboriginal totems and art work are attractive to a range of industries, particularly in the advertising and marketing of perfumes. The young age profile of the community provides an opportunity to empower the next generation to participate in the knowledge economy. This sector tends to be 'colour blind', an advantage for indigenous communities; however this will take a significant change in education thinking and a commitment to connect Noongar people, homes and businesses to the Internet. The same empowering network would help build the 'Noongar Nation' identity and assist in the creation of the internal Noongar economy.

To address the need for capital outside of the mainstream lending market, Commonwealth and State Governments provide a range of programs, including the Indigenous Small Business Fund (ISBF), a \$2 million per year program (Noongar proportion \$118 000). Assistance is also available through the Office of Aboriginal Economic Development, and access to more substantial capital (\$100 000 plus) is available through the Indigenous Capital Assistance Scheme (ICAS), and the Indigenous Business Australia and ILC Investment programs (IBA, 2003; DEWR, 2003; DTRS, 2003).

At a fundamental level, the Noongar need to combine their assets, skills and opportunities to gain the critical mass necessary to engage a Western Australian economy dominated by the commodity industries and their downstream processing and services. The establishment of a Noongar Economic Development Corporation can facilitate a two-way dialogue between government, industry and capital on the one side, and community organisations, families and indigenous enterprises on the other. The corporation can pursue a three-level strategy.

#### *Level (1) Strategic investment*

This involves direct investments on behalf of the Noongar community, into companies and industries that are economically and socially progressive, and from which the Noongar can earn a high return on investment and influence employment outcomes for their people.

*Level (2) participative investments*

These involve joint ventures and equity participation that lead to employment opportunities or the transfer of skills and knowledge, or that leverage Noongar assets such as land or land rights into a business opportunity.

*Level (3) developmental investments*

These investments are focused on emergent industries, business start-ups, business growth and entrepreneurship. This should include the creation of a business incubator model and infrastructure to lead people out of CDEP into self-employment and small business.

PEEDAC suggested the concept of 'distributed business hubs', where an agency such as the ILC or SWALSC purchases or builds a block of factory units in industrial areas in the Perth metropolitan area. Here a range of interrelated Noongar small service and manufacturing businesses could be located along with a business skills mentorship program. This concept has merit as a step beyond the CDEP training businesses which are aimed at participants experiencing the world of work, but not aimed at engendering business ownership and management skills.

Management education aimed at identifying breakthrough business opportunities for future Noongar economic development and at identifying the Noongar people with the latent capacity to become the entrepreneurs of the future is another area for opportunity. Business mentoring and new venture creation and support programs run in conjunction with local university and TAFE colleges may also provide appropriate enterprise support infrastructure. The university and TAFE sectors can provide a range of applied research and development, and economic development expertise in support of indigenous economic advancement. This is consistent with the industry cluster approach which, in the UK and Europe, often has education institutions involved in the innovation development process.

The Western Australian State Government has the capacity to ensure much greater indigenous participation in government services. The utilities industry is an example. The Water Corporation has a \$1 billion a year turnover and \$10 billion in assets, and Western Power is much the same. An indigenous strategy could see both utilities partnering on new micro energy generation projects, waste water ventures and other progressive developments. Government purchases of goods and services and contracting could have indigenous content weighting, as is done with local content. This would have the effect of creating a market opportunity and some protection while indigenous businesses establish themselves. As has been seen in the mining industry, indigenous businesses can compete over time if given market access. To support these concepts a cross-government standing committee should exist under the Office of Aboriginal Economic Development, to combine grant and funding resources and to cut through red tape in support of the Noongar Economic Development Corporation and its objectives. The education and training system needs to respond proactively to the entrepreneurial age, building business skills into indigenous education and training, and using a more selective approach to training on a needs basis in support of the CDEP program and emergent indigenous businesses.

**Conclusions**

Economic self-determination for indigenous Australians remains one of the most important challenges facing the nation in the twenty-first century. Until indigenous communities are brought up to the same level of employment, home ownership and wealth as average Australians, reconciliation for the wrongs of the past two centuries will remain elusive. The Noongar of Western Australia represent one of the most culturally and socially affected indigenous communities with respect to European settlement. However, despite their economic and social disadvantages, the Noongar also have a good chance to create a sustainable economic future, building upon their existing capacity, and taking advantage of opportunities within a dynamic and expanding economy.

To achieve economic self-determination will require a multifaceted approach putting in place the various economic building blocks outlined above, and seeking to forge strategic partnerships with non-indigenous industry groups as well as government agencies. The need to overcome racism and paternalism are likely to be among the most significant challenges in this process. The concept of 'Noongar Nation' offers an opportunity for building community awareness within both the indigenous and non-indigenous communities of the capacity of the Noongar within WA society. Rather than see the Noongar as a social or justice problem, the broader community, and the indigenous community itself, need to recognise that they possess real capacity and economic clout.

With an estimated direct economic impact of between \$500 and \$700 million per year, the 27 000 Noongar have every reason to have their voices heard. However leadership will be required and the formation of the Noongar Economic Development Corporation (NEDC) in 2005 by the SWALSC provides an opportunity to create a focal point for economic and enterprise development programs. It is encouraging that this research served to assist the process of forming the NEDC, and future research will seek to collaborate with the SWALSC and 'Noongar Nation' to map the entrepreneurial capacity of the community and build appropriate enterprise support frameworks to assist nascent and novice entrepreneurs of Noongar origin.

**Notes**

1. The 'Stolen Generation' refers to the policy followed by various State Governments in Australia over a period from the 1920s until the 1960s in forcibly removing light skinned or half-/quarter-caste Aboriginal children from their parents and relocating them with European Australian families. It was dramatically portrayed in the film *Rabbit Proof Fence*.
2. The CDEP Schemes are a mechanism of disguising the high rates of unemployment among indigenous Australians. Rather than be given social welfare due to unemployment, the indigenous communities are required to work a specified number of hours in a CDEP approved workplace. For this they get their welfare payments, which for many families is their only income. The majority of CDEP projects are unsustainable or at best marginal from an economic perspective.

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