

**Submission
No 3**

**INQUIRY INTO ECONOMIC DEVELOPMENT IN
ABORIGINAL COMMUNITIES**

Name: Dr Janet Hunt

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**Submission to the Inquiry into Economic Development in
Aboriginal Communities**

Standing Committee on State Development

Legislative Council, New South Wales

Associate Professor Janet Hunt

**Centre for Aboriginal Economic Research, Australian National University,
Canberra**

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Thank you for the opportunity to make a few comments in relation to your enquiry into economic development in Aboriginal communities in New South Wales.

I am an Associate Professor at the Australian National University working in the area of Aboriginal development. I have been working here for over 10 years, with a particular focus on Indigenous governance, Aboriginal engagement in natural resource management, and government engagement with Aboriginal communities. Prior to this I had a long career in international development. It is with this background and experience that I make the following points in relation to your terms of reference.

Aboriginal communities in NSW are largely embedded within a wider community, with relatively few discrete Aboriginal communities, so economic development of Aboriginal communities occurs within this wider socio-economic environment. I have worked particularly in regional towns and centres where often the economy is not particularly strong or vibrant, and the history of relations between Aboriginal people and the wider community has not always been a happy one. Aboriginal people have experienced a great deal of racism in the past, and still experience it today, and they often remain on the margin of the locality's society and economy. Dealing with the legacy of and contemporary experiences of racism is an essential part of the challenge of economic development for Aboriginal people.

My focus is largely on community-run organisations and enterprises, although some of what I have to say may apply to other types of enterprise. Many communities are trying to generate economic development based on the unique assets they bring – their culture, their land, and their skills and knowledge in cultural and natural resource management. Such asset-based approaches to Aboriginal development seem to work, overcoming as they do the deficit view of Aboriginal people and building on their strengths. This helps with a change of mindset on the part of Aboriginal people themselves and this is an important factor in achieving economic development. But they are finding it hard for various reasons. Before exploring those reasons specific to the New South Wales situation, and where capacity building opportunities might be found, I will outline some broader research findings about what contributes to successful Indigenous economic development.

The framework and approach

International research by the Native Nations Institute in the USA indicates that there are two approaches to Indigenous development and only one of these approaches works (Cornell & Kalt 2005) . The “Nation-Building Approach”, they argue, rather than what they term the “Leap of Faith Approach”, is the model that enables Native Americans to succeed. That is, once Indigenous people have jurisdiction and control, they build slowly developing their institutions, defining their priorities and strategies, agreeing their own policies, and then developing projects for development of the tribal group. This is essentially a task of governance development before moving into actual economic or social development projects or programs. I believe this is a very important finding and more support and encouragement needs to be given to Aboriginal organisations seeking to lead economic development in their communities to do this foundational work. However, my experience in Australia is that such work is long term and once some good basics are in place, stronger governance can be built simultaneously with implementation of programs – but support to enable this is an essential requirement. The key to this is also that programs start small and build as the governance and management capacity builds. Problems emerge when organisations with only moderate capacity are pushed to develop too fast and to run programs that are too large or where there are too many programs. Essentially, governance and management capacity has to keep pace with program requirements.

Figure 4: The Nation-Building Approach to Economic Development

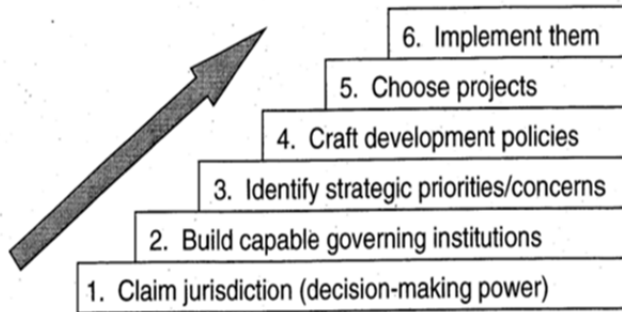
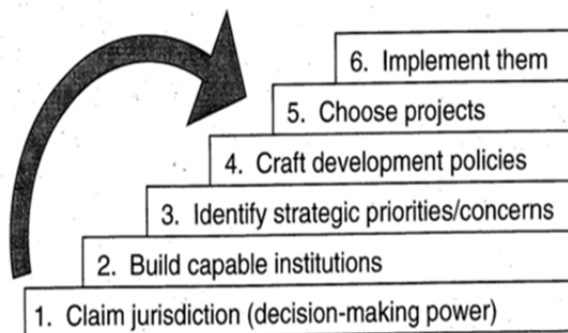


Figure 5: The Leap-of-Faith Approach to Economic Development



Building Governance

International research and evidence also suggests that four preconditions are required for successful Indigenous governance (Jorgensen 2007):

- Power (de facto sovereignty)

- Resources
- Effective governing institutions
- Accountability, legitimacy & culture match.

The Indigenous Community Governance Project which I managed from 2004-2008 explored how valid those international findings might be in the context of Australia (see <http://caepr.anu.edu.au/governance/index.php>). It found that those four conditions identified in North America are extremely important but generally those conditions do not exist across Australia, including in New South Wales:

- 1) Indigenous people do not have sufficient decision – making power or control
- 2) the resources are not sufficient or consistent, and the constantly changing conditions under which Indigenous governance bodies have to obtain them is not conducive to good capacity development
- 3) There is generally insufficient support for Indigenous communities & organisations to develop their institutions, but where that does exist, they are innovative & creative at developing institutions to successfully accommodate & reconcile two cultures
- 4) Indigenous organisations have to struggle to use processes, structures and governance arrangements which may be viewed by their members or constituents as culturally legitimate; they have to constantly challenge non-Indigenous systems which are assumed to be superior.

The organisations which are succeeding are doing so despite these constraints through their own determination, persistence and often by use of their culturally legitimate networked arrangements to support themselves. Many more could have their latent capacity released if the surrounding conditions were to change & if they were provided with the necessary community developmental support to sort out and strengthen their own governance capacities, to better enable them to partner with governments and other players to achieve

the kind of development they aspire to. Numerous government evaluations and reviews indicate that governments generally fail to provide the necessary support for governance development, preferring always to focus on program outcomes in the short term. This is extremely unhelpful, as it means that Indigenous organisations are not supported to build their capacities for the longer term.

NSW has begun the Local Decision Making pilots but these are not so much focussed on economic development as the delivery of government services. However, these may help strengthen governance capacities in those sites in a general way. It is also the case that economic development should not be viewed in isolation from social and cultural development. Many organisation leaders find that there are major social issues to address when building capacity in their people to operate an economic enterprise. They tend to take a holistic approach to development, linking culture, social and economic development.

Land-Based development in NSW

In New South Wales the Land Rights Act 1983 has provided some Local Aboriginal Land Councils with opportunities to generate economic development on land they have reclaimed. The provision of land for economic development was a major intention of the Land Rights Act, but to date there has been no overall assessment of the extent to which this has actually occurred.

There is a huge backlog of land claims – even approved claims worth some \$719 million have not been transferred to the relevant Local Aboriginal land councils according to the NSW Auditor-General’s 2014 report. Furthermore, there are over 25,000 additional land claims yet to be determined, some 500 of them have been waiting over a decade for determination. At the current rate of progress, the Auditor-General has estimated it will take 122 years to clear the backlog of claims. **Since land is a key asset for development, this backlog is a significant barrier to Aboriginal peoples’ ability to undertake economic development. It is within the control of the NSW Government to expedite these claims.**

Furthermore, the current Crown Lands Review provides both threats and opportunities (see attached paper on Crown Lands Review). If the NSW Government seeks to transfer lands,

one option is to transfer some lands to Local Aboriginal Land Councils. This could be particularly relevant in the case of Travelling Stock Routes (which often follow old Aboriginal walking tracks and are rich in cultural heritage), and Commons. Such lands could be the basis for culturally-relevant development opportunities. However, transfer of lands to Local Government or other stakeholders could change the tenure and exclude these lands from future Aboriginal land claim or native title claim, thus robbing Aboriginal people of further land assets that might be of value for economic development.

However, before discussing particular developments it is important to recognize that the network of 119 local Aboriginal land councils which exists today across new South Wales provides a governance system which can form the basis for a number of social, cultural and economic developments that may not have occurred in the absence of this important social infrastructure. Norman (2014) makes the point that the land council system on the one hand brought settler governance systems to bear on Aboriginal people who had to conform to them, but at the same time enabled Aboriginal people to govern themselves and the assets they gained through the land rights system. Since governance is a key component of any social or economic development, the very existence of this network creates development opportunities that may not have otherwise been possible. Norman's study indicates that this governance -building has been a very major effort over recent decades, and a great deal of work has gone into building the capacity of local Aboriginal land councils to be self-governing and compliant with settler accountability frameworks.

Thus for some LALCs, such as that at Broken Hill, although they have very limited land, they have established small social or economic enterprises based simply because they have the governance capacity to do so. At Broken Hill, for example, the LALC has established a small bookkeeping business to support the bookkeeping needs of other local LALCs. Wilcannia LALC has supported a partnership with other organisations to run a literacy program for Aboriginal people of all ages in the town. In these cases, the initiatives had nothing to do with land itself, but occurred simply because the land councils existed and had developed some capacity to deliver programs alone or in partnership with others.

Until 2009, some NSW local Aboriginal land councils managed to access Community Development Employment Projects (CDEP) funding to subsidise small community business

initiatives, for example recycling programs, land management or ranger groups, small tourism ventures and the like. This program subsidized employment of Aboriginal people and enabled LALCs to provide a secure minimum employment level and often offer more than the minimum work as their businesses won local contracts or grants to supplement CDEP income. But, in 2009, that CDEP program ended in all but the most remote parts of NSW, and as far as can be ascertained, many of those businesses closed or shrunk in size substantially; some may continue but with less regular or secure work available to their members. Others, such as Menindee LALC, have used the successor program RJCP, and working in partnership with the Murdi Paaki Regional Economic Development Corporation, have been able to secure employment for Aboriginal people on a property recently handed over to them by NSWALC with this fencing condition attached to the handover.

Overall, the type of development LALCs have achieved falls into a number of different categories:

1. Some have developed cultural heritage management and natural resource/environmental management work, including developing and managing Indigenous Protected Areas, engaging in National Park co-management, operating Ranger Groups using Caring for Our Country program resources.
2. Others have developed relatively small ecotourism, art and craft, culture or bush tucker ventures
3. Others again have taken the path of land development for residential or commercial purposes, often to gain income and grow wealth as well as to provide housing and potentially employment for members.
4. Still others have developed partnerships with other agencies and institutions in areas such as training and employment, and social services such as childcare, family and youth programs, and sports activities.

Examples of each of these are provided below.

- 1. Cultural heritage management and natural resource/environmental management work**

A number of LALCs, particularly in the northern part of NSW, have been able to bring some of their land into the National Reserve System and thereby access funds to manage it for conservation purposes as Indigenous Protected Areas. For example, the Guyra LALC engaged the Banbai Business Enterprises, an independent Aboriginal community organization with land management skills, to develop an IPA on a large parcel of their land on the northern tablelands, known as Tarriwa Kurrukun. This, along with their first IPA, Wattleridge, developed on land Banbai people purchased using Indigenous Land Corporation funding, has created jobs, encouraged Aboriginal people to gain formal qualifications in land management, assisted with reconnecting people to country and culture and passing on knowledge to younger generations, and reduced social problems in the town (Hunt 2010). Similarly the Nambucca LALC with Unkya LALC have managed the Gumma IPA with and on behalf of the traditional owners. Ngulingah LALC has won Caring for Country program funding to manage an important Aboriginal place, Nimbin Rocks, and has also developed a seed nursery on this 120 ha property.

Some LALCs hold the Titles of 'Schedule 14'¹ National Parks. These are seven National Parks whose land is deemed of very high cultural significance and hence eligible to be returned to their Aboriginal owners on condition that they are leased back to National Parks for thirty years and are joint managed. Of these, five have now been handed back and the relevant LALCs hold the titles. The Aboriginal owners have a majority of members on the joint management boards, and receive some annual rental income from National Parks, on condition that the funds received are spent in the Parks. There has been no evaluation of how successful these handback arrangements have been, but clearly Aboriginal people have greater avenues to have a say about the management of the lands, often have jobs in the Parks, have a say in cultural interpretation, and are able to use the rental income for activities in the Parks that are important to them.

2. Tourism and related activities

Sometimes, associated with the land, LALCs have developed tourism ventures, some relatively small, such as the far west's Tibooburra LALC's small campground and cultural walk at the Tibooburra Aboriginal Reserve, which is nevertheless reportedly a financial

¹ This refers to Schedule 14 of the National Parks and Wildlife Act which enables this handback to occur,

success; others much larger, such as the Worimi LALC, whose unusual and highly successful Sand Dune Adventure Tours on coastal land at Stockton Bight north of Newcastle, has won numerous tourism awards. The LALC employs over 20 Aboriginal people in this, its Green Team and Cultural education enterprises as well as its general administration.

(<http://worimi.org.au/> accessed 23/08/2015).

Another developing tourism venture is the Bundian Way project being developed by Eden LALC on the far south coast of NSW. The Bundian Way, is an ancient Aboriginal pathway joining Kosciusko in the Snowy Mountains to the coast at Eden. The walk starts at the coast on Aboriginal land claimed under the NSW Land Rights Act but it traverses many different public and private tenures on its route to the mountains. Though there has been considerable collaboration with a range of government departments, and assistance from a capable and committed non-Indigenous advocate for this initiative, lack of capital has been a major constraint, and the LALC has to work very hard with grant applications to a variety of different government sources to fund the work required to transform the Aboriginal pathway into a modern walking track with the possibility of cultural tourism opportunities that it should bring. This is a long-term project, and it combines with other opportunities which the LALC's cultural centre near Eden can provide, particularly since the road turnoff was made safe enough to allow commercial vehicles like bus tours, to turn into its facility. Eden LALC, used to have a small but viable Ranger group, but various developments, in particular the ending of the CDEP, has seriously reduced its capacity to provide continuous work for Aboriginal Rangers, though it continues some cultural heritage and land management work as contracts are available.

3. Residential and commercial development

Some LALCs have subdivided their land and turned to residential and commercial development, both to generate wealth for the long term and to provide some housing for their Aboriginal members. Darkinjung LALC on the Central Coast and Gandangara LALC in western Sydney are two that have adopted this approach. The Darkinjung LALC is the largest private landowner on the Central Coast and is developing a major residential area, Menindee Ridge, in two stages, as well as an over-50s village, and a further development of some 80 houses planned. A proportion of the housing at both will be made available to

LALC members. The LALC's CEO makes the point that by developing these three parcels of land, they will generate the income to manage the rest of its considerable landholdings into the future and of course it is providing much-needed housing for its members.

Gandangara Local Aboriginal Land Council is similarly one of the largest landowners in the Liverpool and Sutherland Shire Council areas, owning more than 1,500 hectares. From 2010 until 2015 it ran an entirely separate and self-financed medical service (the only Aboriginal controlled service which received no government funding in Australia). Sadly, in 2015 this service went into liquidation. The Land Council still operates an employment training program, rental housing, 10 playgroups, a transport service and much more. To contribute to its goal to 'create a sustainable, economic foundation on which to build the long-term independence of Aboriginal people (website <http://gandangara.com.au/> 15/1/14), it is in the process of developing 850 ha of land known as *Heathcote Ridge*, near Menai, south west of Sydney. This proposal will include a 500 hectare conservation reserve; a residential development with 3000 dwellings and much more. It will also protect important Aboriginal cultural heritage sites in the conservation zone. This is an ambitious development, which is not without its Aboriginal and other critics, but the LALC is clearly seeking expert advice and suitable partners to undertake this initiative. Although the LALC was in administration for two years until September 2015, arising from problems of perceived conflict of interest of its CEO in this development, it is clear that the land base can provide the Aboriginal land council with an opportunity to undertake a major urban development project in a way that values the cultural heritage and environment and could provide important social and economic opportunities for its people and others in western Sydney. But the problems this LALC has run into in its efforts to meet the social and economic needs of its people suggests that its governance and financial expertise don't quite match the ambitions it has.

4. Partnering for social development

Finally, many LALCs have partnered with government departments and non-government groups to undertake various types of social development, such as education, family and youth projects, sports programs and the like. One good example is the Tamworth LALC which runs education and youth training programs, including school holiday programs for children on land purchased with support from the Indigenous Land Corporation. It has

partnered with the State Government and other bodies to become an 'Opportunity Hub' under the government's policy to help young people succeed in education and make a successful transition to study and employment (NSWALC Annual Report 2014, and <http://ourmob.org.au/tamworth-lalc-leads-unity/> accessed 23/8/15). Such social programs are often important precursors to or complementary to (and important support for) economic development.

Non-LALC initiatives

It is important to note that there are also non-LALC Aboriginal organisations in NSW working on economic development, such as Muru Mittaggar (Penrith), Tribal Warrior (Redfern) , Yarnteen (Newcastle), Banbai Business Enterprises (Guyra), Murdi Paaki Enterprise Corporation (Dubbo) and no doubt many others. These organisations have been extremely successful at developing enterprises that provide employment to Aboriginal people and which build skills and capacities among individuals but also organisationally. Some features of these successes that I can identify are:

- Good Aboriginal leadership, governance and organisational development
- Building on assets/ strengths of the community and individuals
- Strong emphasis on human development, training, and instilling confidence
- Diversification of funding sources and ability to tap more long term and flexible funding than normal government funding short-term cycles
- Partnering with private sector or drawing on private sector support in some cases
- Building on land assets in some cases
- Good support for appropriate and flexibly-delivered training from TAFE NSW in some cases

And in every case, sheer grit and determination!

Constraints: Resources and management capacity for economic development

One of the constraints many LALCs and other Aboriginal organisations face is their lack of working capital. They may have land, but they do not have the necessary capital to develop businesses on it, even where the land is suitable for such purposes.

Nor do they often have more than one or two staff, so people with the time and capacities necessary to develop major community social enterprises are often not present. Those LALCs and other Aboriginal organisations in the urban and coastal areas are more likely to be able to attract capable CEOs with the right skills and access external expertise to assist them than smaller LALCs in the more remote parts of the state. CEOs with sufficient capacity are critical to success.

Where could support for both capital and expertise come from?

Indigenous Business Australia is one Commonwealth Government partner that the NSW Government could have valuable discussions with to explore how effectively their programs provide the necessary business support for Aboriginal organisations in NSW, both in terms of capital for those that may need it and in terms of business skill development and support for those who may have or be able to leverage capital.

The Indigenous Land Corporation also has a three year program “ Our Land Our Future” with a particular focus on supporting land-based projects that promote socioeconomic development and protect cultural and environmental values.

(<http://www.ilc.gov.au/Home/Our-Land-Program>, accessed 9/9/2015). This program has provided 6 Indigenous organisations in NSW with funding to develop enterprises based on their land in 2015. Clearly it could provide support to more in the future.

The **Indigenous Advancement Strategy** of the current government provides funding nationally under 5 themes, however, evidence suggest that NSW organisations were not strongly represented among the successful grantees in proportion to the Aboriginal population of the state. Due to a lack of transparency about that program it is impossible to know the reasons for this; whether this reflected fewer submissions from NSW, or whether the selection criteria systematically favoured northern Australia, particularly the Northern Territory.

Private sector RAP organisations: A large number of private and other organisations have developed RAPs registered with Reconciliation Australia. These generally encourage

employment of Indigenous people, procurement from Indigenous businesses, but perhaps more could be done to encourage partnering with Indigenous organisations in joint ventures, or mentoring and capacity development activities for Indigenous organisations pursuing or wanting to pursue economic development activities.

Social Procurement: Social procurement by Local Government can provide an advantage for Aboriginal organisations in tendering for contracts. The Committee could usefully investigate the extent to which social procurement is used by Local Governments across NSW and State Government Departments so that Indigenous organisations may have a competitive advantage in tendering for diverse government contracts. In particular State government bodies in the natural resource management and environment area could be encouraged in this use of social procurement. Similarly Local Land Services could be encouraged in this direction.

Regional Development Australia: This Commonwealth and State supported network of Regional committees tasked with enhancing economic development in regional areas seems well placed to do more to support Aboriginal economic development. Yet there is little information available about the extent to which it is doing so. This is perhaps an area that the Committee could investigate and encourage some priority to be placed on Aboriginal economic development.

TAFE This education sector provides an important support for Aboriginal organisations, yet cutbacks it has suffered in recent periods make it more difficult for it to provide the type of custom-delivered flexible training support to small groups that Aboriginal organisations need. Aboriginal students of all ages may not have completed schooling, or may have done so but not had the desire or the confidence to undertake University study. However, they can make considerable educational gains through TAFE Certificate courses associated with their employment and practical application of their learning. Some Aboriginal students are then encouraged to pursue University study after completing Cert IV TAFE courses. TAFE provides practical training in business management and various other areas relevant to Aboriginal organisations. More capacity to enable TAFE NSW to continue providing this type of support would be welcome.

Other constraints to Aboriginal economic development

On the Far South Coast of NSW there is enormous concern among Aboriginal people about the demise of the Aboriginal commercial fishing industry. Only two Aboriginal commercial fishers remain on the Far South Coast and they are getting old. In earlier periods there were several Aboriginal Fishing Cooperatives on the Far South Coast and of course further north. The restructuring of the commercial fishing industry is driving small scale fishers, such as Aboriginal fishers, out. Furthermore, various regulations now prevent Aboriginal fishers involving their families in the fishing activities, enabling their fishing knowledge to be passed on. Nor can they pass their licences on to their children. Furthermore, the numerous regulations associated with Marine Parks severely restrict where they are able to fish. Unless something is done to reverse this situation it is likely that in the next 10 years the remaining Aboriginal commercial fishers will have left the industry. Yet this could be an industry in which Aboriginal people could play an increasingly significant role, in small-scale, sustainable fishing which would contribute to their economic well-being.

The ending of the Federal Government's CDEP Scheme, intended to encourage people to make stronger efforts to move into mainstream employment, has removed a small ongoing subsidy to Aboriginal enterprises built on that. There has been no systematic research across the state on the extent to which this has achieved its goals in NSW. However, one of my CAEPR colleagues, Dr Kirrily Jordan, has explored the impacts on the far South Coast of NSW (Jordan forthcoming). Various businesses, such as Umbarra Cultural Tours at Wallaga Lake, a cardboard recycling business, and a firewood business contract with State Forests closed, and people also experienced a loss of services such as the maintenance of a market garden, rubbish collection at Wallaga Lake, and garden maintenance for old people. Yet the existing barriers to mainstream work remained. In fact, if anything Aboriginal people had less motivation to engage in paid work because the opportunity to work in a supportive social environment with friends and family was lost. People were expected to go out and work in potentially culturally unsafe environments as individuals in the mainstream workforce. While some did, others returned to welfare, a negative and no doubt unintended

outcome. For Aboriginal people the relationships they have at work are very important and in mainstream workplaces they have an understandable fear of being subject to racism.

Thus while it is important to find ways of building Aboriginal economic development capacity it is very important to look at the conditions under which they are attempting to sustain or develop their enterprises. There is much that could be done to provide a more enabling environment for Aboriginal enterprise, but unfortunately at present, surrounding conditions are often actively undermining Aboriginal efforts in this direction.

Attachment: Hunt, J. (2015) *The NSW Crown Lands Review: Risks and Opportunities for Aboriginal People in New South Wales*, Topical Issue No 3/2015, CAEPR, ANU, Canberra.

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