

INQUIRY INTO ECONOMIC DEVELOPMENT IN ABORIGINAL COMMUNITIES

Organisation: Paradigm Resources

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Standing Committee on State Development

Inquiry into economic development in Aboriginal communities

Submission by Paradigm Resources Pty Ltd

a) options for sustainability and capacity building of NSW Aboriginal communities using existing structures

The Aboriginal land rights network is the oldest, best established and most widely recognised Aboriginal decision making and representative body in the State. It is the only one with a legislated governance structure, which operates across NSW. Local Aboriginal Land Councils (LALCs) have broad functions - including in relation to land acquisition and management, facilitation of business enterprise and protection and promotion of Aboriginal heritage and culture. There are 120 LALCs across NSW, giving the land rights network a physical presence in many small communities, many of them in regional and remote areas of NSW.

The New South Wales Aboriginal Land Council (NSWALC) is the peak body for Aboriginal people in NSW. It also has functions in relation to land acquisition and management, facilitation of business enterprise and the protection and promotion of Aboriginal culture and heritage. NSWALC is responsible for the management and investment of the NSWALC Account, which stood at \$667 million (at 30 June 2015). NSWALC also has functions to support and assist LALCs.

In 2014, NSWALC released its Economic Development Policy. The Policy has three (3) strategic priorities:

- Facilitation of LALC business enterprise
- Facilitation of Aboriginal employment
- NSWALC business enterprise

The strategic priority to facilitate LALC enterprise recognises the need to provide assistance to LALCs to build their capacity so that they can participate in the economy.

The Economic Development Policy also recognises that there is a role for NSWALC in leading a new approach to economic development through the incorporation of Paradigm.

The land rights network therefore is ideally structured to play a leading role in building the capacity of local Aboriginal communities so that they can fully participate in the economic life of NSW.

b) leveraging economic development support, including provided by the Commonwealth Government and the private sector

Following almost three years of co-operation and negotiations, in 2014, NSWALC and the Indigenous Energy Group agreed to incorporate a joint venture company to pursue opportunities in the Resources Sector. That company is Paradigm Resources Pty Ltd. The parties have chosen to participate equally in a commercial venture because they are able to do so on their own terms, with

their own money and with their own advisors. Neither party is dependent on government to provide funding or to supervise relationships.

The NSW Government's OCHRE Policy includes an Economic Development Policy. As part of that, the Government has provided support for the development and implementation of Industry Based Agreements. The Minerals Industry Based Agreement, between the Minerals Council of NSW and the State Government is focussed on bringing Aboriginal people and resources companies together, at a local and regional level.

How government (state and federal) can play a positive role in 'Aboriginal economic development' is complex. The usual model of a Government Agency providing funding for business case development, feasibility studies and risk analysis in response to an application by an Aboriginal person or organisation needs to be critically examined. The focus of Government on financial and 'reputational' risk of any kind often means that as much or more is spent on non-Indigenous consultants than was required as 'venture capital' in the first place. Such a model results in the following:

- significant income transfer to a largely non-Indigenous group of consultants
- no development of capacity, knowledge and skills for Aboriginal people, or 'learning by doing' at the earliest stages of business development
- little direct communication and dialogue and building relationships between Aboriginal people and potential investors at the early stages of business development
- perpetuation of the notion that Aboriginal people cannot be trusted with money
- no investment (personal and financial) in the success or failure of the venture (skin in the game)

Whether funds are 'leveraged' by government is perhaps not as important as the role that government seeks to play in controlling and distributing those funds. Rather than 'leveraging' funds and applying them through the usual (largely unsuccessful) channels, the Government could:

- Adopt procurement and employment policies to facilitate Aboriginal employment and to provide opportunity for Aboriginal businesses
- Provide a forum for collaboration and cross-cultural learning, such as that provided by the Minerals Industry IBA
- Provide financial and practical support for small and medium sized businesses that generally do not have the funds or corporate infrastructure to develop and implement Reconciliation Action Plans, Procurement Policies, educational support programs and the like to engage with Aboriginal people and organisations in their regions
- Support Aboriginal education and training and programs that link to employment and business incubation services
- Support the development and implementation of industry mentoring programs

Perhaps the most useful role that Government can play is to facilitate (but not interpose itself in) the relationship between Aboriginal people and the business community so that Aboriginal people participate in making decisions about the design, structure and objectives of a business venture and that the relationships, knowledge transfer, trust and good faith are developed to enable Aboriginal people to participate in the economic life of the State.

c) Establishment and sustainability of Aboriginal owned enterprises

Australia became a signatory to the *UN Declaration on the Rights of Indigenous Peoples* (UNDRIP) in April 2009. The UNDRIP sets out the individual and collective rights of Indigenous peoples across the globe. Fundamental to the rights of Indigenous peoples is the right to participate in decisions that affect their culture and lands and to ensure that those decisions are taken on the basis of free, prior and informed consent. Article 32 is particularly relevant to the resources industry:

- 1. Indigenous peoples have the right to determine and develop priorities and strategies for the development or use of their lands or territories and other resources.*
- 2. States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources.*
- 3. States shall provide effective mechanisms for just and fair redress for any such activities, and appropriate measures shall be taken to mitigate adverse environmental, economic, social, cultural or spiritual impact.*

The *United Nations Global Compact* has been established to provide a voluntary mechanism for businesses to align their operations and strategies with human rights, labour, environment and anti-corruption principles. It is a practical framework for the development and implementation of policies and practices that sustain a company's social licence to operate.

Commonwealth Agency Indigenous Business Australia recently launched the 'Indigenous Investment Principles'. The objective of the Principles is to provide a framework for Indigenous organisations to establish strong, independent and enduring economic foundations to build intergenerational wealth and which contribute to the maintenance of cultural, linguistic and environmental resilience.

Paradigm Resources has adopted a governance framework that is consistent with the UNDRIP, the Global Compact and with the Indigenous Investment Principles:

- (a) In assessing the economic benefits of potential Resource Development Projects, Paradigm Resources will weigh up the social and environmental benefits and risks of each project and make an informed decision.
- (b) Paradigm Resources aims, amongst other objectives, to create economic benefits for local communities through the Resource Development Projects.
- (c) Paradigm Resources will consult with Local Aboriginal Land Councils, traditional owner groups and wider stakeholders before any material project developments and respond to any concerns as and when they arise.
- (d) Paradigm Resources will use current best practices to ensure that its operations protect the health and safety of its staff, contractors, communities and local environment.

- (e) Paradigm Resources will minimise, wherever possible, the impact of resource development on the natural environment and Aboriginal culture and heritage.
- (f) Paradigm Resources will be a good neighbour, operating transparently and responsibly.

Paradigm will seek to provide employment and contracting opportunities to local Aboriginal businesses in relevant areas such as:

- Facilitation of community consultations
- cultural heritage surveys and related reports and recommendations for protection and management measures
- cultural heritage management and protection activities
- land holder access agreements - liaison, administration support, facilitation
- Professional services (accounting and bookkeeping, company secretarial services)
- Material supply
- Labour hire – machinery operators and drivers
- Equipment and heavy machinery hire
- Accommodation, cleaning and catering
- IT and communications
- Mechanical and maintenance services
- Security

These opportunities are in addition to the equity stake in local projects that will be held jointly by NSWALC and the relevant LALC (or LALCs).

Models of business enterprise that include the participation of Aboriginal people and organisations at every level are more likely to succeed because Aboriginal people have a real stake in the success or failure of the business in the medium and long term.

There is a role for Government in ensuring that its own procurement and business activities are inclusive, and also in encouraging and supporting the private sector to implement similar business practices. Such initiatives include:

- Bolstering its procurement policies to go beyond quantitative targets through developing its own skills, knowledge and expertise of Aboriginal cultures and communities so that it can foster and sustain Aboriginal business participation in the medium and long term
- Work with Aboriginal commercial representatives bodies such as Supply Nation and the NSW Indigenous Chamber of Commerce to improve the scale and diversity of participation by Aboriginal businesses in those networks
- Promote 'mainstream' business development and support programs in Aboriginal communities, particularly in regional and remote areas of NSW where access is limited and local economies are fragile

- Provide incentives such as credits on administrative and regulatory charges for small and medium sized business that adopt procurement and employment practices that encourage Aboriginal participation, for example, reducing annual fees for junior explorers that adopt pro-active procurement practices
- Provide practical support to Aboriginal land holders (primarily LALCs) to translate their land assets into business opportunities through the planning regime and also by facilitating stronger relationships with banks and private funding organisations