



Creating Economies - The future of Aboriginal business in WA

Speech to the Australia China Business Council
by Nyunggai Warren Mundine

16 June 2014

I'm pleased to be here to talk to you today and I thank the Australia China Business Council and the Western Australian Department of Regional Development for hosting this event and inviting me to speak. I'd also like to congratulate the Australia China Business Council for the launch of its WA Aboriginal Committee. This has been established to raise the profile of Aboriginal businesses in the broader international economy.

The relationship between China and Australia goes back a long. Chinese people have been immigrating to Australia since at least the early 1800s. In those early days most Chinese who came to Australia were brought here as indentured labour. In time Chinese people came as "free" immigrants, attracted by the pearling and gold industries. Many Chinese settled here in Western Australia.

In the early days of the colonies and post-Federation, Chinese immigrants to Australia experienced bigotry and exclusion. Sections of the white community also perceived them as a threat, a competitor for jobs and opportunities. The union movement was particularly hostile to Chinese workers. Governments placed restrictions on Chinese immigration and on what Chinese people could do when they got here.

Despite this many Chinese immigrants in those early days pushed through the hostility and setbacks and adapted to this new continent. They not only survived – they thrived - in business and in the community. We have seen this same tenacity and drive in Chinese immigrants who've come to Australia in the last several decades, some of whom have come here to escape poverty or persecution, to be educated or to pursue opportunities they did not have at home.

The Australian Chinese community today is known for its passion for education, its entrepreneurial ability and its strong community contribution and participation.

Aboriginal and Chinese communities had early contact and interaction. There are a number of Aboriginal families who have Chinese ancestry from those early times. My own family tree is thought to have at least one Chinese ancestor.

About NyunggaBlack

NyunggaBlack provides strategic business advice drawing on broad networks and expertise to help clients solve problems and grow their businesses in specific sectors.

Our consulting services focus on Native Title, Employment and Mining and Energy and also on how clients can ensure their Reconciliation Action Plans deliver real outcomes as well as business growth.

NyunggaBlack also works in partnership with key clients to deliver managed service business opportunities for commercial and economic opportunities in Aboriginal communities and for Aboriginal & Torres Strait Islander people.

The experiences of those first waves of Chinese immigrants had some things in common with the experience of Aboriginal people. Like the Chinese, Aboriginal people were hard workers who had to adapt and survive in a hostile environment. Many Aboriginal people worked in primary industries in remote and country regions.

Aboriginal people were an even cheaper source of labour than the Chinese. They worked for a pittance, for tea and damper or in return for being able to live on their own lands. And as we all know, Aboriginal people experienced severe bigotry and exclusion from the rest of society.

The experience of Aboriginal and Chinese people in Australia has diverged sharply in the last 40 years.

Big changes to economic participation by Aboriginal people occurred in the late 1960s and early 1970s after changes to laws and government policy.

Firstly the laws were changed to mandate equal pay for Aboriginal people. This was a significant win for Aboriginal people but it had unintended consequences. Aboriginal people working in the pastoral and agricultural industries lost their jobs. The station owners lost their cheap source of labour and weren't willing or able to pay them full wages. This meant Aboriginal people could no longer stay on their lands and they were forced into the towns where they could not get work.

Around the same time Aboriginal people gained the right to receive government welfare. So those who lost their jobs became full time welfare recipients living away from their traditional lands on the fringes of cities and towns, in the former missions or other settlements. There they received housing and other services and welfare payments without having to do anything in return.

Aboriginal Elders coined the pejorative term "sit-down money" to describe this situation. These people had worked hard all their lives and found it demoralising and insulting to lose their jobs and to be deemed unable to make a valued contribution.

Today we see the unintended results of these ultimately failed government policies with whole communities totally reliant on government assistance or government jobs, inter-generational welfare dependence and chronic long-term unemployment.

The tenacity and drive that once characterised Aboriginal people has been buried under the weight of government dependence and good intentions. I believe we can wake it up.

The title of this event – Creating Economies – is therefore very fitting. The future of Aboriginal communities and cultures depends on the creation of real economies in Aboriginal communities and on Aboriginal people participating in the real economy. By a real economy I mean an economy that relies on commerce and private enterprise – not government activities - to survive and where people have real jobs.

Too many of Aboriginal people don't participate in the real economy today. Too many of us have become conditioned to look for government for everything. Those that want to break away from government dependency find it very difficult to cut through the layers of bureaucracy and the limitations that the governance and land ownership structures create.

Everywhere you look in Aboriginal affairs you find structures that work against profit making private enterprises and commercial activity.

For example, the Federal government allows the registration of Aboriginal and Torres Strait Islander Corporations. Until recently ATSI Corporations had to be not for profit. Now, they can be set up with profits distributed to members but this is a recent development. The funding arrangements for ATSI Corporations are more heavily regulated.

There's nothing to stop an Aboriginal person registering a regular Corporation but ATSI Corporations can be registered for free. By law, Prescribed Bodies Corporate - which are established to hold and administer native title rights for the traditional owners - are required to be registered as ATSI Corporations.

I don't believe in special Indigenous Corporations. There is no need for racially based legislation. It creates complexity, additional compliance and over-governance. The Corporations Act already allows for a range of corporate structures, including not for profit companies without share capital. By definition, a company that is only for Indigenous people cannot participate fully in the mainstream marketplace. For example, it can't be sold to a non-Indigenous person.

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The Land Rights Act systems are also restrictive to commercial activity. Land Councils hold in some cases substantial assets – such as land or compensation for land dispossession. These assets belong to the traditional owners of that land yet there is no means by which the traditional owners can directly access or deal with those assets. Land Councils are statutory bodies.

Over many years these kinds of structures have added to the climate of Aboriginal people looking to government for solutions and economic activity. It is very difficult for a statutory body or not-for-profit company to participate in private sector business activities.

For many years now governments have been moving away from owning and operating utilities and infrastructure and have sold off public assets. Governments believe this is the best thing for their constituents. Yet for Aboriginal people the system assumes statutory bodies should own community assets for all time. Even if statutory bodies sell assets or profit from commercial activity there is no means by which the proceeds are distributed to Aboriginal people.

I am one of a large and growing number of Aboriginal people who recognize that the only way for Aboriginal people to lift out of poverty is commercial and economic development.

Some years ago I established the Australian Indigenous Chamber of Commerce. The genesis for the Indigenous Chamber was the Rudd Government's 2020 Summit. There was a lot of discussion at the Summit about economic development and a lot of discussion about Indigenous affairs and closing the gap. Bizarrely, however, these topics were not part of the same discussion. It was a stark illustration that commercial and economic development was being overlooked in efforts to close the gap, even though this is the only way to lift people out of poverty.

The Australian Indigenous Chamber of Commerce advocates Indigenous prosperity through commerce and private enterprise. Its founding principle is that Indigenous communities will not move from poverty to prosperity unless the conditions necessary for private enterprise and commerce to thrive exist in those communities.

The Indigenous Chamber also believes that unlocking Indigenous communities to real and sustainable development and bringing all Indigenous people into full participation in the real economy will benefit the Australian economy as a whole.

The Indigenous Chamber has a Seven Point Reform Agenda for commercial activities, economic growth and prosperity for Indigenous people and communities. These seven building blocks are:

1. *Jobs*: Creation of real jobs as a result of commercial activities with Indigenous people being trained and job ready and on-boarded to a specific job at the end of their training.
2. *Regulatory reform*: Removing barriers to private asset ownership and commerce to create an environment for commercial and economic growth.

3. *Private ownership:* The economies of Indigenous communities are driven by private enterprise and asset ownership. Indigenous people participating fully in Australia's free market commercial system through real jobs in the non-government sector and through commercial activities.
4. *Investment:* Creating an environment that will enable and foster investment and flow of capital into Indigenous communities.
5. *Infrastructure:* Investment in social and physical infrastructure within Indigenous communities, including by the community members themselves.
6. *Economic sustainability:* Building structures and systems that will endure, enabling communities to thrive for the long term without disproportionate reliance on government or other external support.
7. *Desegregation:* Engagement by indigenous people and communities in the mainstream Australian and global economies.

These principles are obvious to Australian business people and politicians when it comes to economic policy for Australia. For some Indigenous communities they are controversial even heretical. However, I've started to see a shift in thinking over the past 10 years, a shift that is growing in pace.

Take land ownership for example. In 2004 I first publicly advocated for land reform and private land ownership on traditional lands through 99 year leases granted by the traditional owners. My mobile phone went berserk and during that week I received calls from several senior Aboriginal leaders condemning my position. At the National Native Title Conference the following year I gave a speech on the topic where I was booed and people made threats.

Today I know of many communities actively pushing for private land ownership and pressing governments and land councils to give the approvals necessary for this to happen and many more community members who are looking at how this could work in their communities. Now when I speak about land ownership on traditional lands I don't create quite the same stir.

When we talk about investment in Aboriginal communities we mean creating the conditions necessary for investment. These include private asset ownership and commercial leasing. They also include safe and stable communities and an educated workforce. Investors assessing whether to invest in an area look at whether the local area can supply a job ready workforce. This is missing in those Aboriginal communities which have poor literacy and numeracy or inter-generational welfare dependence and no real work experience.

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That is why getting kids to school every day is the number 1 priority for Aboriginal participation in the real economy. If kids don't go to school they won't get educated. If they don't get educated they won't be job ready and will not be able to find work. And they will not participate in the real economy.

Of course, the quality of schools and the education they provide is critically important. But a school could be providing the best education available and it will make no difference if the kids don't attend. If Aboriginal children are attending school every day, governments and education departments will be unable to ignore the resource needs of the school.

The new Federal government's Indigenous Advancement Strategy focuses on three areas – jobs, education and making communities safer. These three areas are the fundamental building blocks for commerce and business. If we make a difference in these three areas then we will make a difference to the future of Aboriginal businesses.

The first thing that comes to mind when people talk about “Aboriginal business” is businesses owned by Aboriginal people. I think this misses the mark. When I talk about Aboriginal business I mean Aboriginal people participating in the real economy through private sector business.

I’ll use the example of my son. When he left school he trained as an electrician. He finished his apprenticeship he got a job. Eventually he went out on his own and built up a successful small business. In time someone offered to buy his business and amalgamate it into a national operation. He stayed on in the larger company and progressed to a management role.

All through that time my son has been participating in the real economy with a real job. But there was only one time where he did this through though an Aboriginal owned business – the time when he was operating his own small business. This ceased to be an Aboriginal owned business when he sold it and amalgamated it with a national operation.

I use this example to illustrate that we need to be careful that our initiatives to encourage Aboriginal businesses don’t end up hindering Aboriginal people from full participation in the real economy.

For example, if my son’s small business had won contracts under programs that help Aboriginal businesses, he could have lost those contracts after the business amalgamated and ceased to be Aboriginal-owned. If he had set up his business through an ATSI Corporation then he couldn’t have sold the company in these circumstances and (until relatively recently) couldn’t have realised the proceeds.

These restrictions don’t help Aboriginal business. It is a normal part of the business cycle to build up a business and then sell it.

Initiatives that assist Aboriginal businesses need to be very careful they don’t restrict Aboriginal people from the normal business cycle and the opportunities it brings for growth and profit. It’s important for Aboriginal people to be participating in all aspects of commerce and private enterprise – as employees, as business owners, as investors and as profit makers.

A company that employs a high percentage of Aboriginal people is enabling Aboriginal people to participate in the real economy through commerce and private enterprise. Whether or not it is majority Aboriginal owned.

As does a partnership between traditional owners and an investor to develop a cattle station or a mining services company on traditional lands and which generates local employment and skills transfer. Even though the external investors shares in the returns and makes a profit.

As does an Aboriginal business owner who brings in new investors to raise capital to enable that business to grow. Even though this dilutes the Aboriginal ownership interest.

All of these are examples of Aboriginal people participating in the real economy through private sector business and achieving economic prosperity through commerce and private enterprise.

And all of these scenarios should be open to Aboriginal people. It is very important that the steps we take to create economies and promote Aboriginal business, we don’t fall back into the trap of imposing more limitations that work against commercial activity.

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These things I have spoken about are necessary to lay the foundations and create the environment for Aboriginal business to operate. I’d like to spend a bit of time now talking about the opportunities for Aboriginal business in Western Australia in the context of the broader economic and policy shifts that are taking place.

When the Coalition won the Federal election last year, Prime Minister Tony Abbott declared that Australia was again open for business.

Earlier this year Australia signed free trade agreements with Korea and Japan. It seems likely Australia will also secure a free trade agreement with China. These are major achievements for our country. The Federal Government is also genuinely committed to developing Australia’s North and it has commissioned the Northern Development Review to be completed this year.

Australia has vast tracts of undeveloped land and sea positioned right on the doorstep of the fastest growing region in the world. And Western Australia is front and centre. China is the largest economy in this region and the second largest economy in the world. It's also the fastest growing economy in the world. Western Australia faces into this region and sits in the same time zone.

Free trade agreements, the focus on Northern development, deregulation and economic reform create substantial opportunities for the undeveloped West of our country, particularly in the pastoral, mining and agricultural industries. There are also the secondary industries that flow from these developments – like roads, wharves, electricity grids, ports and other facilities and the utilities and technology infrastructure needed to operate those facilities.

Our vast geography has great unlocked potential. And for the traditional Aboriginal owners of these lands this presents enormous opportunities. To date about 20% of the Australia land mass has been handed back to Aboriginal people and Aboriginal people have recognised cultural and other interests all across Australia.

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New developments in remote and regional areas will need local populations that are job ready and educated. Australia's population is concentrated in the South, South West and South East of the country. The North and North West are sparsely populated. Aboriginal people are disproportionately represented in these and other remote and regional areas.

Our communities are also younger and growing faster than the rest of the Australian population.

The population pyramid for Australia looks like most developing countries, with an aging population and largest distribution of population in the 30 to 55 aged groups. The Indigenous population pyramid is shaped like the population pyramid of developing countries like Ghana or India - wide at the bottom (younger age groups) and tapering off at the top (older age groups).

Smart companies who are looking at developments in remote and regional Australia should be considering how they can contribute to the education of children in those areas now to ensure they have access to a local educated workforce in the future.

Don't wait until after you've finalized negotiations with traditional landowners to invest in education. You need to be thinking 10 to 15 years ahead and looking at the needs of your project through its lifecycle. Today's children are tomorrow's workforce. And many of those children today are not getting educated in the way you will need them to be.

To take advantage of these opportunities Australia needs a regulatory approval framework that embraces agility and entrepreneurship, provides certainty and predictability for people wanting to do business and is not ridiculously expensive.

Our current system creates uncertainty and unpredictability at many levels. Environmental regulation for example exists at every layer of government and even if you tick every box you still may not get the approvals.

I've spoken in the past about the James Price Point gas hub where going through the compliance process cost around \$1 billion or 25% of the projected construction costs. Woodside withdrew from that project because it became uneconomic to proceed. The Aboriginal traditional owners were looking to the project as a major plank of economic development in their communities and were bitterly disappointed.

When compliance and approval regulations are complex and unpredictable, special interest and protest groups can have a field day working the system to attack projects. After James Price Point was abandoned, some opponents boasted that they had driven the project to failure through protest and resistance at every stage of the project's pre-approval works.

The Federal Government is also genuinely committed and taking steps to reduce red tape and simplify regulation to make doing business easier and more predictable. This reform needs to extend to Aboriginal communities too.

Engaging with traditional owners and Aboriginal communities is riddled with unpredictability and uncertainty. There are multiple different statutory bodies with authority in Indigenous communities many of which have substantial and sometimes overlapping “gatekeeper” power over traditional lands and cultural rights.

There are also multiple systems of Indigenous land recognition and can be competing claims under different legal avenues. Most of these statutory bodies aren't aligned to the traditional language groups or nations. This creates confusion as to who actually represents the traditional owners.

People can go “forum shopping” or attempt to bypass the bodies altogether by putting ads in the paper calling for community members to attend meetings. Interest groups can find individuals who oppose a development and can claim they represent a particular group.

Commercial negotiations become protracted or disintegrate with arguments as to who speaks for the nation and who speaks for others. Usually it's Aboriginal people who lose out. Negotiations may become so protracted that the development goes ahead without traditional owners realising any benefits. Or benefits that have been agreed are lost if a competing claim blocks the development.

There will always be differing opinion within any group of people. You will never achieve 100% agreement amongst traditional owners or any community. Therefore you need a clear governance structure that has both legitimacy within the traditional nations and the authority to make final decisions which provide certainty.

Governments in Australia make decisions every day that some Australian citizens do not agree with. But this country has an established governance system based on Australia's laws and traditions that all Australians are subject to. This gives those government decisions legitimacy and therefore certainty.

What I have proposed for Aboriginal communities is that there be one governance body - and one governance body only - representing each Aboriginal nation on matters uniquely relevant to that nation, such as the use of traditional lands, native title rights, community assets, culture, heritage and language. Only members of a nation should be involved in its governance system using an objective and transparent test for identifying them based around descent.

I've also proposed governments fast-track settlement of native title claims by agreements with each of the traditional nations and dispensing with the requirement for those nations to establish a continuous connection to land. This means recognising the native title rights of the groups in the area we know they occupied before British colonisation and formally recognising those nations.

Our vast geography has great unlocked potential. And for the traditional Aboriginal owners of these lands this presents enormous opportunities. To date about 20% of the Australia land mass has been handed back to Aboriginal people and Aboriginal people have recognised cultural and other interests all across Australia.

Native title claims involve a costly and lengthy legal process that typically take up to 10 or more years involving lawyers, historians and anthropologists. This system is not good for Aboriginal people and isn't good for business because, again, it does not deliver certainty.

The requirement of a continuous connection with the land can also discourage Aboriginal people from moving away from their traditional lands to obtain work for fear this will prejudice their native title rights. If Aboriginal people are going to fully participate in the real economy they need to feel free to move about the country – whether permanently or temporarily – without fear of losing their land. Like everyone else in Australia.

Aboriginal tribes and language groups have been extensively studied and documented. By enlarge it's known which groups occupied which areas before 1788, their social systems, their languages and clan groupings.

That should be all that's required to recognise native title. Individuals would then need to establish membership of that group to participate in the native title settlement and governance system.

Four years ago the Western Australian government entered into negotiations to settle the native title claims of the Noongar people of Western Australia. This followed 12 years of expensive legal action in the Federal Court. A Settlement Agreement from the Western Australian government has now been proposed to the Noongar people. If accepted this will conclude the Noongar native title claims and recognise Noongar traditional ownership.

The proposed settlement also contains a number of initiatives intended to provide economic development opportunities, including a future fund and land ownership. These opportunities could have been realised a decade earlier if the government an traditional owners had moved straight to settlement negotiations, rather than getting tied up in court action.

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In every community I visit I meet leaders and community members who want to take charge of their own futures and who understand that to do that their community needs to be sustainable and not reliant on government and government activity to survive.

I am seeing a groundswell of momentum coming from the communities themselves. They are sick and tired of governments a long way away who don't understand what is going on and whose repeated efforts to help too often result in waste and mismanagement on the ground.

We often hear that these problems will be solved if Aboriginal communities can control programs and government spend. This is not a magic solution. As long as government is paying the bills it will be in control, regardless of what notional controls are handed to community. What government gives, government can take away. We saw how this can happen during the Northern Territory intervention.

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Aboriginal community leaders know that breaking away from government dependency and creating real economies is about more than lifting people out of poverty. It's also about preserving culture and having a strong community where culture can thrive. The forces that have weakened Aboriginal communities and created patterns of dependence also weaken Aboriginal culture.

I have lost count of the number of Elders and community leaders who have told me that they fear that their culture and values – which are founded on independence and empowerment – are slowly slipping away and being replaced by a culture of dependence and disenfranchisement.

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The Australian China Business Council can be a powerful and effective sponsor of Aboriginal business.

There's a lot that Aboriginal people today can learn from the Chinese experience – both the experience of the Australian Chinese community over the past few hundred years and also the experience of China itself in the past few decades. And there is much for Aboriginal people to be encouraged by.

Forty years ago China was just coming out of the Cultural Revolution during which millions were persecuted. It had a centralised economy, no growth, high poverty and almost non-existent private enterprise and foreign investment. China's leadership recognised that developing a real economy and participating in the global marketplace was vital to its future. And in late 1970s it commenced a program of major structural economic reform.

Globally, about two-thirds of poverty reduction comes from economic growth. In a 2013 article The Economist observed that "the biggest poverty-reduction measure of all is liberalising markets to let poor people get richer. That means freeing trade between countries ... and within them..."

China has been going through the process of liberalising trade both within its borders and with other countries for over 30 years now and counting.

The impact of this has been profound. Between 1980 and 2010, the number of people in China living in extreme poverty reduced from 84% to 10%. That's 680 million people lifted from extreme poverty as a result of commercial and economic development. And it happened just 30 years – or a little over one generation.

For Aboriginal businesses to thrive in the Australian and global economies, our communities and systems also have to liberalise both within our own communities and in our dealings with others.

I believe Aboriginal communities can make this same transformation and build a future with real economies supporting thriving, prosperous individuals and communities.

Nyunggai Warren Mundine is the Managing Director of NyunggaBlack and the Executive Chairman of the Australian Indigenous Chamber of Commerce.

Highly respected and influential businessman, political strategist and advocate for empowering Australia's First People to build a sustained economy and to create business opportunities, Warren's life and career have been shaped by a personal commitment to the Australian and Australia's First Peoples' communities and he has more than 26 years' experience working in the public, private and community sectors. Nyunggai Warren Mundine is a member of the Bundjalung and Gumbaynggirr peoples from the North Coast of NSW and the Yuin peoples of the South Coast of NSW.



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