

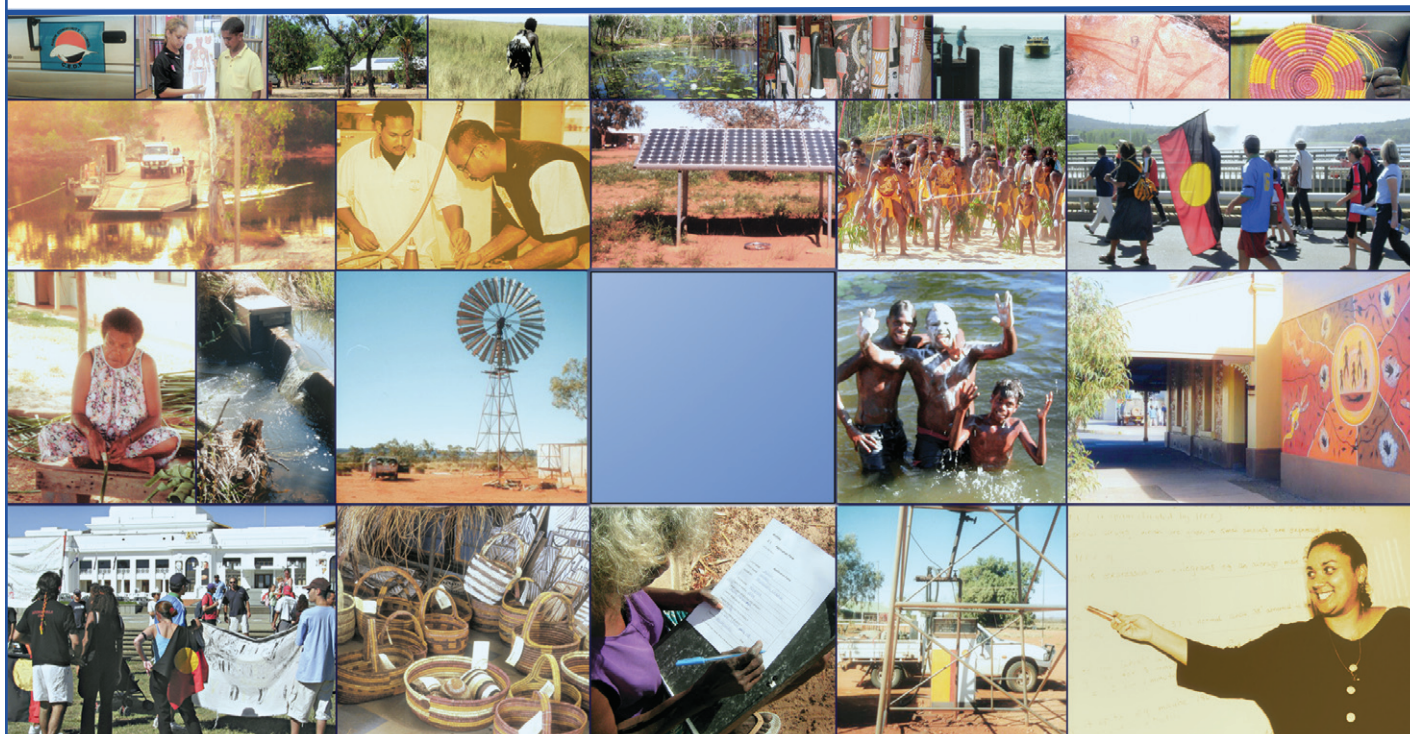
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Indigenous Economic Development through Community-Based Enterprise

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Indigenous Economic Development through Community-Based Enterprise

This paper is based upon a submission to the Australian Government's *Indigenous Economic Development Strategy Draft for Consultation*, which is available from <<http://resources.fahcsia.gov.au/IEDS/>>.

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INTRODUCTION

This Topical Issue addresses the Australian Government's draft Indigenous Economic Development Strategy (IEDS), with specific lessons learnt from working with Aboriginal people to further their economic development in remote areas. It is based on work currently being undertaken through the five-year research project 'People on Country (PoC), Healthy Landscapes and Indigenous Economic Futures' at the Centre for Aboriginal Economic Policy Research at the Australian National University (for more information see <<http://caepr.anu.edu.au/poc/index.php>>).

The PoC research project is collaborative, working with a number of community-based Aboriginal land and sea management (ranger) groups in north Australia currently engaged to varying degrees in cultural and natural resource management (CNRM) activities. These activities are undertaken across a vast and biologically rich land and seascape (see Northern Land Council 2006).

The PoC research has two aims. Firstly, to assist Indigenous people living in remote regions of Australia to take advantage of emerging economic development opportunities in CNRM. For example, we help to monitor employment and CNRM outcomes from individual projects and facilitate local and regional planning among groups involved in CNRM. Secondly, to produce evidence-based research that will assist Indigenous CNRM groups reduce institutional barriers to growing the Indigenous land and sea management sector.

There is great potential for this sector to generate economic benefits for remote Indigenous communities currently lacking conventional commercial opportunities. Areas with growth potential include the provision of environmental services at a regional scale and emerging industries like carbon abatement. Such activities will also generate national benefits during a period of climatic and related environmental uncertainties.

Importantly, the successful development of these activities will require the full and effective participation of Indigenous Australians.

IEDS:

Indigenous
Economic
Development
Strategy

This submission focuses on three key areas where we believe the draft IEDS should be amended to take account of prior government commitments and the realities of Indigenous economic circumstances in the remote areas in which we work:

1. We first make an overarching observation regarding the lack of coherence between the draft IEDS and the United Nations Declaration on the Rights of Indigenous Peoples.
2. We then note one way in which the draft IEDS appears to have misinterpreted the notion of 'incentives' as it relates to Indigenous employment outcomes in remote areas, which may in fact lead to unintended perverse outcomes contrary to the government's stated goals.
3. Finally we suggest that the draft IEDS largely overlooks the significance of Indigenous community-based enterprises in land and sea management as an economic development option for remote areas.

PoC:

People on
Country, Healthy
Landscapes
and Indigenous
Economic Futures

CNRM:

cultural and
natural resource
management

We end this submission with a number of recommendations.

1. UNITED NATIONS DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLE AND THE DRAFT INDIGENOUS ECONOMIC DEVELOPMENT STRATEGY

UNDRIP:

United Nations
Declaration on
the Rights of
Indigenous People

The Ministers' foreword to the draft IEDS refers to the Australian Government's 2009 endorsement of the United Nations Declaration on the Rights of Indigenous People (UNDRIP) and how this enabled the Australian Government 'to start the process of reforging our relationship with Indigenous Australians'.

UNDRIP is the appropriate framework to drive Indigenous economic development in Australia, especially for those in remote regions. This is because UNDRIP advocates Indigenous Peoples' full and effective participation in all matters that concern them and emphasises their rights to maintain and strengthen their own institutions, cultures and traditions, and to pursue their development in keeping with their own needs and aspirations.

Regrettably, there is little within the draft IEDS or the Action Plan 2010-2012 (Action Plan) that reflects the intent of UNDRIP. The draft IEDS and Action Plan demonstrate neither Indigenous Australians' full and effective participation in their development, nor the Australian Government's commitment, as a UN member, to move in the direction advocated by UNDRIP.

This is disappointing given that we are now in the post-declaration era when Indigenous Australians are seeking to make UNDRIP the guiding framework in the development of policies that concern them.

Indigenous Australians have not been fully involved in drafting the IEDS and late-stage consultations are occurring often many hundreds of kilometres away from remote Indigenous communities where innovative economic development projects are emerging. Unless this situation is rectified, the opportunity for Indigenous participation in the development of the IEDS will have been inadequate, demonstrating a neglect of the principles within UNDRIP and raising concerns that the Ministers' commitment to reforging the relationship with Indigenous Australians is merely rhetoric.

2. PERVERSE INCENTIVES

One consequence of a lack of engagement with Indigenous people at the local level in developing the draft IEDS is that particular local and regional circumstances are ignored. This can have profound implications as a 'one size fits all' approach can actually do more harm in some communities than good. We provide

the example of perverse incentives, where government actors may predict a particular outcome as a result of policy/program change but the influence of local realities produces opposite and unintended consequences in practice.

The draft IEDS places significant emphasis on incentives to promote increased Indigenous economic participation. However, it has given much too little thought to the kinds of incentives that are realistic and appropriate in Indigenous contexts. A clear example is the change to the Community Development Employment Projects (CDEP) scheme that will see all participants transferred onto income support payments in 2011. Some participants are already working under these new arrangements ('CDEP income support'), while other 'grandfathered' participants are still receiving CDEP wages.

The IEDS Action Plan suggests that the changes to CDEP are designed to 'build individual skills and capacity' and 'create positive incentives to work'. In practice, there is growing evidence that the changes are having the opposite effect in at least some instances. Under the old system of CDEP wages, where CDEP has been well administered, participants have been required to fulfil minimum part-time work requirements and many CDEP workers have been paid additional income ('top up') for extra hours worked or granted 'top up' in cash or in-kind outside their formal workplace. Many participants have used CDEP to undertake paid land and sea management work, apprenticeships and traineeships, or worked for 'third party' employers where they have received additional wages. A number have moved off CDEP into mainstream jobs as they have developed appropriate capacities and as jobs have become available. These are all outcomes the government says it wants.

There are many examples of these successes that the government should be aware of. These include Bawinanga Aboriginal Corporation (BAC) in west Arnhem Land, which has supported the development of a large number of successful commercial enterprises. Some of these enterprises are wholly Aboriginal managed and staffed, and most are underwritten by CDEP. Like BAC, Laynhapuy Homelands Association in neighbouring east Arnhem Land has also used CDEP to underwrite Indigenous ranger programs that would never have emerged without CDEP wages, and which have produced both employment and economic development outcomes. Another highly successful CDEP provider is Bungala Aboriginal Corporation in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands, which has increasingly achieved transitions from CDEP into mainstream jobs where these have become available. These are just a few examples where CDEP has been used constructively to further sustainable economic development goals (For more examples see Morphy and Sanders 2001).

However, the recent changes to CDEP are undermining these successes by creating a disincentive to participate in the scheme. Without the attraction of 'top-up' wages participants are well aware that they can receive equivalent income if they exit the scheme and register for Newstart Allowance. Once in receipt of this payment, the reality in remote areas in which we have worked is that the mutual obligation requirements are not enforced and Newstart Allowance becomes 'sit down money'. This is increasing the incidence of passive welfare: ostensibly what the government and commonsense seek to curtail and indeed what the CDEP scheme itself was designed to minimise.

Importantly, the Job Services Australia (JSA) system is proving ineffective in many of the remote areas where we work. In the cases we have seen it is failing to engage Newstart recipients (in some instances not even registering them) and failing to provide appropriate training or job services commensurate with peoples' needs. At least in these cases the JSA model appears to underestimate the long-term support and investment required to facilitate mainstream employment outcomes. It should be clear that where CDEP has achieved placements into mainstream jobs this has often required very intensive face-to-face support over long periods as people build their capacities for this kind of work from a very low base. This is something that successful CDEP providers have been able to deliver with the incentive of top-up pay.

CDEP:

Community
Development
Employment
Projects

BAC:

Bawinanga
Aboriginal
Corporation

APY:

Anangu
Pitjantjatjara
Yankunytjatjara

JSA:

Job Services
Australia

The new system of CDEP income support frustrates this ability. We maintain that while the draft IEDS represents the changes to CDEP as an incentive to work, our experience is that they are an incentive to stop active work and move into welfare dependency.

3. INDIGENOUS ECONOMIC DEVELOPMENT THROUGH COMMUNITY-BASED ENTERPRISES

The 'one size fits all' approach of the draft IEDS is of little relevance to Indigenous Australians living on their lands in remote regions of Australia where labour markets are weak.

The draft strategy refers to incentives only in terms of 'legal, welfare and taxation systems'. It misses, completely, the cultural context of Indigenous obligations to care for country as a significant incentive to build Indigenous economic development.

The draft strategy gives primacy to individual business ownership and entrepreneurship and fails to adequately recognise community-based enterprise as a successful model for Indigenous economic development in remote regions of Australia.

Community-based enterprises differ from most conventional businesses in that they are not based on utilitarian economic models but have broader political, social, cultural, environmental and economic goals. Through community-based enterprises there is little if any distribution of profit to individuals, as any surplus is reinvested for the long-term benefit of the land owners (the community) and their culturally significant and biologically diverse lands and waters. This is done through investments in jobs, capital items and community-based projects. Community-based enterprises reflect Indigenous Australians' right, articulated by UNDRIP, to determine and develop their own priorities and strategies for exercising their right to development (Article 23).

Indigenous community-based enterprises align with national targets set out in Australia's Biodiversity Conservation Strategy (ABCS) (2010-2030) (NRMMC 2010). Indigenous lands and seas and Indigenous community-based enterprises built on CNRM activities are essential ingredients to achieve the majority of the ABCS's targets. All of the national targets have a short five-year timeframe which means that institutional models, such as community-based enterprises, that have the demonstrated potential to assist in achieving the national targets should be supported, built on and duplicated.

Target 2 of the ABCS, for example, aims to: 'achieve a 25% increase in employment and participation of Indigenous peoples in biodiversity conservation' (ABCS 2010:10). This target should be picked up in the IEDS which could establish the machinery to achieve it.

Target 3 of the ABCS aims to, 'achieve a doubling of the value of complementary markets for ecosystem services' (ABCS 2010:10). To achieve this the IEDS should be identifying how it will remove institutional barriers so that Indigenous community-based enterprises can grow to take advantage of these emerging markets.

There are many examples of community-based land and sea management enterprises across Australia that are providing significant cultural, ecological and economic benefits to Indigenous communities and wider Australia. It is time that such enterprises are recognised and supported.

The West Arnhem Land Fire Abatement project is one such project which links Indigenous community-based enterprises with emerging markets for ecosystem services. The operational capability for this project was built through the creation and consolidation of Indigenous Ranger groups (community-based enterprises) and Outstation Resource Agencies (ORAs), using CDEP and partnerships with Bushfires NT and the Tropical Savanna Management Cooperative Research Centre (1994-2009) for scientific input. This

ABCS:
Australia's
Biodiversity
Conservation
Strategy

ORA:
Outstation
Resource Agency

included such things as technology for real-time detection of fire 'hotspots', the prompt mapping of fire scars essential for both planning and day-to-day management responses, and the measurement of fuel loads and greenhouse gas (GHG) emissions (see Russell-Smith et. al. 2009).

Essential to this project, like many others, is the 'glue' that joins the disparate groups into an effective system. In the WALFA case, this was provided by committed individuals with a mix of scientific, organisation skills, and a long-term commitment to the region and its people (Whitehead et. al. 2009:287). The continued availability of these skilled people was sometimes difficult to maintain because of changing funding criterion, funding timelines and the competing aims of the various funders, both government and philanthropic.

The 'IEDS team' needs to step back and review community-based enterprises that have been emerging or trying to emerge across remote Australia for the last 20 years. In doing so, they could identify mechanisms and resources that need to be established to make it easier for emerging community-based enterprises to flourish.

Such an exercise would include identifying mechanisms to:

- Strengthen and build land and sea management governance organisations and administrative centres
- Provide scientific (ecological) advice to land and sea management groups so they can make informed decisions
- Establish 'Learning through Country' programs linking Indigenous land and sea management activities with remote area schools
- Provide resources for disperse land owning groups to meet to develop land and sea management plans
- Engage cross-cultural participatory planners to work with land owning groups to draft land and sea management plans that underpin remote area economic development, and
- Assist land and sea management groups develop investment portfolios to encourage private sector investment in ecosystem services.

Undertaking such a review and working with Indigenous people in this way to build on and develop their own strategies for economic development would not only meet with the principles Australia has committed to in UNDRIP, but also assist Indigenous people to build, maintain and strengthen their own institutions, cultures and traditions and pursue their development in keeping with their own needs and aspirations.

It should be noted that there is a substantial body of existing research and associated recommendations about supporting community-based Indigenous enterprises. This includes the substantial *Report of the Review of Aboriginal Employment and Training Programs* (Miller 1985) and the Ministerial Council on Aboriginal and Torres Strait Islander Affairs' (MCATSIA's) Indigenous Economic Development Framework (Powers and Associates 2004).

The Miller report includes sections on 'Generating jobs and income through customary activities' and 'Supporting Indigenous use of land and assets'. It would be unfortunate to overlook this evidence base in developing the current IEDS.

MCATSIA:
Ministerial Council
on Aboriginal
and Torres Strait
Islander Affairs

RECOMMENDATIONS

1. That the government re-draft the IEDS based on genuine consultation with diverse Indigenous peoples including in remote and very remote areas. The aim should be to accommodate, as best as possible, the diversity of Indigenous circumstances and economic development aspirations, with the strategies identified reflecting local realities and avoiding a 'one size fits all program'.
2. That consultations include visits by government officials to remote locations where there are dispersed Indigenous populations and allow participants to have real input into the design of the IEDS, rather than informing participants about decisions already effectively made. This will necessitate careful attention to participatory planning processes and a greater number of meetings outside of the large cities.
3. That the government reconsider its views about supposed incentives to increase employment participation in light of emerging evidence that the changes to CDEP are creating a disincentive to work and encouraging welfare passivity.
4. That the government build its IEDS 'from the ground up' by identifying economic development strategies—such as Indigenous participation in CNRM—that are already working and identify ways to better support and expand these activities. The government should ensure that the IEDS does not miss opportunities to articulate with other strategies such as the ABCS.
5. That the government carefully consider the principles within the United Nations Declaration on the Rights of Indigenous Peoples and ensure that the IEDS reflects these, including the right of Indigenous peoples to participate fully and effectively in the development of policies that effect them and to pursue their development in keeping with their own needs and aspirations.

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