



The Impact of the Noongar People on the Western Australian Economy

by Duncan Ord



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WESTERN AUSTRALIA

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CEMI REPORT



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Preface

The current study of “The Impact of the Noongar People on the Western Australian Economy” has been undertaken as a result of a recommendation of the Strategic Economic Report “*Economic Development for the Noongar people of the southwest of Western Australia*”, commissioned by the Office of Aboriginal Economic Development (OAED) on behalf of the South West Aboriginal Land and Sea Council (SWALSC). ^[1]

The objective of this additional research was to investigate and if possible, quantify the influence the Noongar people of Western Australia are having on the State’s economy. In addition the research aimed to examine opportunities to enhance this influence through greater participation in the economy or through a more strategic placement of resources.

The findings of this research complement and endorse the strategic direction recommended for SWALSC in the OAED report.

This research report is presented in two parts.

The first part of the report is aimed at placing the Noongar people of Western Australia and the role they play in the economy within the broader economic and political context of Indigenous Australia.

The second part of the report is intended to measure not only the current impact the Noongar have on the economy, but their potential to impact in the future. To do this an environmental scan of Government policy is necessary along with a review of contemporary research into Indigenous economic disadvantage.

The subsequent findings articulated in this report raise significant issues as to the relative disadvantage suffered by the Noongar in comparison with other Indigenous peoples and the opportunities that exist to address them.

As an urbanised and distributed group the Noongar must battle for their own identity, not only against the overwhelming majority of non Indigenous people, but within Indigenous forums that often are focused on the plight of remote and rural communities.

This report seeks to define key issues that will define economic impact now and into the future and to bring an agreed common understanding of the current environment.

Executive Summary

The Noongar people of Western Australia influence the State and its economy in many direct and subtle ways. The six thousand plus Noongar people who have employment contribute to the State economy through their productivity, expenditure, tax and creativity.

Many, if not the majority of country towns in Noongar country have Noongar names, reflecting a proud history and residual culture and language.

The Noongar may have been dispossessed of their lands and have been the victims of the stolen generation, but they continue to live in towns and cities across their country, often under considerable economic and social stress. The Noongar are also the victims of economic change, particularly of rural readjustment, of the loss of male unskilled work and of the loss of youth employment opportunities.

The Noongar are however, in the best position of all the State's Indigenous people to substantially increase their participation in the economy and hence, improve their social and economic well being.

The majority of Noongar live in areas of strong economic growth and amongst a non Indigenous workforce that is rapidly ageing. This reality, alongside improving outcomes in Noongar education and training, offers over the next decade, outstanding potential job and business growth.

Noongar organisations and the community need to be empowered to create and pursue these opportunities in a way which preserves the culture they have kept alive over 175 years of profound change.

Fortunately, the knowledge economy of today values unique cultures and traditional knowledge and thus, the very preservation of Noongar language, law, culture and knowledge is an economic opportunity.

The position of the Noongar today is reflected in the following balance sheet of economic flows and assets.

Noongar Creation of Cash Flows in the Economy

The report identifies revenue flows that result in Noongar household income or in Noongar business income. The following charts are in 2004/5 dollars.

Annual Direct Income Flows Est., 2004/5

Noongar Household income	\$283.9 million*
Noongar Business income	\$75 million
	\$358.9million

* Net present value of 2001 Census household income (increased by 2.5% pa.)

Indirect revenue flows are created as a result of the interaction of the Noongar people and the economy, particularly in the provision of welfare services.

Annual Indirect Flows Est. for 2004/5

WA Government	Annual Expenditure
Health	\$72 million
Community Development	\$25.4 million
Education	\$55.0 million
Training	\$10.7 million
Universities	\$9.6 million
Justice	\$60.3 million
FEDERAL GOVERNMENT SOURCES	
Combined Agency Expenditure	\$83.8 million*
	\$318 million

* Calculated as 4.9% of total Commonwealth Indigenous expenditure less Education and Health, which mostly flow through State agencies.

Noongar Asset Accumulation Controlled or in Trust:

Noongar assets include individual assets such as homes, cars, and savings. Group assets include land, infrastructure and business assets.

ASSET DESCRIPTION	2004/5 Est. Value
Land held in trust (WA Govt.)	\$24.0million
Home assets owned	\$84.5million
Equity in homes under mortgage approx est.,	\$45.0million
Business assets approx est.,	\$50.0million
Superannuation and savings	\$100.0million
ILC land and share of National land Fund trust	\$90.0million
IBA land	\$10.0million
Vehicles	\$39.0million
	\$442 million

In total the direct economic impact of the Noongar community on the economy will range from **\$500 million - \$700 million** per year. A high proportion of this impact flows to the non Indigenous community in direct income, such as wages and salaries.

The Indigenous household expenditure of **\$250 million** plus per year flows almost entirely to the non Indigenous community for the provision of basic goods and services.

Part A of the report identifies that the benefit to the WA economy of increasing Noongar participation in the economy to the same level as that of the non Indigenous population is worth an estimated **\$335 million** per year (2004).

This report identifies a target of 4000 jobs to be created over the next seven years to help achieve the comparable employment participation outcome. It is reasonable to expect 2500 of these to come from small business and 1000 of these to be employed by new Indigenous businesses. A goal should be to create 40 Noongar

small businesses a year across the five Noongar regions, 20 in the city and 5 in each country region. This level of outcome is needed if the current disadvantage is to be addressed.

To undertake such an ambitious plan, resources need to be committed by Government to enhanced economic development funding and to the establishment of market opportunities, particularly in the Government sector. The pursuit of joint ventures with the private sector and the use of leverage from native title negotiations, can build mainstream employment and an entrepreneurial culture. Strategic partnerships with education and training institutions can assist in the crucial capacity building which underpins this approach.

PART A

SECTION 1

Government Policy in Indigenous Economic Development

The period 1998-2003 has been one of profound reflection by Government and the Indigenous community on the failure of policies and programs and the actions of the market economy to address Indigenous economic and social disadvantage. In March 1998 the Minister for Aboriginal Affairs released a discussion paper *'Removing the Welfare Shackles'* to explore a way forward. The paper reported on the experience of Canadian Indigenous business programs where the emphasis was in building investment income which could fund further investments or be distributed to people in place of welfare dependency. ^[1]

The paper supported the consolidation of a number of Indigenous economic development programs into a single entity, the Indigenous Business Australia (IBA), modelled on Aboriginal Business Canada (ABC) which had assisted over 5000 Canadian firms and contributed to the creation of 6000 full time jobs over the period 1989-1996.

A critical aspect of the IBA proposal was to separate commercial oriented projects from those considered socially oriented, since such conflicting objectives had been blamed for the failure of current development programs. ^[1]

The IBA was to invest in commercially viable investments, promote joint ventures, provide grants and loans, provide Indigenous housing loans, hold Aboriginal and Torres Strait Islander land trust funds and promote the establishment of an Indigenous bank.

In response to this challenge to their role in economic development the Aboriginal and Torres Strait Islander Commission (ATSIC) commissioned the report *"Getting on with Business"*. ^[2] This report rejected the IBA proposal with its investment orientation and alternatively proposed a model based around partnerships with the private sector which they titled a "New Approach". This new approach included the delivery of existing ATSIC economic development programs through or in partnership with the private sector, improved access by Indigenous people to mainstream banking services and an emphasis on employment as the main outcome of economic development (as opposed to wealth creation). It also suggested the use of collective negotiating power to influence the financial institutions in supporting Indigenous people and businesses with finance.

ATSIC argued their current program had funded 84 businesses and made 339 loans and had created 400 income generating activities in the CEEP program between 1993-1998, and that ATSIC should retain the overview of Indigenous business programs. ^[2]

ATSIC identified mining, tourism and infrastructure projects as the source of commercial opportunities and Indigenous negotiating rights as the catalyst for deals. However, they also recognised the financial resources necessary to fund new Indigenous enterprises, was beyond the capacity of Government to provide. ^[2]

Included in the recommendations was the adoption of a regional economic planning framework to align Indigenous economic development with available strategic opportunities. ^[2]

As an alternative to the IBA proposal, ATSIC recommended the establishment of an Indigenous Business Equity Fund. This fund was to be a venture capital company open to Indigenous Land Councils and other backers to own through investment in units of equity. ^[2]

In a compromise between the two positions the Federal Government established the Indigenous Business Australia under the ATSIC Act in November 2000. ^[3]

In response to ATSIC partnership proposal the Business Council of Australia and ATSIC commissioned the report "*Indigenous Communities and Australian Business*". ^[4] The report stated "Indigenous leaders are asking business to play a central role in ensuring real jobs in the real economy". It also recognised that the majority of Indigenous Australians (est. 2001, 420,000) live in urban locations and have little direct involvement with business. From the perspective of business the impediments to Indigenous employment were lack of skills and the complexity of dealing with cultural understanding. The attractions were a need to develop a local supply of labour, social commitment, and the need to negotiate access to land. The report identified the contribution small business, regional co-operatives, joint venture initiatives and trading contracts could make towards building a viable economic base for self reliance.

The report stated 'small business development and the encouragement of Indigenous self employment is consistently lauded overseas as the most culturally and economically appropriate means of generating Indigenous community development'. It then pointed out the tiny proportion of Indigenous people currently running small business or self-employed. Using case studies the report noted the overseas success in terms of business development of economic assistance zones in New Zealand and the provision of targeted financial services in North America. While championing business partnerships the report identified a lack of commitment of business to any community support which did not match their strategic interests. ^[4] The Australian Chamber of Commerce and Industry (ACCI), as a peak industry body, supports a skills development and labour market approach as a means to community economic development.

The issue, which will be addressed later in this paper, is the capacity of the labour market to provide sustainable employment opportunities, in the form of a sufficient numbers of jobs, to address systemic Indigenous unemployment.

While detailing the successes achieved by Australian business in working to build Indigenous employment, the report also considered some unique alternative models of economic development including the LUMBU foundation, the first Indigenous controlled charitable foundation, the aim of which is to broker business partnerships,

invest in leadership and generate culturally appropriate development and assets that enhance Indigenous culture and values. ^[4]

The difference in approach is one of control. In most business partnerships with Indigenous communities control still lies with the company rather than the community, creating the risk of exchanging Government welfare for corporate welfare.

The *McClure Report* ^[5] investigated welfare reform across the Australian Community and argued 'a major social obligation of Government is to optimise the conditions for economic growth and sustainability of employment'. It then outlined the concept of community capacity building which could be created through community economic development, community – business partnerships, social entrepreneurship, and by fostering micro-business. McClure extended 'mutual obligation' to embrace business and suggested it was their responsibility to partner with Government and local communities to address social disadvantage.

This 'price of the right to do business' is being accepted in the resources industry but it yet to be accepted across business in general, particularly in service industries.

In 2001 the Commonwealth Grants Commission (CGC) reported on Indigenous funding and proposed the concept of an evidence based policy in Indigenous Affairs. It stated, 'despite the longstanding and increasing commitment of Government resources to meeting the needs of Indigenous people, the outcomes in terms of reduced disadvantage were below reasonable expectation'. ^[6]

The report recommended a fundamental shift from a reliance on Indigenous specific programs driven by the principle of self determination to a whole of Government approach based on Commonwealth/State agreements. Building on the McClure report framework the focus was to shift to individuals and families, community capacity building, regional decision making by Indigenous people and the encouragement of self reliance and independence from welfare. Though committing \$2.5 billion per year in Commonwealth funding (approximately \$6,000 per head- see appendix 1) the report noted funding needed to be outcomes based and that with the exception of housing funding, input and outcome measures did not exist. It also accepted that the federal system of Government led to a dispersal of effort and duplication of programs, which lacked efficiency in aligning resource allocations to need. ^[6]

The opportunity the CGC report presents underpins the core strategy of the South West Aboriginal Land and Sea Council (SWALSC), which is to build a regionally specific Noongar Economic Development Model. The report outlines new service delivery principles which include flexibility, a partnership approach, shared responsibilities with Indigenous people and services delivery appropriate to both culture and location. ^[6]

For the Noongar people the report poses opportunities and threats; the opportunity for self governance but the threat of possible exclusion from Indigenous specific funding.

The report states, 'Where mainstream programs and services are available such as in large cities and other accessible locations, Indigenous Australians should enjoy the same needs based level of access to mainstream services as other Australians.' [6]

Practical capacity building was examined by the House of Representatives standing Committee on Aboriginal and Torres Strait Islander Affairs in 2003. The submission by Indigenous Business Australia outlined their participation in 23 business ventures in property development, agriculture, tourism and shipping - investments which represented \$50 million. The major thrust of the submission was the need to build governance capabilities to allow the emergence of localised decision making and control. [7] The model proposed by IBA, which was based on the model developed for American Indian communities by the "Harvard Project", is examined later in this paper.

The IBA identified intergenerational welfare dependence as a major constraint to self reliance, alongside the proliferation of Indigenous organisations which now number 4500, or one organisation for every 59 Indigenous adults. This limits the ability to better utilise the management capability in the Indigenous community due to talent dispersal. Another significant constraint was the availability of capital for economic development and individual financing requirements. [7]

To enact the shift in Commonwealth Indigenous policy towards mainstream program intervention, the Steering Committee for the Review of Government Service Provision (SCRGSP) produced the report "*Overcoming Indigenous disadvantage: Key indications 2003*" for the Council of Australian Governments (COAG). [8] The framework outlined in the report was endorsed by COAG in August 2003. This framework has three priority outcomes one of which is 'improved wealth creation and economic sustainability for individuals, families and communities' and in turn this is measured by labour force participation and unemployment, household and individual income and home ownership.

Importantly the framework accepts the multi-causality of outcomes and adopts a holistic approach to their resolution. Key concerns noted were the low labour force participation of 50.4% for Indigenous compared with 62.6% for non Indigenous in 2001, unemployment running at 2.8 times the rate for non Indigenous people and the low levels of home ownership (31.9% of Indigenous households compared with 69.5% of non Indigenous households). [8]

The report defined economic development as employment opportunities, influence over land resources and education and training that leads to employment and the capacity to govern. [8]

Land was seen to contribute to economic development based on geographic factors, such as climate, soil type, location, the strength of property rights and the aspiration of Indigenous landowners and their governance capabilities. [8]

There is little differentiation in the report between remote communities and the rural and urban based communities hence the treatment of the role of land use is limited in its applicability to the Noongar situation.

The report's measure of employment was dominated by the role of the CDEP which 'employed' 34,184 people by June 2002. The CDEP program effectively masks Indigenous unemployment which would be recorded at an estimated 44.8% if the CDEP did not exist. ^[8]

Indigenous employment by industry reflects the internal services focus of employment growth with Government administration, education and health and community services making up 40% of all jobs. The lowest sector for Indigenous employment was the critical finance and insurance industry. ^[8]

The report noted the CDEP was based on Indigenous people foregoing their unemployment entitlement to effectively 'work for the dole' but failed to quantify the economic output of the CDEP program, which itself is of significant benefit to the economy as a whole, due to the potential cost of providing the same services at competitive labour market rates on top of the cost of unemployment entitlements.

Significantly the report identified Western Australia as the State with the lowest ratio of Indigenous to non Indigenous self employed. Self employment and the development of business development opportunities were seen to be influenced by access to land, not just for direct exploitation of natural resources, but for the role that freehold title plays in the financial loans system. It was noted that 12% of WA land was owned or controlled by and for Indigenous people, however, inalienable freehold communal title was a barrier to obtaining finance for homes and businesses. ^[8]

Summary

The preceding series of reports reflect the common objectives of both ATSIC and the Commonwealth Government towards reducing Indigenous disadvantage but divergence in their means to the same end. ATSIC is promoting self determination and a partnership approach with business and the Commonwealth Government a return to mainstreaming of service provision and mutual obligation. Both are committed to community capacity building.

The destabilisation of ATSIC through the process of review of outcomes and the issues surrounding the Chairperson leaves its ultimate fate uncertain.

Key issues impacting on Noongar Economic development emerge as:

- **The capacity for Noongar people to benefit from existing Indigenous specific funding.**
- **The appropriateness of mainstream funding programs to support Noongar economic development.**
- **The ability and opportunity for Noongar people to partner with the private sector towards economic independence.**
- **Access to land and the methodology of ownership and control.**
- **The potential to merge Noongar organisations to gain critical economic mass.**
- **The ability of Noongar people to access finance and investment capital.**
- **The degree to which Noongar people participate or wish to participate in the labour market.**

- **The rule of CDEP in promoting economic self reliance.**
- **The opportunity for Noongar people to seek direct access to Commonwealth funding by implementing the Harvard model of economic development and governance.**

Western Australian Government Policy Responses

The Western Australian Department of Indigenous Affairs (DIA) released the report '*Building stronger communities*' in 2002. ^[9] It adopted the United Nations' definition of capacity building as 'the process by which individuals, organisations, institutions and societies develop abilities to perform functions, to solve problems and set objectives'. While this mirrors the objectives of self determination, it is acknowledged by the report that self determination has failed in Australia due to the lack of effective transfer of resources from Government to the community and the creation of expertise to allow effective self management. ^[9]

The DIA proposes two approaches to capacity building: (1) developing the capacity of governed to work in partnership with Indigenous people; and (2) supporting the capacity of Indigenous communities to setting and meeting agreed outcomes for people, families and communities. ^[9]

The paper identified two examples of capacity building. In the first the Tjurabalan native title determination established an economic region with a combined population of 1200 people. A collaboration was put in place between ATSIC, DIA, Kimberly Land Council (KLC) and the Department of Premier and Cabinet to integrate their service delivery towards greater economic and social development. The paper noted ATSIC had been providing \$250 million per year to Western Australia without a coordinated approach being pursued with the WA Government. ^[9]

The second example was the Kaata Wangkinyiny Region Noongar plan, which is a joint initiative between the Government and ATSIC, to build local community action groups. These groups are aimed at engaging all families in a region in the governance and development of the community. ^[9]

The paper also recognises the State Government's major Indigenous focus is on health, education and housing. The latter issue is dramatically exposed with the statistic that 8% of Indigenous Western Australians live in houses with 10 or more occupants.

Through the COAG agreement economic independence is one of three priority areas for Indigenous development. The Government has committed to an Indigenous leadership process and partnerships such as the Indigenous Agricultural Business Development Program (IABDP), which engages ATSIC, the DIA and the Indigenous Land Corporation (ILC) with local/regional stakeholders and the WA Department of Agriculture to promote 'FARM BIS' on Indigenous controlled land. ^[9]

Regional economic development is further articulated in the State's *Regional Western Australia Policy* ^[10], which makes a major commitment to improving Indigenous disadvantage. The policy recognises the WA regional economy contributes 22% of Australia's and 82% of WA exports and is produced by only 27% of the State's population. What is not stated but is obvious is that the bulk of this

export effort is driven by natural resources gained from access to land and sea originally 'owned' by the Indigenous population. ^[10]

The policy's outcome priorities include job opportunities for Indigenous people and support for enterprise development particularly in areas such as arts and crafts and cultural and eco tourism. This is further supported with a commitment to train Indigenous people in land and national park management and the building of partnerships between Local Government.

Though not related to their Indigenous policy, the Government, as an overall commitment to regional WA, has set the Buy Local Target for Government agencies at 80%, representing a market of \$4 billion.

A commitment to expend \$75 million through the regional infrastructure fund and community initiatives has led to the leverage of \$160 million in investment and the creation of 2700 new jobs in two years. ^[10] This provides a benchmark for an Indigenous specific infrastructure investment strategy should one be devised.

The Government's policy on Indigenous land is articulated through the Aboriginal Lands Trust (ALT), which holds 27 million hectares of land or 12% of Western Australia, most in reserves (20 million hectares). ^[9] The policy is to progressively hand control and management or ownership of all the land back to Indigenous people.

The complexity of these arrangements and their impact on Indigenous economic development is related to the nature of title. Land title is defined as; freehold, leasehold or reserve. Freehold provides the greatest flexibility and can be sold or mortgaged. Leasehold and reserves have limited economic value related to abilities to sub lease and exploit for commercial activities. For example, all pastoral leases expire in 2015, which potentially limits the value of sub lease and any proposed infrastructure investment. ^[9]

The WA Government has negotiated a Western Australian Aboriginal Economic Development Agreement (WAAEDA) between the Department of Industry and Resources (DOIR) and ATSIC/ATSIS. The Agreement provides a framework to deliver the outcomes promoted in the COAG declaration, with the addition to the COAG Agreement of the principle of sustainable development. Like the direction of Commonwealth policy, the Agreement is focused on 'maximising wealth creation'. ^[11]

The Agreement identifies year 2001 benchmarks, with 66% of Indigenous Western Australians earning less than \$21,000 p.a. and 40% earning less than \$11,000 p.a. Significantly, 25% of Indigenous families have household income of less than \$21,000 p.a. compared with 13% of families in the general community. CDEP is identified as accounting for 46% of all Indigenous employment. ^[11]

To address this disadvantage the Government recognises Indigenous people need to be able to access all Government programs, not just those that are Indigenous specific.

Lead Government agencies are to be the Department of Fisheries, the Department of Agriculture, the WA Tourism Commission, the Office of Aboriginal Economic

Development, the Small Business Development Corporation, the Department of Local Government and Regional Development, the Department of Education and Training, and the Department for Culture and the Arts.

Key outcomes are defined as:

1. increased labour force participation;
2. increased household and individual income;
3. increased rates of home ownership; and
4. increased rates of participation and attainment of post compulsory secondary and tertiary education qualifications ^[11]

Enterprise development is seen to be best pursued through small and medium business, with a commitment given to increased business ownership and access to mainstream business and industry development incentive programs. The Agreement proposes a planning cycle of Plan, Act and Review and acknowledges the need to review the risk and return on Indigenous investment assets. It also agrees to develop capital investment plans for regions and communities. ^[11]

Summary

The Western Australian Government through the COAG declaration is essentially pursuing a parallel policy strategy to that of the Commonwealth Government. The development of a sustainability strategy does provide a degree of differentiation, if implemented. An illustration of this difference can be seen in the sustainability of jobs in the mining industry. Employment outcomes based around localised employment strategies are inextricably linked to mine life, which itself is often determined by macro economic factors such as the exchange rate or global commodity prices. With effective 60% Indigenous unemployment, it is reasonable to seek any employment opportunities, but history has shown that the Indigenous workforce, once the backbone of the rural economy, can become redundant when better economic options become available. True economic sustainability must equip Indigenous people to be able to survive the business cycle and evolve with the overall economy.

Key State issues include:

- **The appropriate resourcing of communities within the process of land transfers from the Aboriginal Lands Trust to facilitate their capacity to use the transfers to contribute to Aboriginal economic development.**
- **The potential for better coordination and the pooling of funding between the Commonwealth and State Government agencies to provide better economic development outcomes.**
- **The potential of the Regional Development Authorities to partner with Indigenous communities on economic development and increase the provision of Indigenous regional infrastructure.**
- **The capacity for Noongar people and enterprises to gain leverage from the Western Australian Government's buy local targets through the contracting or sub contracting to provide goods and services.**
- **The level of funding and support provided to Indigenous economic development to bring about significant change.**

- **The identification of industries with the capacity to grow Indigenous employment, self employment or enterprises.**

Contemporary Research into Indigenous Economics

Research into Indigenous economic disadvantage is quite a recent phenomenon which has emerged alongside the development of Australian Bureau of Statistics (ABS) Indigenous data collection. Given the ABS Indigenous data is self identifying by nature, the under recording of Indigenous statistics is widely accepted. *Altman* ^[12] undertook a study into the economic status of Indigenous Australians and identified the key characteristics of the population, namely that 73% of Indigenous people reside in towns and cities, that Indigenous people have the lowest economic status of all Australians and that population structure, location, cultural priorities, absence of labour migration, and discrimination can explain Indigenous economic marginality.

Realistically, Altman accepted the intractable nature of low Indigenous economic status driven by high levels of population growth and exclusion from mainstream funding and opportunities. Significantly, Altman argued for policy flexibility and the acceptance of differentiated economic outcomes based on 'choice' rather than a policy framework aimed at the rapid integration of Indigenous people into the mainstream economy. This latter point reflecting a view that some Indigenous people may be happier with a subsistence, rather than, a consumer lifestyle. Equally, the study recognises that many Indigenous Australians live in situations that do not require any differentiation from mainstream Australians. ^[12]

While accepting the reliance of urban Aborigines on the market economy, the study expressed concern about the environmental, social and cultural costs associated with the benefits of economic growth. In quantifying economic status Altman called for indicators other than comparative social to measure advancement, and this is not reflected in the COAG indicators developed in 2003. ^[13]

The most disturbing finding of the study was that only a small proportion of the variation in employment rates could be explained by education, skills, location, language or marital status; and hence the presumption is that discrimination by business is a major constraint on employment. ^[12]

Taylor ^[14] undertook a study into Indigenous economic futures in the Northern Territory and showed that despite above average economic growth in the Northern Territory (1996-2001), and significant changes of policy by the Federal Government to boost Indigenous employment, labour force participation rates had decreased from 42% to 38% and private sector employment dropped from 29.3% of employed Indigenous people to 27.3%. In fact the only industry where growth occurred was in Commonwealth Government employment. Northern Territory Indigenous people only received 4% of income derived from mainstream employment for this period despite making up 25% of the population.

Taylor ^[14], like Altman, cautioned against expectations that the labour market could address Indigenous disadvantage and recommended greater development of the customary economy and encouragement of import substitution at a local level. Industries identified for import substitution were in the areas of construction,

maintenance, education, health services, retailing, transport, media, land restoration and management, and tourism.

Many of these findings are supported by the Australian Bureau of Statistics (ABS) study into Indigenous Australians in the contemporary labour market based on the 2001 census. ^[15] This study confirmed the growing importance of the CDEP scheme, which employs 30,474 Indigenous people and accounts for 38.3% of the ATSI budget. The report noted the expansion of the scheme from rural and remote communities to urban areas, particularly Perth, where PEEDAC Pty. Ltd. had 500 participants - 50% of Australia's urban CDEP participants. West ^[16] indicates this has since grown to 990 in 2004 and could expand to 2000 if places were available. Hunter observed that the introduction of CDEP in 1986 arrested the steady decline in Indigenous employment that began in 1971, however, even including CDEP, current employment levels are still below the level achieved then. The CDEP scheme, despite its success, has its critics who are concerned it interacts with education and training incentives and may limit youth integration into the mainstream economy. This is balanced by the positive impact of CDEP in reducing the discouraged worker effect. ^[15]

The study examined the issue of labour market mobility and found that against expectations, Indigenous people were more mobile than non Indigenous people although the mobility was more localised. This was explained by two theories: either that Indigenous participation in the secondary labour market characterised by high job turnover drove the mobility, or it was a function of community life. ^[15] Included in the first theory was the high level of youth unemployment, the same age group with a propensity to be mobile. ^[15]

Analysis of net migration of employed Indigenous people in the South West region of Western Australia showed a net loss of Indigenous employed people, but a substantial net gain of non-Indigenous people. ^[15] This is a possible indication that Noongar people are the victims of rural adjustment, but are not benefiting from the new and emerging industries such as wine production, tourism and services. Hunter concluded that the evidence supported the hypothesis that Indigenous mobility, while influenced by cultural factors, was an indication of a preference to obtain work. Like Taylor's study in the Northern Territory ^[14], the study found a decline in private sector employment from 60.4% of Indigenous jobs in 1986 to 57.2% in 2001. In comparison, non Indigenous private sector employment grew by 8.7% to 83.1%. In support of some current Government initiatives, the study found the Indigenous Employment Program (IEP) had assisted in the creation of 9000 private sector jobs since 1998. ^[15]

The report looked extensively at self employment and Indigenous employers and concluded this was critical to circumventing labour market discrimination. Self employment was concentrated in the trades and work within the private sector. A recent review of Indigenous business was highly critical of the number and effect of Indigenous support programs. In 2001 only 4.8% of the Indigenous labour force was an employer or self employed, only 30% of the level of the non Indigenous population. The study suggests the small number of self employed and the bias towards micro business reflects the relative access to capital compared to non Indigenous Australians. ^[15]

The Office of Aboriginal Economic Development (OAED) report for the SWALSC made the point that successive waves of immigrants had built their economic success on small and micro business despite an initial shortage of capital and while suffering from discrimination, cultural alienation and language difficulties. Common to most of these groups was the development of internal group markets and the use of their latent skills to fill niches within the labour market. The major difference to the Indigenous population is the total labour mobility which allows immigrants to target locations with a need for low cost labour. [17]

One of the challenges in trying to identify Indigenous specific economic effects is the rapid change in the economy with regards to the labour market and the nature of employment. *Lloyd, Harding and Hellwig* [18] noted in their regional income study a ‘hollowing out’ of middle Australia, with accompanying increases in the proportions of both high and low income households. They observed increasing inequality across all of society and an increase in low incomes from 27% to 30% of all households. The causes of this include growing part time employment and the loss of low skilled jobs due to technological change. *Jones* [19] outlined some key measures of Indigenous and non Indigenous income which demonstrated the relative disadvantage of Indigenous people. CDEP participants and unemployed people account for 70% of the low income group (less than \$300 per week) while mainstream employment in the Government or private sector accounts for 96% of Indigenous people in the high income group (more than \$700 per week)

A feature of the high level of low income Indigenous families is the existence of the ‘domestic economy’. *Daly, Henry and Smith* [20] undertook a longitudinal study in the town of Kuranda in Northern Queensland and found a domestic economy existed between extended families and linked households, with an associated network of cost and resource redistribution.

At the core of this domestic economy were welfare payments such as unemployment payments, family support and Abstudy. This was supplemented by local production such as arts and crafts and the bartering of services. The average household had 6.5 members compared to 2.7 in the non Indigenous community. The report identified the complex role the CDEP played in this economic model. It proved to be a preferred work option that allowed ‘wage’ supplementation but was sufficiently flexible and low in hours to maintain the communal support network. In conclusion the research showed that any strategy to move Indigenous people out of welfare dependence into mainstream employment had to be based around locally available jobs, as the community was too interdependent to support job migration. This is extended to the statement ‘*Indigenous welfare recipients will continue to remain reliant upon welfare if the local economies in which they work remain under-developed, if they are discriminated against and if no local job opportunities are available to them*’. The research confirmed welfare dependence was not an individual phenomenon but one in which a whole community can become entrapped.

[20]

Summary

The following issues are considered significant to Noongar economic development:

- **The degree to which Noongar people aspire to be in the mainstream economy or wish to find an alternative part work, part community development that allows the re-establishment of cultural traditions.**
- **The effect discrimination has in impacting job outcomes, given comparable training and capabilities.**
- **The need to analyse Noongar employment trends over time.**
- **The potential to grow employment in private sector service industries.**
- **The need to find a bridging structure between the CDEP scheme and self employment / business ownership.**
- **The degree of current Noongar mobility and the potential to deploy people flexibly to work across the Noongar region as a competitive advantage.**
- **The scope to create an internal Noongar market for goods and services (Noongar inc)**
- **The need to develop Noongar economic development strategies at a local level in regional areas, similar to the timber industry readjustment strategy.**

The Future of Indigenous Employment

Hunter, Kinfu and Taylor ^[21] published research forecasting the status of Indigenous labour force out to 2011. The study estimates that by 2011, an extra 84,000 Indigenous people will be of working age, with the working age share of the population increasing from 61% to 65%. Total Indigenous population is expected to rise from an estimated 458,520 in 2001 to 556,606 in 2011. Based on a constant proportion of population this would see the Noongar population rising from approximately 29,000 in 2001, based on Hunter's population estimate, to 37,526 in 2011, with 23,346 being of working age. The Noongar population has an average age of 19 years as of 2001, which has great significance for the workforce over the next decade. These population estimates are based on the ABS reconstruction of census data for 1996/2001 to take into account the effects of under reporting and self identification. Elsewhere in the report the population count is based on actual ABS recorded figures which are known to be conservative.

The study shows the impact of the CDEP with annual growth rates between 1996/2001 of 10.3% p.a., compared to total mainstream employment growth of 3.3% p.a. and non CDEP Indigenous employment growth of only 1.3% p.a. ^[21] Based on current program settings and no change in labour force participation rates it is estimated total Indigenous employment will fall from 40.1% of the population to 36% and unemployment rates, excluding CDEP participants, will rise from 22.5% to 30.9%. This indicates that with the substantial projected increase in the working age Indigenous population, job creation would need to increase 300% per year over that achieved in the 1990's to achieve parity with the non Indigenous Australians. Even to keep the current level of Indigenous employment/population ratio job creation will need to double over the rate achieved between 1996/2001.

The study estimates the direct cost to the Government of Indigenous people not in employment, including the 23.1% of those not in the workforce but considered discouraged workers, at \$1.1 billion in 2001. This cost is expected to rise to \$1.5 billion in 2001 dollars by 2011. ^[21] Again, using a Noongar estimate of 6.3% of the total Indigenous population, the cost of Noongar non participation could be as high as \$69.3 million per year, rising to \$94.5 million in 2011, a 36.3% increase in current dollar terms.

Hunter goes on to quantify the macro costs associated with Indigenous unemployment using foregone output, reduction in welfare payments, unemployment program costs, and tax revenue foregone. This is tabulated alongside Noongar proportional estimates in the following table. ^[21]

Table 1.1 Macro Costs Associated with Indigenous Unemployment ^[21]

Measure	Total	Noongar Proportion
Foregone economic output	\$2907mil	\$189.0mil
Reduction in Welfare	\$1087mil	\$65.0mil
Program expenditure	\$280mil	\$17.0mil
Tax foregone	\$701mil	\$40.0 mil
Total	\$4975mil	\$311.0mil

Note: adjusted to 2004 \$ at an indexation rate of 0.025pa puts current value at \$335 million

The study concluded that the failure to address Indigenous unemployment cost Australia 0.5% of gross domestic product and that the situation is likely to deteriorate because of population growth and the changing skill needs of the economy. Further, it argued that structural issues in rural Australia, such as new economic development opportunities, need to be given greater priority. It also noted the increasing role of the private sector in growing Indigenous employment, though off a very small base. ^[21]

Experience in Canada, the USA and New Zealand indicates the role self employment and small business can play in addressing Indigenous unemployment. *Hunter* ^[22] examined the potential of increasing Indigenous business ownership and self employment, and saw as a major impediment to growth the complexity of competitive markets, mobile consumers and producers and the lack of capital for investment. However, the paper did show the MAORI were almost twice as likely as Australian Indigenous people to be employers or be self employed and hence there is scope for considerable improvement in Australia's performance. The paper indicated the benefits of self employment were, on average, higher employment incomes than other Indigenous workers of \$4,400 (1996). This higher income was less than 20% above the average for employed workers indicating little margin to survive any economic downturn. The profile of the self employed is a person based in a rural area with non tertiary education, employed in trades related business. The major constraint to self employment is seen as lack of education and access to capital, with the latter related to home ownership which provides the bulk of collateral in the non Indigenous community.

In conclusion, the paper suggested the CDEP could be revamped to add a micro capital component and act as a business incubator. The second suggestion was for

Government to break up major contracts into small components to encourage Indigenous contracting of services, a model which has proved successful in the USA. [22]

The potential to generate finance for business development was studied by *McDonnell* [23] in her examination of the GRAMEEN BANK micro credit model. McDonnell reviewed the 1457 loans ATSI had made between 1970 and 1998. Worth a total of \$80 million, 70% had been used to develop businesses in agriculture, building, retailing and contract services. 1051 of the loans were repaid or were being repaid, with 276 or 19% deemed unrecoverable and a further 43% of active loans were overdue.

ATSI research showed that loans of less than \$30,000 were more likely to be repaid. The study highlighted the importance of Indigenous Women enterprises but noted their inability to access capital. McDonnell went on to outline the Grameen bank model established in Bangladesh in 1976 and since used successfully in the USA in First Nations Communities. The Grameen bank model uses micro credit (less than Au\$5000) to assist a group of interlinked individuals to establish a business or self employment, by creating a cooperative approach and rotating credit around the group. High levels of business success and repayments have been achieved, with defaults in the USA case study running at 3% (note ATSI 19%). [23]

The study claimed welfare disincentive and low population density were the major disincentives to introducing the model in Australia. [23]

Altman [24] outlined some of the existing asset base for Indigenous business development in the year 2000/1 (Table 1.2).

Table 1.2 Existing Asset Base for Indigenous Business Development [24]

Agency	Program Type	Value
ATSI	Business development	\$37mil pa
ATSI	Home ownership	\$54mil pa
ATSI	CDEP (Non Wages)	\$157mil pa
ATSI	Land Fund Trust	\$940 mil
Indigenous land council	Land acquisition	\$52mil pa
Indigenous Business Australia	Investments trust	\$70 mil \$8 mil pa

The study also considered the NSW Statutory Investment Fund, which over the period 1983-1996 raised \$268 million, and with earnings had a balance of \$492 million in 1998. The interest now flows to the Aboriginal Land Council system. The revenue was raised by an allocation of 7.5% of State Land Tax. [24] This model could be replicated in Western Australia, to give an investment fund to support Indigenous economic development.

Altman identified as inhibitors to economic development unclear property rights, contested aspirations, institutional fragmentation and missing financial institutions.

Suggestions to address these issues included:

- a more equitable approach to the underwriting of Indigenous business;
- imposition of community service obligations on the banking sector to force support of Indigenous finance;
- a need to assist Indigenous people to gain access to tradable assets such as fisheries, water and carbon credits; and
- the need to use the Indigenous land base as a positive in sustainable development. [24]

Altman also stressed the need to develop strong Indigenous leadership and governance and partnerships with industry and the banking sector. [24]

Dodson and Smith [25] investigated governance and defined this as the processes, structures and institutions through which a group, community or society makes decisions, distributes and exercises authority and power; and determines strategy and assigns responsibilities. To have “good” governance there needed to be legitimacy, power to act and the resources to establish governance and accountability.

A model for Australian Indigenous people was considered based on the Harvard project in the USA. This incorporates the ideal of ‘sustainable development’, which in simple terms means ‘development is sustainable when it meets the needs of the present without compromising the ability of future generations to meet their own needs’. [25]

The paper accepts the multi-causality of Indigenous disadvantage but claims poorly coordinated federal, state and local government policies and service delivery contribute substantially to the problem. In particular it says onerous accountability creates inappropriate program objectives and performance indicators that inhibit improvements to community outcomes. [25]

Significantly the paper identifies the lack of clear Indigenous property and resource ownership rights as limiting wealth generation. This is compounded by a community focus on starting up new business projects uninformed by needs and realities, chasing transitory opportunities such as single resource development projects and responding to other people’s economic agendas. They concluded that through good governance the Indigenous community could be capable of future oriented planning, problem solving, and revised social objectives and structure. Economic development needed to be seen in terms of ‘Strategic Fit’. [25]

Summary

The following issues are discussed in Part B of the report:

- **Are there realistic job outcomes in the labour market to cope with the rapid increase in the Noongar working age population?**
- **Will CDEP be able to expand to provide much greater participation and what long term outcomes are sought from CDEP?**
- **What companies or industries should be targeted for Noongar partnerships and joint ventures?**
- **What role should the State Government play as an employer?**

- **The potential to establish a Noongar economic development corporation.**
- **The potential of using the NSW land tax model to raise an investment fund.**
- **What constitutes sustainable economic development for Noongars?**

International Trends in Indigenous Economic Development

The Harvard project at Harvard University has produced the most highly regarded research into Indigenous economic development, and is widely quoted by Australian Indigenous leaders and forms the basis of current ATSIC Policy.

Cornell & Kalt ^[26] list four internal assets that can be used by Indigenous tribes to advance economic development: (1) natural resources such as minerals, timber, fish and scenery; (2) human capital skills and knowledge; (3) institutions of governance; and (4) culture. Based on these assets a development strategy is devised with either an internal focus, such as meeting the immediate needs of the tribe, or an external focus, such a manufacturing business. These concepts have been developed to meet the needs of tribal reservations but not the needs of a dispersed urbanised population such as the Noongar people.

Cameron ^[27] examined the creation of some semi autonomous tribal development corporations and found they addressed the three impediments to the development of tribal economies, these being: (1) potential for tribal political interference in enterprise; (2) the uncertain and risky business environment for non tribal investors; and (3) the lack of Indigenous managerial expertise. Cameron also noted that development corporations assisted in the provision of stability against the turnover of governments and the resulting rapid changes in policy. Hence the objectives of the corporation are twofold:

1. to ensure public funds invested in business enterprises serve the interests of the tribes; and
2. that the enterprises have the flexibility and freedom from political interference to be profitable and thereby attract outside capital.

The benefits of the corporation model is the demonstration to the outside world that the tribe is serious about economic development and is prepared to place tribal assets at risk in the form of investments in tribal and non tribal enterprises. ^[27] This model is not geographically dependant and could be adopted as an outcome of the single Native Title claim by the Noongar people.

Southern First Nations Secretariat ^[28] announced the establishment of 'First Call Communications Inc.' a 51% Aboriginal owned Telecentre joint venture with Total Credit Recovery of Toronto (49%). This was the first investment of their development corporation 3735401 Canada Ltd. This corporation is aimed at being commercially successful but focuses on niche market ventures which could hopefully produce Indigenous employment outcomes. Partnerships with proven companies are also the preferred business model.

In the USA the Indigenous community has created the Minnesota American Indian Chamber of Commerce to facilitate partnerships with non Indian business, and building business skills and capabilities. ^[29]

In Alaska the Native American National Bank (NAB) has been established with a mission statement of 'pooling Indian economic resources to increase Indian economic independence'. The NAB is a business bank only, focused on large business such as agriculture, and infrastructure loans, though it has established the Native American Community Development Corporation to meet the needs of small business and housing. Capitalisation is from Indigenous tribal trusts and the general banking sector through Community Reinvestment Act compliance. ^[30]

Canada has a very similar Indigenous profile to Australia, with Indigenous labour force participation the same as Australia's at some 10% below that of the non Indigenous population. Employment is also very similar with most employment in the same sectors: 15.2% in Government Services, 14.6% in retail and 10.3% in manufacturing.

Canadian Indigenous businesses are concentrated in business services (25%) retail (18.8%), natural resources (16.9%) and construction (15.1%). 75% of businesses owned by Indigenous people employ one employee or less. ^[31]

Canadian Government programs include the Community Economic Development Program (CEDP). Like the Australian CDEP its focus is on long term unemployment but it has a major business development function. These are actioned through 505 Community Economic Development Organisations (CEDO). The CEDO provides business planning services, funding towards business development projects, repayable loans to community members for training and business development; and holds equity positions in private and community enterprise. ^[31]

Success of these strategies is measured by the Aboriginal business start up rate which exceeded that of non Indigenous Canadians by 105% over the period 1994-2009. ^[32] Case studies include the Osoyoos Indian tribe which has established 10 businesses in a vertically integrated structure which includes a golf course, a vineyard, a recreational vehicle park and retail and property development enterprises. Many of these businesses are in partnership with private enterprise.

In New Zealand the Lake Taupo development company has a number of Forestry and Pastoral Trusts and these in turn seek partnerships in value added activities such as tourism, agriculture, geothermal energy and forest processing. ^[33]

Ketilson & MacPherson ^[34] have produced case study analysis of Canadian Aboriginal co-operatives. These have proved highly successful, particularly in balancing economic development with local needs and local priorities. The co-operative movement is seen to be useful in fostering growth, sharing responsibilities and spreading accountability. The authors observe that the settlement of land claims are bringing large sums to Indigenous people that need to be equitably deployed; and that co-operatives offer a suitable framework for using these funds for economic development.

The bulk of Indigenous economic research is based on tribal reserves and homogeneous communities. *Wherrett & Brown* ^[35] noted that land based models failed to respond to the reality of growing urban Aboriginal populations. They stressed the need for equity of access to services and funding, regardless of on or off

reservation status. They recommended a “*Community of interest*” model which would recognise territory as cultural affiliation, not geographic occupation.

The following is a summary of critical success factors identified in international Indigenous business case studies.

Table 1.3 Critical Success Factors in International Indigenous Economic Development

Country	Critical Success Factors
Canada-Aboriginal Cooperatives	<ul style="list-style-type: none"> • The cooperative model adapting to local needs and allowing ownership-developed from their own needs and debate. There is no single right way to do this. • Both social and economic capital and concern for community are enshrined in the principles of cooperative enterprise. • Variety of cooperative initiatives, including financial, fishery, housing and consumer cooperatives. • Willingness to learn organisational, financial and management skills. Accountability and transparency are important. • The role of champions, originally from within Government, then taken up and developed by the communities themselves. • Government support in funding the early learning of the elected leaders and members. Continuous learning/training of people and Indigenous leaders are critical. • Adopting a long-term view- early Canadian cooperative initiative dates back to 1963. • The learning and skills development of Indigenous project managers. • In some cases, significant amounts of funds were available to these communities as a result of the settlement of land claims.
New Zealand-Maori	<ul style="list-style-type: none"> • Collaborative relationships between Maori organisations to avoid duplicity of competition. • Develop strategies to avoid the burn-out of staff. • The building of early partnership arrangements between Government and Maori organisations leading to Maori ownership. • The leadership of Maori women. • Coordinate approach of Government services to Maori development. • Evolution of Central Government policy away from a western interventionist, deficit based to 'capacity building' and 'local level solutions'. • Building the capacity of non-profit, community based organisations to address racism and poverty in their communities. • The Maori economy today is engaged in a wide variety of export activities including wine, information technology,

Country	Critical Success Factors
	wool, kiwifruit and fisheries. <ul style="list-style-type: none"> • Permanent ownership of land assets and not a free-entry and exit policy of shareholders.
USA-Native Indians	<ul style="list-style-type: none"> • Sovereignty matters- those tribes that make their own decisions about what resources to develop outperform outside decision makers. • Institutions matter- so that there are mechanisms to settle disputes and reassure investors on issues of transparency. • These institutions have to be well matched to the particular society's cultural norms. • Indian owned businesses with non-politicised boards tended to perform better. • Firms that were tribally owned tended to perform more poorly. • The importance of a strategic vision-what kind of society do we want in 25 years time? • Access to capital from a variety of sources; as such access improves, so do the chances of successful developments.

Summary

International experiences support the direction the SWALSC wishes to take in building a Noongar economic development foundation or corporation. Such an initiative needs to be built on a distributed model of sub regional development bodies, perhaps growing out of the Community Action Groups or CDEP centres

Issues to be further investigated are

- The potential to establish an Indigenous bank or banking partnership.
- The potential to create a Noongar Chamber of Commerce perhaps under the Chamber of Commerce and Industry.
- To determine where the CDEP fits into longer term economic and business development.
- The applicability of the Canadian Co-operative model within the Noongar community or within regional centres.
- Analysis of the opportunities of vertically integrated businesses being established across the Noongar regions.
- The economic governance model that reflects the concept of communities of interest.

Australian Indigenous Economic Development

Some progressive examples:

In Australia the Balkanu Development Corporation has exercised the political power of Noel Pearson to establish the Indigenous Enterprise Partnership (IEP), which includes the corporation plus leading private sector entities such as Westpac Bank, the Body Shop and the Boston Consulting Group. This consortium has developed a Regional Economic Development Strategy (REDS) and intends to now establish a series of business hubs not unlike the Western Australian Business Enterprise Centres. ^[36] This model is still reliant on ATSIC funding but appears to be following the Harvard Project Model.

In western New South Wales the Barwon Darling Alliance (BDA) is establishing an 'Enterprise Zone'. Consisting of five local Government Shires in partnership with the Murdi Paaki Regional Council, the zone is aimed at building more diversified economic opportunities for Indigenous people across the region. ^[37]

Within Western Australia the Ngaanyatjarra Council (Aboriginal Corporation), which represents the interests of 2500 Western Desert people, has established a range of businesses including a buying service in partnership with FAL, a transport company, an air service, media capabilities, an arts and crafts centre, retail outlets and tourism ventures. ^[38]

This economic development does not appear to be the result of a regional development strategy but rather has emerged through opportunities related to the lack of private sector competition. The Ngaanyatjarra people have been very successful at securing infrastructure capital from the State and Federal Governments.

Within Noongar Country the Kodja Place visitor centre project demonstrates the potential of localised economic planning and partnerships across the community and Government agencies. The Kodja, being the name of the local Indigenous axe, is a great symbol for the potential of using partnerships to cut through the impediments to economic development, which are social, racial, financial, and often a lack of vision. In the case of the Kodja project the Kojonup Aboriginal Corporation acted as facilitator and was able to access a range of funding sources. At \$2.4 million this is a major Indigenous infrastructure project of great benefit to the broader community and the multiplier effect long term is substantial, however the project relied on multiple funding sources and was always at risk of a capital shortfall. ^[39]

To address the availability of finance for Indigenous people the Australian National Credit Union has established the First Nations Australian Credit Union. This uses the Giro Post network as well as ATM and other consumer banking services. Established in 1999, the Union has \$15 million on deposit and has \$5 million in loans and overdrafts. It has 2,900 members across Australia. ^[40]

The strategy of the Union is to build its credibility with Government and Aboriginal corporations, though it is yet to gain sufficient critical mass to influence competition

amongst the banking sector. Ironically the credit union has found it difficult to gain Indigenous support while offering the same services as the mainstream banks.

To see more Kodja Place projects emerge, there needs to be available infrastructure grants and low cost loans of sufficient size and availability to act as the catalyst for Noongar economic development.

Noongar Region Economic Indicators

The following data provides a general overview of indicators of Noongar economic engagement at the limited level of employment and income. It also aims to provide a general view of the Noongar region's economy.

Noongar Country spans five Western Australian Government economic regions, namely Perth, Peel, South West, Great Southern and Wheatbelt.

The total value of Gross State Product measured by factor income in 2001 was \$66.9 billion of which \$49.2 billion was created in the Noongar region (73.5%).

Economic growth rates between 1996-2001 were 3% in Perth, 5.8% in Peel, 3.6% in the South West, -1.4% in the Great Southern and -4.8% in the Wheatbelt. ^[41]

The greatest concentration of Noongar outside Perth is in the Wheatbelt.

Table 1.4 indicates the six top employment sectors by region in Noongar Country. Table 1.5 shows that Noongar people occupy approximately 6,030 of these positions.

Table 1.4 Top Employment Sectors by Region

Region	Sector	Jobs
Perth	Retail	94089
	Business services	76191
	Manufacturing	66715
	Health	63326
	Education	45506
	Construction	45474
Peel	Retail	3887
	Manufacturing	3159
	Construction	2231
	Health	1790
	Business services	1656
	Mining	1377
South West	Retail	8130
	Manufacturing	6729
	Agriculture	5868
	Construction	4839
	Health	4306
	Business services	3869
Great Southern	Agriculture	4762
	Retail	3055
	Health	1765
	Education	1674
	Construction	1496
	Manufacturing	1485
Wheatbelt	Agriculture	10555
	Retail	3287
	Education	2329
	Health	2052
	Construction	1755
	Manufacturing	1467

Regional Development Council 2003 (2001 data) ^[42]

Table 1.5 Noongar Employment Status By Gender - Employed Persons

Occupation	Total Perth & Narrogin		
	Male	Female	Total
Agriculture, Forestry and Fishing	168	56	224
Manufacturing	403	110	513
Electricity, Gas and Water Supply	28	5	33
Construction	340	29	369
Wholesale Trade	153	55	208
Retail Trade	253	317	570
Accommodation, Cafes and Restaurants	80	140	220
Transport and Storage	144	37	181
Communication Services	84	49	133
Finance and Insurance	23	49	72
Property and Business Services	228	278	506
Government Administration and Defence	278	359	637
Education	167	490	657
Health and Community Services:			
Health and Community Services, Undefined	22	46	68
Health Services	58	219	277
Community Services	112	208	320
<i>Total</i>	192	473	665
Cultural and Recreational Services	82	58	140
Personal and Other Services	261	178	439
Non-classifiable economic units	70	40	110
Not stated	153	96	249
Total	3,198	2,833	6,031

AUSTRALIAN BUREAU OF STATISTICS 2001
 Census of Population and Housing
 Perth (AREG 20) & Narrogin (AREG24) ^[43]

Chart 1.1 and Table 1.6 demonstrate the capacity to grow employment in business services, accommodation and food, culture and recreation, agriculture, retail and construction.

Chart 1.1

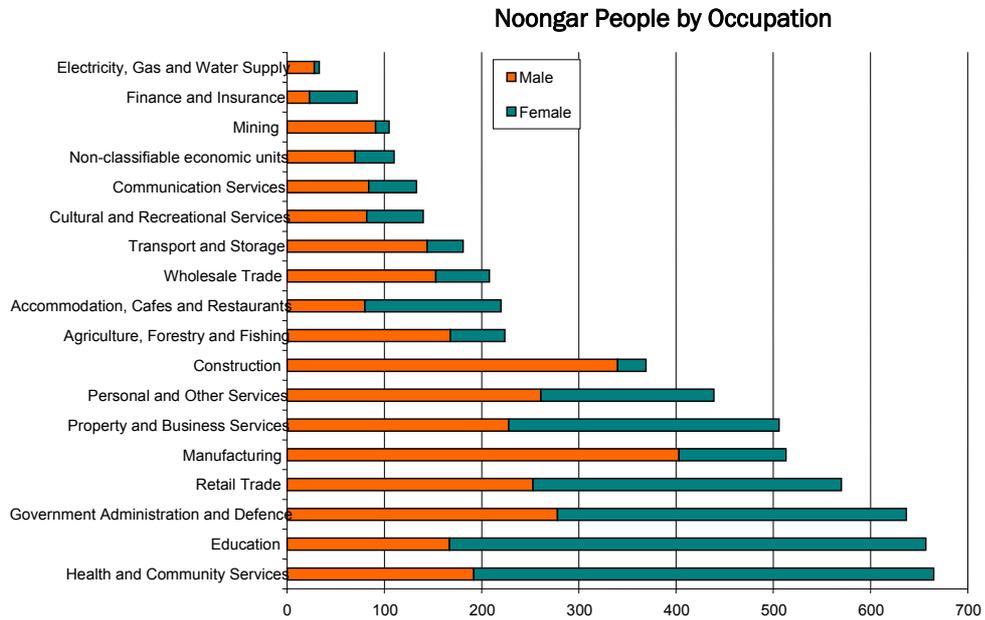


Table 1.6 Highest employment growth all workforce by region 1996-2001

Region	Sector	% Growth
Perth	Mining	3.5%
	Accommodation & Eating	3.3%
	Business services	3.0%
Peel	Culture and Recreation	6.3%
	Health	6.1%
	Retail	5.4%
South West	Accommodation & Eating	5.2%
	Accommodation & Eating	6.1%
	Retail	5.9%
	Defence	5.7%
Great Southern	Wholesale	5.6%
	Health	7.0%
	Business services	5.3%
Wheatbelt	Defence	4.3%
	Culture & Recreation	10.4%
	Construction	5.4%
	Personal Services	3.3%

Regional Development Council 2003 (2001 data) ^[42]

Table 1.7 Noongar Population for 2001. ^[15]

Population: At 2001 census	
Total est. number Noongar	26,761
As % of total Indigenous population	97.4%
As % of total WA Pop	1.5%
As % of Total WA Indigenous pop	47.0%
Total est. Noongar now i.e. 2003/4	28,509
Total Est. Noongar by 2011 based on census	33,703

AUSTRALIAN BUREAU OF STATISTICS 2001 Census of Population and Housing Perth (AREG 20), 11703.3 sq km and Narrogin (AREG 24), 233937.2 sq km [43]

Table 1.8 Noongar employment data for 2001.

Employment at 2001			
Total employed	6,031		
Total by industry sector	*see Occupation charts		
Total unemployed	2,123		
Total CDEP	794		Est.
Total In Education or training	10,698		
% employed as total of Noongar population	22.5%		
% employed compared to non Indigenous employment rate	0.8 time the rate	74.0%	92.5%
% unemployment compared to non Indigenous employment rate	3.5 time the rate	26.0%	7.5%

AUSTRALIAN BUREAU OF STATISTICS 2001 Census of Population and Housing Perth (AREG 20), 11703.3 sq km and Narrogin (AREG 24), 233937.2 sq km [43]

The above data indicates the impending flow of Noongar from the education and training system to the labour force.

Table 1.9 Noongar Income Data for 2001.

Income at 2001	
Total aggregated Noongar income Perth/ Regions	\$212,552,080
As % of total WA indig income	30.1%
Av individual income	\$344.00 pw
Compared with non Indigenous income	\$576.00 pw
Ave Household income	\$561.59 pw
Comparison with WA Households	\$735.15 pw
% income from wages/salary (if possible)	85.40%

ABS data from Population Characteristics, Aboriginal and Torres Strait Islander Australians ^[44]

Table 1.10 Noongar Housing Data for 2001.

Housing	
Number of Noongar who own home	704
% of Owned Homes among Noongar	9.0%
Number /% purchasing	27.2%
Number /% renting	57.8%
Compared to non Indigenous owners	39.7%
Compared to non Indigenous buyers	34.4%
Compared to non Indigenous renters	22.0%

AUSTRALIAN BUREAU OF STATISTICS 2001 Census of Population and Housing ^[43]

The housing data above indicates the likely importance home building and purchasing will play in coping with a rapidly expanding population, since this sector offers a range of economic opportunities. However the low house ownership rate also indicates the limited capacity of Noongar people to use home equity as collateral for business development.

PART B

SECTION 2

Introduction

This part of the report is aimed at identifying the flow of money from the economy into Noongar households and the indirect impact of the Noongar population on economic activity.

The *Australian Bureau of Statistics (ABS) 2001 Census* ^[1] provides the only available, comprehensive, Indigenous specific data for these measurements, which regrettably negates the effects of three years of economic activity and policy adjustments.

To take into account these changes the report draws from a range of Government Reporting from the period 2001 – 2003, this creates issues of data consistency which has been dealt with through the use of net present value calculations to adjust dollars back to 2001 or increase 2001 dollars to 2003 value as appropriate.

The report seeks to profile parts of the economy in which Noongar people participate or could participate. The consultant has found a large range of Noongar enterprises and examples of employment but has advocated not documenting these as they are well known to the community already. However despite their omissions, it is important to recognise that outstanding examples of Noongar enterprise, creativity and employment exist and can be seen in all industries of the State.

To provide the reader with a visual picture of Noongar Country it extends from the coast at Jurien Bay in the north, east to Southern Cross and south to Ravensthorpe. It includes the coastal waters of Albany, Yallingup, Bunbury and Perth, the great forests of the South and the vast tracks of the Wheatbelt.

Noongar Country is divided by the ABS into two districts, namely Perth and Narrogin. Perth includes Mandurah and Narrogin, the non metropolitan areas of Country District North, East and South.

Major population clusters (more than 1000 people) occur in the following towns and suburbs.

Table 2.1 Major Noongar Population Clusters.

Towns/Suburbs	Number of Noongar
Armadale	1557
Belmont	1084
Bunbury	1135
Cockburn	1406
Gosnells	2233
Rockingham	1058
Stirling	2332
Swan	2588
Wanneroo	1977

ABS 2001, [4]

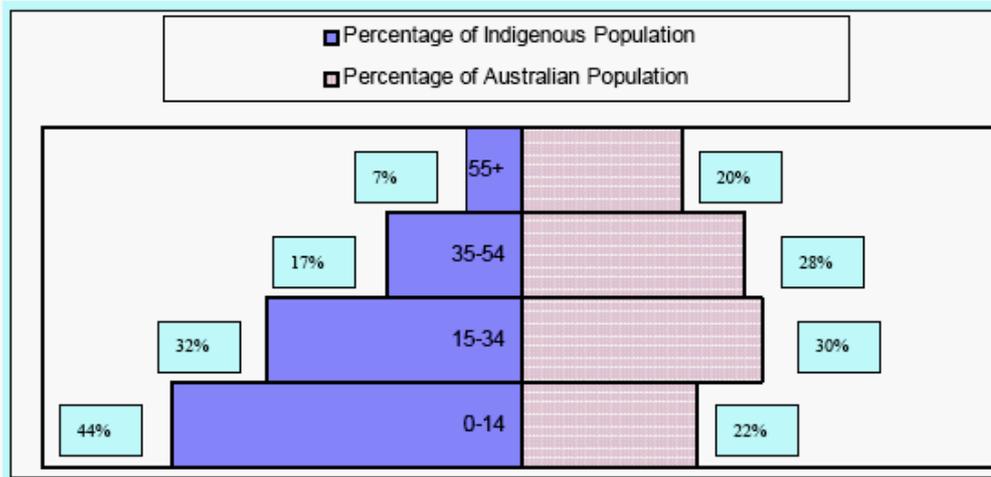
In Regional WA Noongar people make up a significant share of the population in the following towns.

Table 2.2 Noongar Population in Regional WA

Town	% Noongar of Pop.
Tambellup	17.5%
Brookton	13.7%
Pingelly	11.4%
Quairading	10.1%
Kellerberrin	7.5%
Katanning	7.1%

ABS, 2001 [4]

The Noongar make up 41.7% of the WA Indigenous population and 1.6% of the total population, though this could be understated by 20 – 30%, due to self identification criteria in the census and lower census response rates from Indigenous people. Further, the age profile of the Noongar reveals an average age of 19 years against the non Indigenous average age of 34 years. [2] [3]

Figure A-2 AGE PYRAMID COMPARISON, INDIGENOUS AUSTRALIANS AND ALL AUSTRALIANSABS, 2001 ^[4]

Noongar Influence on the WA Economy

The Noongar population influences the WA economy both directly through provision and use of goods and services and indirectly through responses to their culture, history and current social disadvantage. Few of these influences are unique to Noongar people, however Noongar people do have a disproportionate influence on specific economic activity in the State, particularly in Government services.

This section of the report primarily uses the *ABS 2001 Census* ^[4] data to measure Noongar economic activity. The lack of data collection on Indigenous person's household expenditure and Indigenous business income and expenditure limits some of these measurements to a range of estimates based on general population statistics.

Direct economic influences have been identified through examination of the following areas of activity.

- Labour market activity
- Community development employment program (CDEP)
- Business and Government organisations
- Income to individuals and households
- Expenditure by
 1. general household
 2. Aboriginal housing
 3. Aboriginal vehicles
 4. Aboriginal computers
- The asset base of the Noongar community

Indirect influences on the economy have been limited to the relative impact the Noongar people make on significant State Government portfolios.

Significant portfolios

- Education
- Health
- Justice
- Community development
- Police service
- Water and energy

The Noongar Labour Market

Noongar labour market activity consists of mainstream employment in the private sector, the Government sector, and work under the CDEP scheme.

Table 2.3 indicates the high level of unemployment despite the impact of the CDEP scheme. Unemployment is relatively higher in the metropolitan area than in the country.

The low average age of the Noongar population of 19 years (average of 34 years for all Western Australians) can be seen in the number of people in school and training in comparison with the Noongar workforce (10,698 compared to 8,154). This will place pressure on the labour market to provide meaningful employment opportunities for the Indigenous community over the next decade.

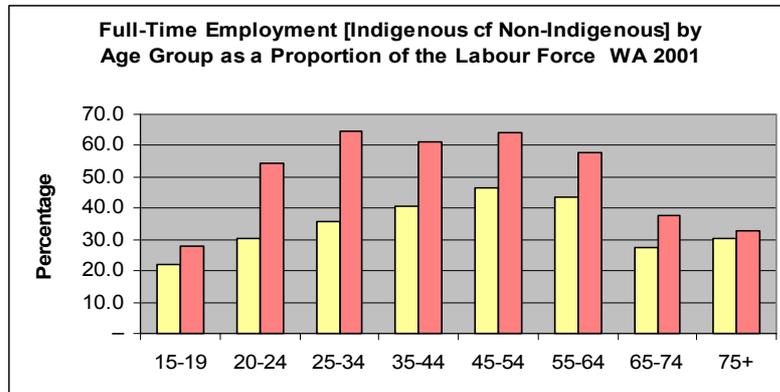
Table 2.3 Noongar Labour Market (2001)

	Perth	Narrogin region	Total
Labour Force	6030	2124	8154
Employed	4369	1661	6031
Employment Rate	72.4%	78.2%	74%
Unemployment Rate	27.6%	21.8%	26%
Non Indigenous Unemployment Rate			7.6%
Average Hours of Employment Per Week	27.7hrs	23.6hrs	
TOTAL in Education and Training			10,698

ABS, 2001 AREG 24, AREG 20 ^[3]

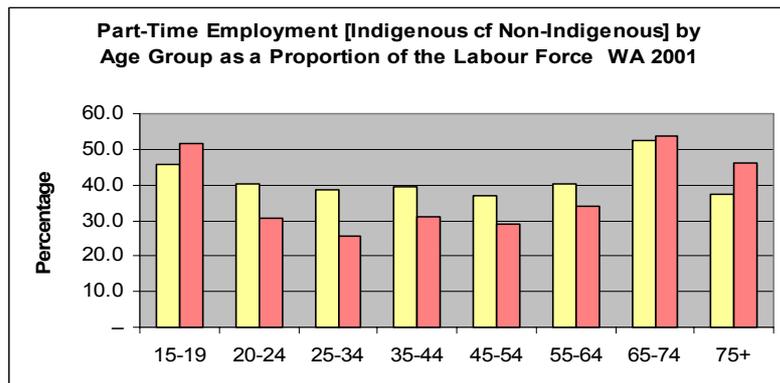
As can be seen from the following charts, the Indigenous workforce is proportionately more part time throughout the important wage and salary earning years from 20 to 64. This reflects the role of CDEP where “employment” is limited to approximately 16 hours per week unless additional hours are available through the mainstream labour market.

Chart 2.2 Proportion of Labour Force in Full-time Employment



Commonwealth Grants Commission, 2001 [4]

Chart 2.3 Proportion of Labour Force in Part-time Employment



Commonwealth Grants Commission, 2001 [4]

Employment by Industry Sector

Perth Region

The following tables show that 34% of Indigenous workers are in the Government, education and health sectors. These jobs are dominated by female workers. Men dominate in manufacturing and construction and transport.

53% of Perth region Indigenous workers are in low skilled occupations but 30% are managers and professionals reflecting the increasing role of Noongars in self governance roles. [1]

Table 2.4 Indigenous Employment by Industry (Perth Region)

	Males	Females	Persons	% of Total
Agriculture, Forestry and Fishing	42	30	72	2%
Mining	63	14	77	2%
Manufacturing	300	70	370	8%
Electricity, Gas and Water Supply	17	5	22	1%
Construction	246	22	268	6%
Wholesale Trade	110	40	150	3%
Retail Trade	192	246	438	10%
Accommodation, Cafes and Restaurants	72	95	167	4%
Transport and Storage	120	33	153	4%
Communication Services	79	44	123	3%
Finance and Insurance	20	42	62	1%
Property and Business Services	169	200	369	8%
Government Administration and defence	194	277	471	11%
Education	130	346	476	11%
Health and Community Services:				
Health and Community Services, Undefined	13	35	48	
Health Services	42	180	222	
Community Services	93	171	264	
<i>Total</i>	148	386	534	12%
Cultural and Recreational Services	70	50	120	3%
Personal and Other Services	167	122	289	7%
Non-classifiable economic units	40	22	62	1%
Not stated	92	54	146	3%
Total	2,271	2,098	4,369	100%

ABS, 2001, 4705 ⁽¹⁾

Table 2.4A Indigenous Employment by Occupation (Perth Region)

	Males	Females	Persons	% of Total
Managers and Administrators	115	84	199	5%
Professionals	241	361	602	14%
Associate Professionals	234	266	500	11%
Tradespersons and Related Workers	461	53	514	12%
Advanced Clerical and Service Workers	7	80	87	2%
Intermediate Clerical, Sales and Service Workers	238	712	950	22%

Intermediate Production and Transport Workers	360	30	390	9%
Elementary Clerical, Sales and Service Workers	164	275	439	10%
Labourers and Related Workers	346	166	512	12%
Inadequately described	36	33	69	2%
Not stated	69	38	107	2%
Total	2,271	2,098	4,369	100%

ABS, 2001, 4705 ^[1]

Narrogin Region

The Narrogin region shows a similar bias as Perth with 29% of Indigenous employment in Government, education and health with the addition of an involvement in agriculture (9%) being the major difference in profile.

Occupationally, only 18% of Narrogin workers are professionals with 60% of workers being in low skilled jobs and 25% being identified as labourers.

These tables underline the divide in the Noongar Community between those working in high paid high skilled jobs and those in low paid, low skilled and often part time employment. There is significant under representation in the two fastest growing sectors of the economy, namely retail and property, and business services, and a surprising lack of representation in culture and recreation services, electricity, gas and water supply.

Table 2.5 Indigenous Employment by Industry (Narrogin Region)

	Males	Females	Persons	% of Total
Agriculture, Forestry and Fishing	126	26	152	9%
Mining	28	0	28	2%
Manufacturing	103	40	143	9%
Electricity, Gas and Water Supply	11	0	11	1%
Construction	94	7	101	6%
Wholesale Trade	43	15	58	3%
Retail Trade	61	71	132	8%
Accommodation, Cafes and Restaurants	8	45	53	3%
Transport and Storage	24	4	28	2%
Communication Services	5	5	10	1%
Finance and Insurance	3	7	10	1%
Property and Business Services	59	78	137	8%
Government Administration and Defence	84	82	166	10%
Education	37	144	181	11%

Health and Community Services:				
Health and Community Services, Undefined	9	11	20	
Health Services	16	39	55	
Community Services	19	37	56	
<i>Total</i>	44	87	131	8%
Cultural and Recreational Services	12	8	20	1%
Personal and Other Services	94	56	150	9%
Non-classifiable economic units	30	18	48	3%
Not stated	61	42	103	6%
Total	927	735	1,662	100%

ABS, 2001, 4705 ^[1]

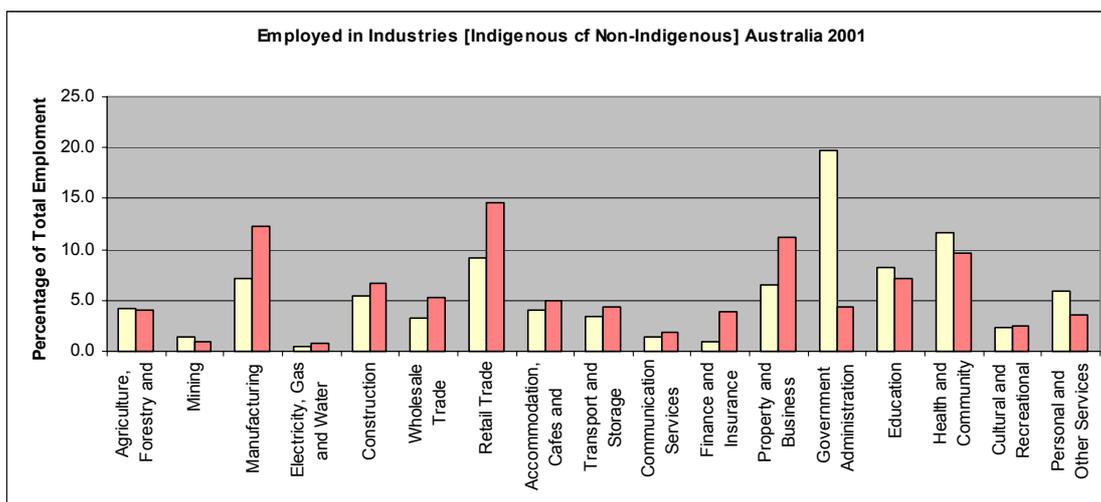
Table 2.5A Indigenous Employment by Occupation (Narrogin Region)

	Male	Female	Person	% of Total
Managers and Administrators	46	26	72	4%
Professionals	50	78	128	8%
Associate Professionals	53	51	104	6%
Tradespersons and Related Workers	169	31	200	12%
Advanced Clerical and Service Workers	0	27	27	2%
Intermediate Clerical, Sales and Service Workers	50	230	280	17%
Intermediate Production and Transport Workers	132	53	185	11%
Elementary Clerical, Sales and Service Workers	23	80	103	6%
Labourers and Related Workers	312	110	422	25%
Inadequately described	52	26	78	5%
Not stated	38	25	63	4%
Total	925	737	1,662	100%

ABS, 2001, 4705 [1]

Chart 2.4 confirms the Noongar labour market participation is consistent with national outcomes, indicating systemic rather than localised reasons for the variance between Indigenous and Non Indigenous employment rates.

Chart 2.4



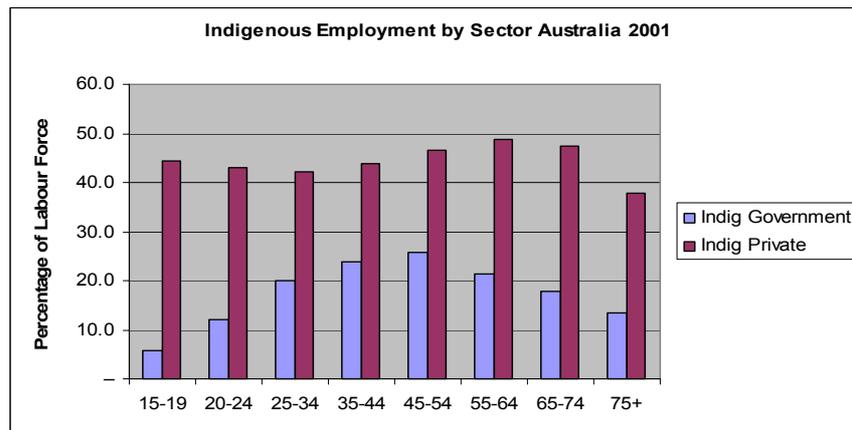
Commonwealth Grants Commission, 2001 [4]

Private Sector Employment

The disproportionate employment of Indigenous Australians in the public sector is a nation wide phenomenon.

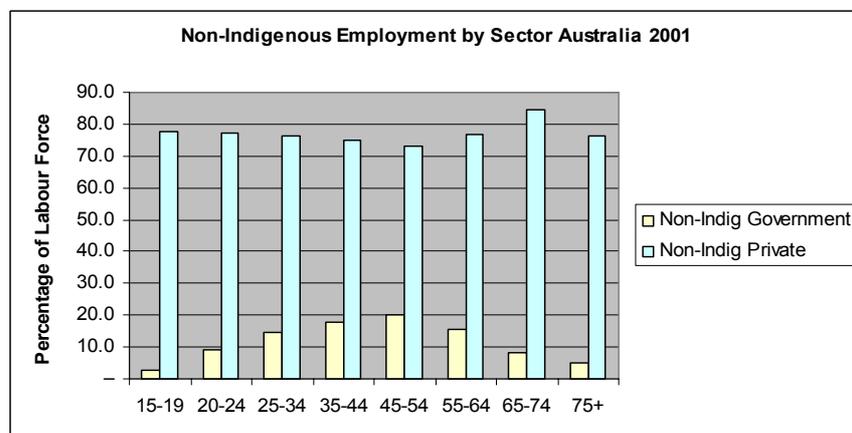
While limited growth in public sector employment can be expected it is substantial growth in private sector employment that is required to reduce unemployment and to create wealth in the community

Chart 2.5



Commonwealth Grants Commission, 2001^[4]

Chart 2.6



Commonwealth Grants Commission, 2001^[4]

Self Employment

Self employment in the non Indigenous community is a major source of employment for workers as they age. Western Australia has 139,500 small businesses 85,800 of them single worker businesses many in the trades and services industries. ^[5]

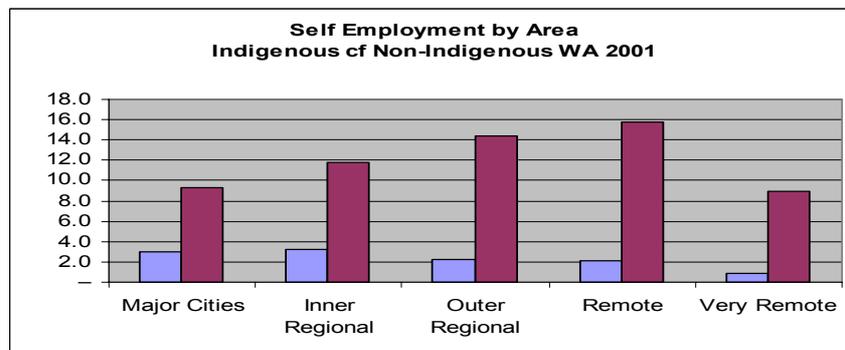
The low level of self employment reflects the relative low level of trade qualifications held by the Noongar community and the absence of personal equity such as home ownership, savings and superannuation

Chart 2.7



Commonwealth Grants Commission, 2001^[4]

Chart 2.8



Commonwealth Grants Commission, 2001^[4]

Community Development Employment Programs (CDEP)

There are five CDEP organisations in Noongar Country funded as economic development organisations by the Noongar regional council of ATSIC. It is anticipated with ATSIC demise that responsibility for funding will fall upon the Commonwealth Department of Employment and Workplace Relations (DEWR).

CDEP encourages Indigenous people to substitute their entitlement to unemployment benefits with limited employment in a range of community oriented projects and businesses. CDEP workers are paid at appropriate minimum award rates and receive a supplementary payment of \$20.80 per fortnight from Centrelink as encouragement to register for other employment opportunities^[6]

The Noongar CDEP Organisations are:

- PEEDAC Pty Ltd
- Kaara-Koorliny Enterprise and Employment Development Aboriginal Corporation (KEEDAC)
- Noongar Employment and Enterprise Development Aboriginal Corporation (NEEDAC)

- Wheat belt Aboriginal Corporation (WAC)
- Southern Aboriginal Corporation (SAC)

The CDEP organisations are funded to pay wages up to the equivalent unemployment welfare payment and for operational expenses needed to provide the work opportunities. ^{[7] [8]}

Table 2.6 CDEP Organisations 2001

CDEP Organisation	Number of Participants	Funding
PEEDAC	560	\$6,675,876
KEEDAC	255	\$3,107,635
NEEDAC	400	\$4,726,191
WAC	265	\$3,341,334
SAC	251	\$3,175,365
TOTAL	1731	\$21,026,401

Noongar Regional Councils 2001 ^{[7] [8]}

CDEP run a number of business entities aimed at providing services for the Noongar community, for example home maintenance or as niche businesses in the general economy, such as land regeneration or the propagation of native plant species.

CDEP has experienced considerable growth over the period 2001-2004 with PEEDAC now having 950 participants, a 70% growth in three years.

In 2001 CDEP workers represented 29% of the Noongar Workforce and would have been eligible for approx **\$900,000** in Centrelink incentive payments for participating in the scheme.

The CDEP business enterprises generate revenue estimated at approximately **\$1,200,000** which offsets operational costs and contributes to supplementary wage payments.

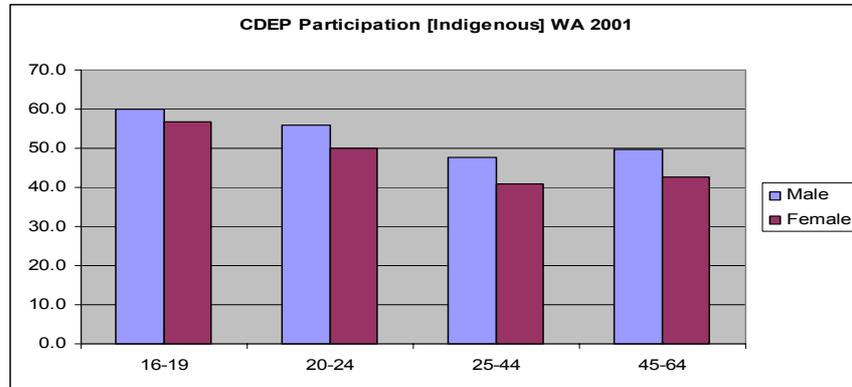
CDEP workers contributed to the economy approximately 1033 million man-hours of labour at pay rates of around \$11.50 per hour.

While it is accepted some of this work is training related, the workers could choose to remain on unemployment. This indicates that a reasonable proportion of the **\$15.4 million** paid in wages is in reality additional economic gain by the economy, particularly in areas of WA such as Perth where labour rates are closer to \$20 per hour than \$11.50.

The following charts indicate that CDEP in Western Australia is being accessed by young workers in the 16-24 year age cohort. This is replicated nationwide, proving the CDEP scheme represents a whole of community resource not just a place for the long term unemployed. PEEDAC Pty Ltd has an older age profile due to the earlier capping of numbers and limited transition of participants into mainstream employment. All Noongar CDEP are involved with school based apprenticeships and

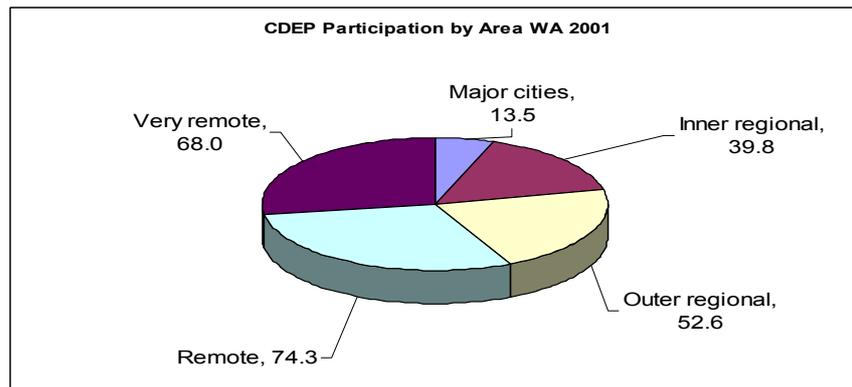
PEEDAC has established an Indigenous Employment Centre to broker mainstream employment of behalf of DEWR. [9]

Chart 2.9



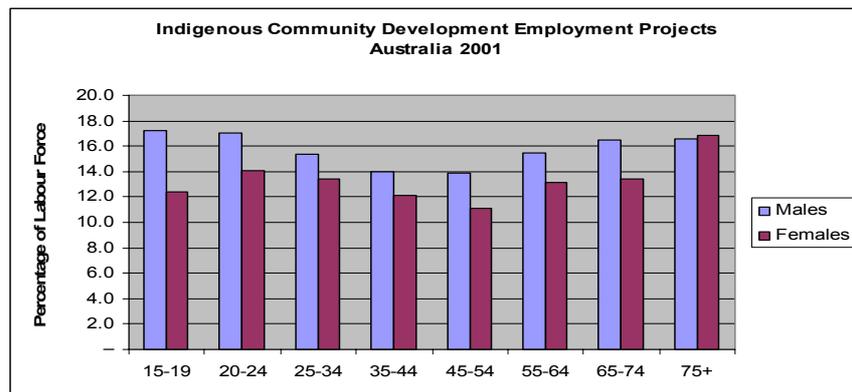
Commonwealth Grants Commission, 2001 [4]

Chart 2.10



Commonwealth Grants Commission, 2001 [4]

Chart 2.11



Commonwealth Grants Commission, 2001 [4]

Business, Organisations and Government Entities

The role of Government in Indigenous economic activity pervades Noongar organisations that in the main are focused on service delivery in employment, health, education and community development.

Indigenous business entities can be broadly categorized into four sub groups:

- Government agencies;
- large scale Indigenous organisations;
- small scale Indigenous organisations and businesses; and
- micro Indigenous businesses and volunteer groups.

Government Agencies

For the purposes of this report the Government agencies with a direct role in Indigenous economic activity are deemed to be:

- ATSI through the Noongar regional Councils;
- Western Australian Department of Indigenous Affairs;
- The Office of Aboriginal Economic Development (OAED) Dept of industry and Resources; and
- Office of Native title, Department of Premier and Cabinet.

The indirect impact of other Government agencies will be quantified later in this report.

Perth Noongar Regional Council ^[8]

The Perth Noongar Regional Council is established under the ATSI Western Australian Regional Office. It has three priorities:

1. economic development;
2. heritage and culture; and
3. family and social justice.

The Perth Regional Council budget for 2001/2 had expenditure at **\$11.6 million** of which **\$6.7 million** was for funding of CDEP operations through PEEDAC Pty Ltd. The balance of **\$4.9 million** was expended on 25 organisations in the areas of:

- culture;
- housing;
- land rights;
- social intervention;
- sport; and
- community capacity building.

Noongar Regional Council ^[7]

The Noongar Regional Council covers all Noongar country outside of the Perth metropolitan area and Peel district. Priorities for 2001/2 were:

- economic development;

- land, heritage and culture; and
- law, justice and housing.

The Noongar Regional Council budget for 2001/2 had total expenditure at **\$17.3 million** of which **\$14.4 million** supported the four regional CDEP organisations. The balance of **\$2.9 million** was predominately distributed to the same four organisations for other social and economic activities indicating the role the regional CDEP play as service delivery hub organisations.

In addition ATSIC expended directly to clients approximately another **\$25 million** in the Noongar region. This expenditure flows through direct grants from ATSIC to Indigenous organisations and Western Australian Government agencies under various funding agreements. ^[10]

ATSIC supports two economic development businesses:

- the Indigenous Land Council (ILC); and
- the Indigenous Business Australia (IBA).

ATSIC employs approximately 170 people in Western Australia of which 58% are Indigenous.

Western Australian Government Agencies

Department of Indigenous Affairs (DIA) ^[11]

The DIA is tasked with interagency co-ordination in Indigenous affairs and has the responsibility for the Aboriginal Affairs Planning Authority which administers the Aboriginal land assets in reserves and freehold property. In 2001/2 the DIA had revenue of **\$17.6 million** and expenditure of **\$18.3 million**. Priorities include:

- heritage and culture;
- land administration; and
- policy co-ordination.

Of the **\$18.3 million** expenditure, **\$1.87 million** was expended in grants to the community, with **\$16.5 million** expended on operations, **\$9 million** of which is spent in wages. The agency employs 132 staff, of whom 41% are Indigenous.

Using the estimated Noongar proportion of Indigenous population of 0.41 the DIA Noongar economic impact is approx. **\$7.5 million**

Office of Native Title, Department of Premier and Cabinet ^[12]

The Office of Native Title assists with the process of Native Title claims resolving compensation for extinguishment or land use by negotiation where possible. It is estimated the Office expended **\$4.2 million** on Noongar Country related matters.

Non Government Noongar Organisations and Businesses

256 Noongar related business entities have been identified through this research. These were identified through DIA contact lists, Aboriginal corporations' lists and the White Pages telephone directory. These include approximately 150 Aboriginal corporations and 100 other legal entities, incorporated associations, proprietary limited companies, partnerships and sole traders. ^[13]

It is estimated a further 50 or so Noongar businesses exist that do not disclose as specific Indigenous businesses.

Of the 150 Aboriginal corporations many, if not most, are not trading entities but were established to provide an entity to receive grants for specific family groupings.

A mail survey of 125 (50% of each list) organisations has been conducted with an initial response of 22 or 17.5%.

Table 2.7 indicates a high proportion of the existing large Noongar business organisations and CDEP, representing 39% of the Noongar employed workforce, have responded to the survey.

The limited response from medium, small and micro entities may reflect the lack of trading businesses in the various Aboriginal corporations, distrust of surveys or simply a lack of businesses.

Table 2.7 Noongar Business Entity Survey 2004

Nature of Enterprise	No	F/T Staff	P/T Staff	Revenue	Asset Value
Large organisations	7	333	1889	\$43,350,000	\$12,200,000
Small businesses	7	48	32	\$2,125,000	\$3,685,000
Micro businesses	8	2	36	\$280,000	\$3,330,000
TOTAL	22	383	1957	\$45,755,000	\$19,215,000

Average Revenue based on survey

- Large \$6,192,000
- Small \$303,571
- Micro \$35,300

It is reasonable to estimate total turnover for large Noongar organisations at approximately \$70 million (2003/4) and that there is a major gap in medium sized enterprises, before a number of small service providers and micro businesses enter the market. Using the Yellow and White Pages as a guide there is evidence that very few Noongar small businesses exist or at least do not declare their Aboriginality.

It is unlikely that turnover in small enterprises exceeds \$5-10 million per year and in micro businesses, \$2 million - \$5 million.

Income to Noongar Households

The Census 2001 data records household weekly income in income bandwidth of \$100 per week from \$0 to \$2000 per week. Out of the 7,785 Indigenous households, 1273 did not record an income either by choice or were excluded due to incomplete declaration of total earnings. ^[3]

Table 2.8 provides a Noongar income range from the minimum potential declared earnings in the census to an adjusted maximum. This adjustment allocated minimum welfare earnings of \$199 per week to the non recorded households.

Table 2.8 Noongar Household Income 2001

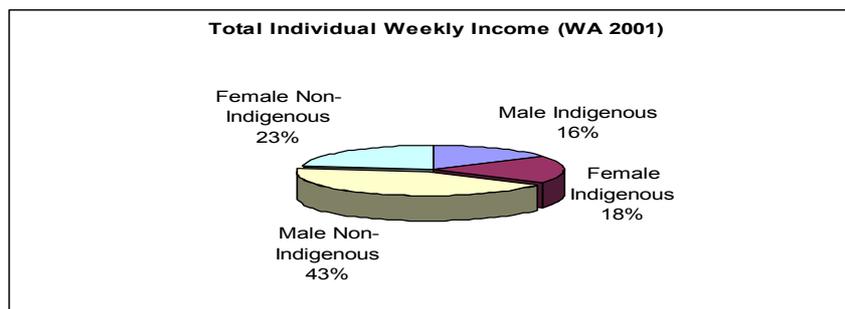
	Minimum Income Recorded	Maximum Income Possible Recorded	Minimum Estimate	Maximum Estimate
Perth Noongar region	\$170.5 million	\$212.5million	\$182.9million	\$225.0million
Narrogin Noongar region	\$50.5million	\$63.4million	\$54.6million	\$67.5million
TOTAL NOONGAR	\$221.00	\$275.90	\$237.50	\$292.50
Est. total Noongar Household Income (2001)				\$265.0million
Est. total Noongar Income 2003/4 (based on 3.5% growth 2001/2/2002/3)				\$283.9million
Av weekly household earnings				\$545 per week Max

ABS, 2001, 4705.0 [1]

While the average Indigenous household weekly earnings are 73% of non Indigenous households, it must be remembered Indigenous households have higher numbers of people, 3.5 per house versus 2.4 per house for non-indigenous households. [3]

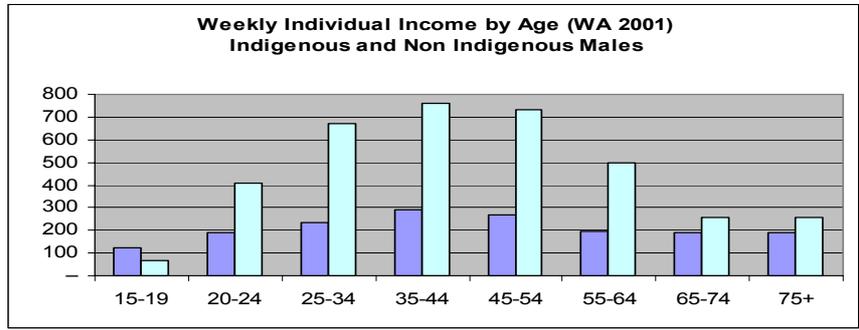
Chart 2.12 indicates that Indigenous women earn a slight majority of the household income. The significant difference in Indigenous to non Indigenous earnings is in male employment (Chart 2.13, 2.14). This reflects the high level of Aboriginal male unemployment and casual employment.

Chart 2.12



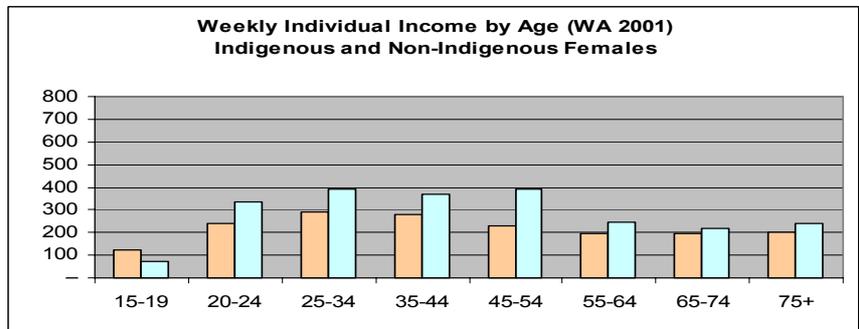
Commonwealth Grants Commission, 2001 [4]

Chart 2.13



Commonwealth Grants Commission, 2001 [4]

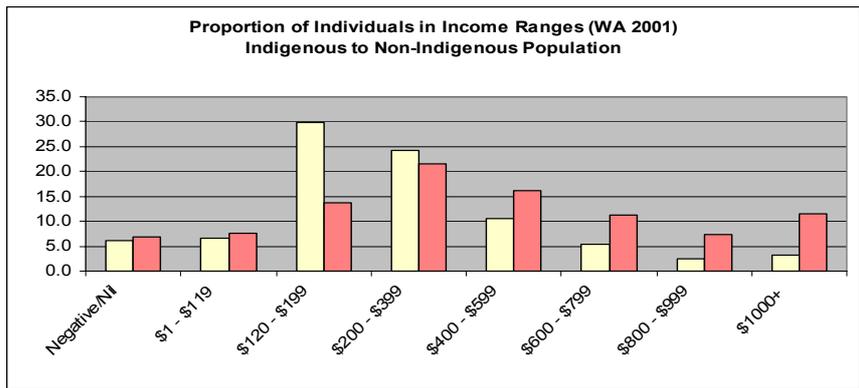
Chart 2.14



Commonwealth Grants Commission, 2001 [4]

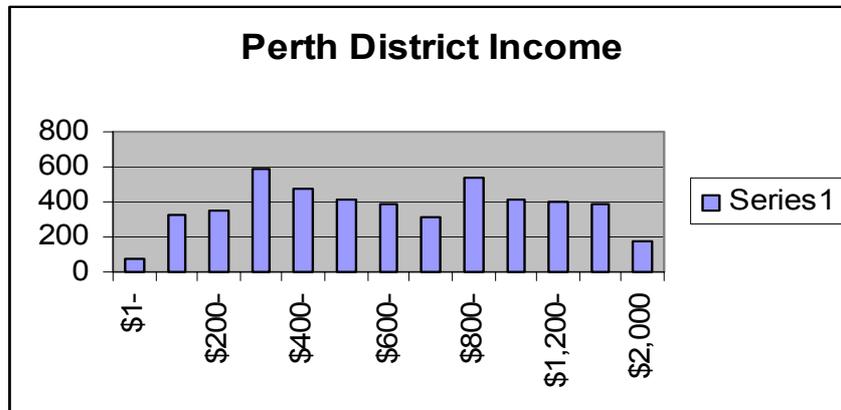
Chart 2.15 shows the disproportionate bias in income towards the \$120 - \$400 per week bandwidth compared to non Indigenous workers. Charts 2.16 and 2.17 show the “Hollowing out” in mid range earnings and the effect on Noongar income in Perth of better paid Public Service positions.

Chart 2.15



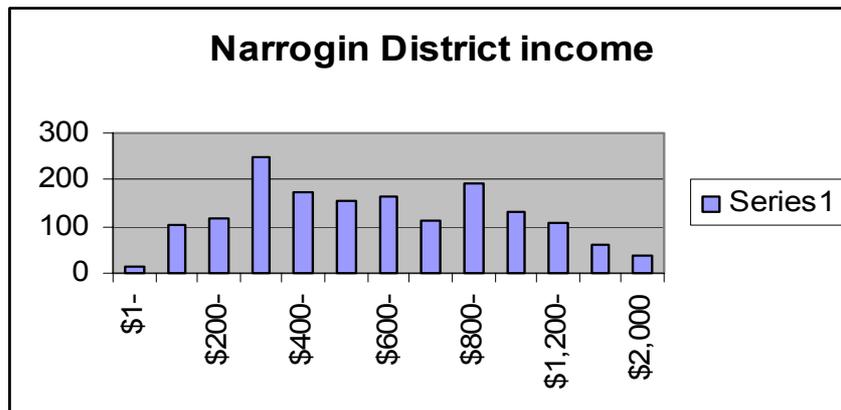
Commonwealth Grants Commission, 2001 [4]

Chart 2.16



ABS, 2001, ARGE 20, [1]

Chart 2.17



ABS, 2001, ARGE 24, [1]

Expenditure by Noongar Households

Data on Indigenous expenditure is limited at the household and enterprise level.

Research by the *National Centre for Social and Economic Modelling*, [14] indicates the lowest two quintile households in society (poorest – richest) have few savings (less than \$4,000) indicating virtually the total of Indigenous income is expended on weekly needs.

The *ABS Household Expenditure Survey 1998/90* places the Noongar household income between the first and second quintiles of expenditure. [15]

Table 2.9 uses the second quintile survey results to estimate Noongar expenditure. Total household expenditure closely matches the ABS Indigenous profile for earnings. Key areas of expenditure, such as housing, appear to align to these estimates. (See table 2.10)

TABLE 2.9 Estimated Noongar Household Expenditure (2001)

Expenditure Group	% of income	Annual Expenditure based on \$269 million
Housing costs	16.4%	\$43.5 million
Domestic Fuel and Power	3.6%	\$9.5 million
Food	22.0%	\$58.3 million
Alcohol	10.2%	\$27.0 million
Tobacco	3.7%	\$12.5 million
Clothing	4.2%	\$11.1 million
Household Goods	4.5%	\$11.9 million
Medical	3.1%	\$8.2 million
Transport	16.4%	\$43.5 million
Recreation	6.0%	\$15.9 million
Personal Care	2.0%	\$5.3 million
Other Expenses	6.9%	\$18.3 million
	100%	\$265 million

ABS, 2000, 6530.0 ^[15]**Specific Expenditure Housing**

The 2001 Census indicates Noongars are active in the housing market in ownership, purchasing and in rentals. ^[1] The Aboriginal home ownership scheme, facilitated by the Ministry of Housing, encourages home ownership by purchasing a 30% share in a Noongar owned property up to the value of \$160,000. Thus a Noongar family need only finance 70% of the purchase. A minimum deposit of \$1,000 is required. ^[16]

Table 2.10 Noongar Home Ownership Activity (2001)

	Number	% of Households	% Non Indigenous
House Owned	704	9%	39.7%
House Purchasing	2116	27.2%	34.4%
House Renting	4499	57.5%	22.0%

ABS, 2001, 4705.0 ^[1]**Table 2.11 Value of Noongar Home Ownership Activity (2001)**

	Number	Disclosed \$ per year 2001 census	Est.. Actual
House Purchasing	2116	\$15.3 million	\$18.7 million
House Renting	4499	\$19.8 million	\$23.5 million
	6615 (1)	\$35.1 million (2)	\$42.2 million (3)

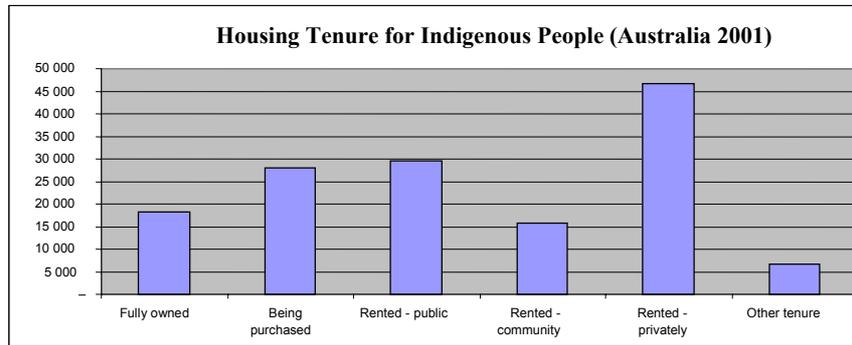
ABS, 2001, 4705.0 ^[1]

- * note of the 6615 declared renting or purchasing a house only 4808 declared their expenditure

2. ** 466 households are either in non rental accommodation or did not state situation
3. the \$42.2 million estimate closely aligns to household expenditure estimates of \$43.5 million in table 2.7

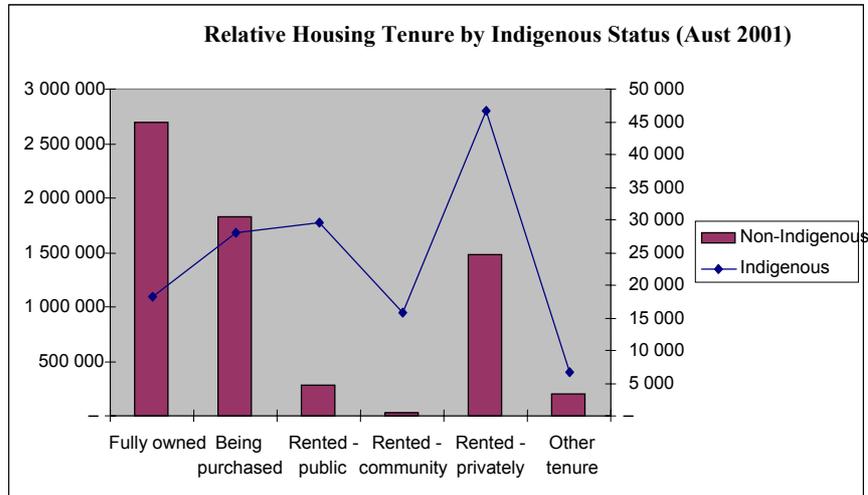
Charts 2.18 – 2.20 demonstrate the opportunity to substantially increase home ownership. This in itself would transfer substantial financial resources from expenditure such as home rental payments to asset accumulation which is needed to help build Noongar equity.

Chart 2.18



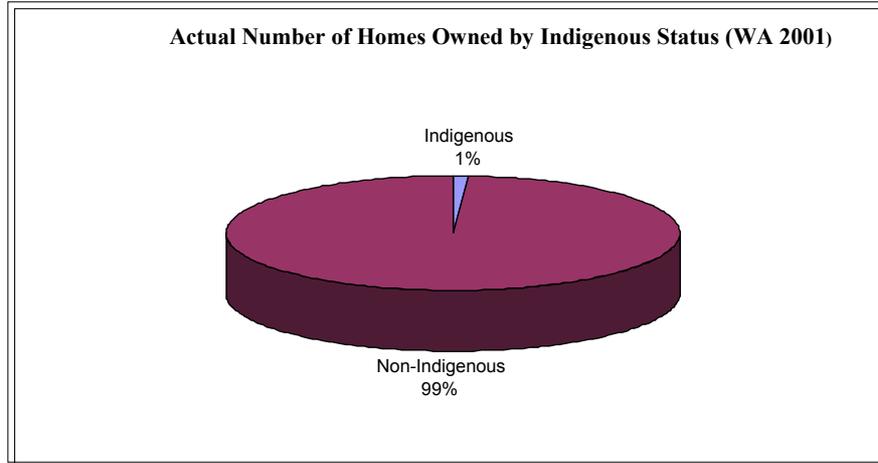
Commonwealth Grants Commission, 2001 [4]

Chart 2.19



Commonwealth Grants Commission, 2001 [4]

Chart 2.20



Commonwealth Grants Commission, 2001 [4]

Vehicle Ownership

The ABS released a report in 2002 [17] on Indigenous vehicle ownership in Western Australia. Indigenous car ownership was equal to 1.0 per household compared to the non Indigenous rate of 1.5 per household.

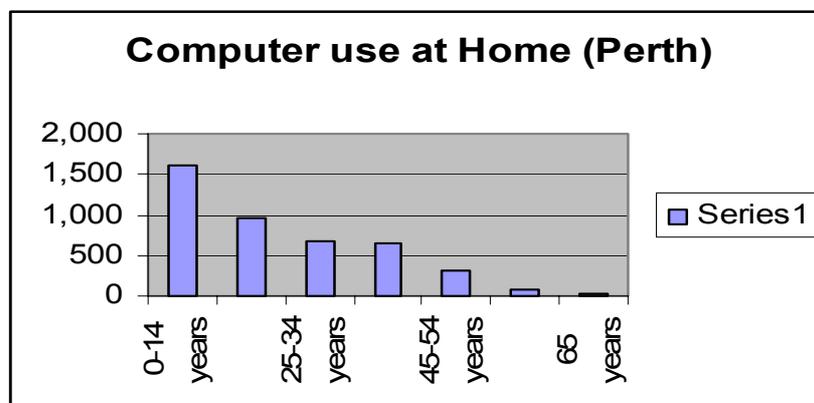
This indicates there are approximately 7800 Noongar vehicles with a re-purchase rate per year of approximately 1950 vehicles. If average purchase was \$6,000 it equates to expenditure of **\$11.7 million** per year.

Computer Ownership

5152 Noongar people declared their use of computers in their homes in 2001 representing 18.4% of the population. [4] This represented expenditure per year of approximately **\$1.7 million**.

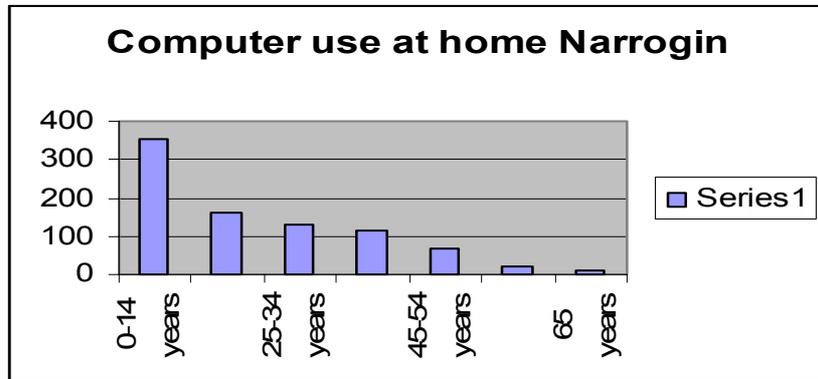
Charts 2.21, 2.22, show the age profile of computer usage amongst Noongar families. The heavy usage by 0-14 year olds is encouraging for future employment opportunities in knowledge economy jobs.

Chart 2.21



ABS, 2001, 4705.0 [4]

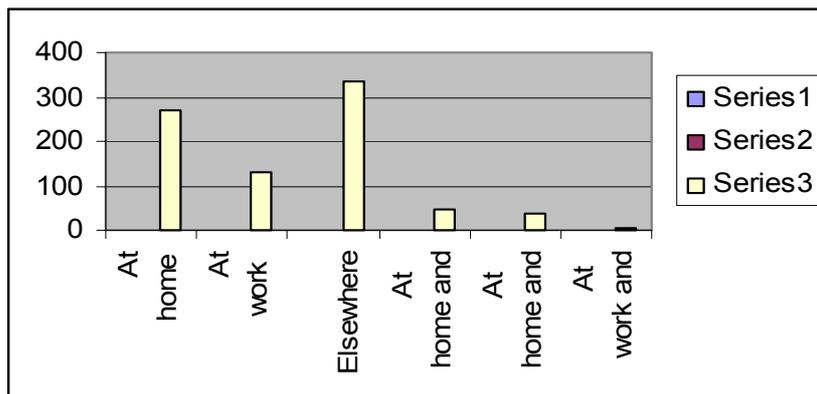
Chart 2.22



ABS, 2001, 4705.0 [4]

Chart 2.23 indicates the low level of Internet usage at work and at home probably due to high access costs. Only 34% of home computers are connected to the Internet.

Chart 2.23



ABS, 2001, 4705.0 [1]

Noongar Asset Accumulation

The Department for Indigenous Affairs has assets valued at **\$50.5 million** (2001/2). These assets relate to 350 properties held in the Aboriginal Lands Trust which is progressively being transferred to Indigenous control and in some cases ownership. Approximately 5 transfers occur each year. 71 properties are in Noongar country representing approximately 10,400 hectares. It is reasonable to apply the Noongar weighting of 0.41 to this asset value to give **\$20.7 million** in preserved Noongar land assets (2001). [11]

Noongar households have assets in housing. The 704 home owners would have a minimum average asset value of \$120,000, based on ABS housing price measures. This equates to **\$84.5 million** 2003 dollars. [18]

2,116 homes being purchased would have a value of at least **\$190 million** at a conservative value of \$90,000 each house. While current Noongar equity in this asset is unknown, at 25% equity it would be valued at **\$47.5 million** (2003).

The *Kelly Report* ^[14] indicated average first quartile household wealth was \$18,000 per household, of which \$15,000 was in superannuation. Second quartile wealth was \$93,000, of which \$38,000 was in housing assets and \$46,000 was in superannuation.

The Noongar would fit between these quartiles, however due to the part time nature of employment, the first quartile superannuation figure of \$15,000 per household seems appropriate. This equates to Noongar superannuation savings of approx **\$100 million**.

This combined estimated wealth per Noongar household is:

- \$132 million in house assets;
- \$100 million in superannuation; and
- TOTAL \$232 million or **\$29,800** per household.

The Western Australian average household wealth was \$243,000, mostly made up of the house asset. If Noongar average wealth is only 12.3% of the average household and the Noongar household's are larger in numbers of occupants, the relative disadvantage is substantial.

Significant assets are held in Government entities in rental housing and hostels. The approximately 2,500 Noongar Government housing rentals could be valued at a further \$225 million if transferred to Noongar ownership or control. ^[19]

Noongar businesses and organisations hold considerable assets in commercial buildings, land and plant and equipment. Identified assets valued at \$25 million have been disclosed in the business survey undertaken for this report. The total undisclosed is probably closer to \$50 million.

Indigenous Land Corporation (ILC) ^[20]

The ILC was established in 1996 to facilitate land purchases under the *Native Title Act 1993*. These purchases are aimed at meeting the needs of Indigenous communities for land access for economic, social and cultural uses.

The ILC has made 26 purchases of property in WA worth a total of \$35 million. This represents 27% of all ILC purchases, well ahead of our population percentage of 14.4%. 19 properties are used for agriculture or pastoral purposes. Land is held in trust or under management until it is possible to transfer ownership to the relevant Indigenous community. Noongar land assets held or received from the ILC are valued at approximately \$14 million.

Indigenous Business Australia (IBA) ^[21]

The IBA was established by the Commonwealth Government to promote Indigenous business growth in commercially viable and significant ventures. By 2002/3 the IBA had made 26 investments of which 8 are in WA and one in Noongar Country.

Significantly, IBA investments include property and business services, retail and tourism ventures, along with the more traditional agricultural projects.

The IBA has net assets of \$76.2 million of which **\$3.5 million** is represented in the Noongar Property Trust.

Indirect Economic Impact

The Noongar people make up approximately 1.6% of the Western Australian population (2001). ^[4] As members of the community they utilise a range of mainstream services provided by both the State and Commonwealth Governments. Most of the Commonwealth services are identified in the income stream flowing from the Social Security and CDEP programs. The State Government and local Government systems provide the bulk of day to day services in health, education, law and order, utilities and community development. State and Local Governments receive a share of Commonwealth tax revenue as a supplement to State based taxation to provide these services. Due to economic disadvantage, Indigenous people impact disproportionately on particular areas of Government services.

Health

In 2003/4 the health budget for WA is \$3.02 billion. The national proportion of this expenditure related to Noongar people (1.6%) is \$48.3 million. ^[22]

However, the ABS data on health in 1998/9 ^[23] indicated the Indigenous share of the WA health budget was 9%, and the WA Department for Health's 'Aboriginal Health Strategy' states the Aboriginal share was 8% in 1996. ^[24] Given the Noongar population weighting of 0.41 this equates to an impact of **\$99.1 million**. However, health costs escalate with distance, so remote Indigenous health care costs a great deal more than Noongar health care. Given this, an estimated figure of **\$70 million** is considered appropriate.

In addition, the Noongar Community accesses approximately **\$13.5 million** in Commonwealth Medicare and pharmaceutical benefits. ^[25]

Community Development

The Department of Community Development has a significant Indigenous focus with programs in family and community services- foster care, Aboriginal family history and early childhood development ⁽¹⁰⁾. Tasked with responding to the Gordon Inquiry the Department now spends 30% of its \$191.6 million (2001/2) budget on Aboriginal people. Using the Noongar proportion of 0.41 the economic impact on the Department would be **\$23.6 million**. ^[26]

Education

The education system comprises three levels, Schools, Vocational Education and Training (VET), and University.

The Commonwealth Government funds Universities and, due to their overall responsibility for Indigenous Affairs, provides assistance to the State Government in Indigenous schools and VET.

The *Commonwealth Grants Commission Indigenous funding inquiry, 2001* identified specific additional Indigenous education funding programs to the value of \$16.5 million (\$6.3 million State and \$10.2 million Commonwealth) adjusted to \$17.3 million for 2001/2. The Noongar proportion would be approx. **\$7.1 million** ^[4]

The study identified the number of Noongar students at 7,704 or 2.9% of the total school population. With total education (schools) expenditure in 2000 at \$1.76 billion the Noongar student impact on the schools system is valued at **\$51 million**. ^[27]

Training

In 2001/2 Western Australian Indigenous students made up 5.6% of the total number of VET students. Of these, 2.3% are estimated to be Noongar students. Funding directly to Noongar training entities totalled \$2.5 million, however, the bulk of training was provided through the TAFE College network. At 2.3% of the student population the Noongar impact on the whole training budget was **\$9.95 million** in 2001/2. ^[28]

Universities

In 2000 there were 1,474 Indigenous students in WA Universities. The current 2003 funded value is \$12,500 per student representing an impact of \$18.4 million. Noongar enrolment is unknown but probably represents a minimum 50% of the total. Hence Noongar economic impact would be **\$9.2 million** (2003). ^[29]

Justice

The Indigenous population of the prisons system is 35.5% of the total ⁽³⁰⁾. This does not equate of 35.5% of the Justice Department workload which includes the court system. However, it is reasonable to estimate that Indigenous people do account for at least 25% of the total activities. The Noongar proportion would be 10.3%, a value of **\$57.4 million** (2002). ^[31]

Utilities

The 7,785 Noongar households represent 1.1% of the Water Corporation's residential connections. Hence, the financial impact on the Water Corporation is estimated at **\$4.8 million** (2001). Much of this impact is provided to the Water Corporation under Community Service Obligations Funding from the WA Treasury. ^[32]

Western Power does not disclose the size of their residential customer base, however, using the same 1.1% of customers applied to the Water Corp the impact would be between **\$2.5 million - \$4.5 million**. ^[33]

SECTION 3

Identified Indigenous Funding

The Commonwealth Government has jurisdictional responsibility for Indigenous Affairs and as a consequence is the major funding body of Indigenous programs. The Commonwealth has funded Indigenous communities directly through ATSIC/ATSIS, and through a range of Commonwealth Government Departments. It has also provided funding to State Governments to expend on Indigenous people particularly in education, health and housing.

In budget year 2001/2, the Commonwealth expended a total of **\$2.4 billion** and this has risen to **\$2.7 billion** in 2003/4, a 12% increase over the two years. ^[1]

Table 3.1 indicates the major areas of expenditure of which employment and economic development consumes 27% of all expenditure. The table summarises Indigenous program expenditure open to Noongar participation. ^[2]

Table 3.1 Commonwealth Government Indigenous Funding (2001/2)

Portfolio/Agency	2001-2 Budget Estimates
Reconciliation and ATSI Affairs Inc ATSIC/STIS	\$1,254,834,000
Agriculture, Fisheries, Forestry	\$250,000
Attorney Generals Inc Native Title	\$47,325,881
Communications and the Arts	\$12,088,250
Defence Portfolio	\$965,000
Education and Training	\$448,069,905
Employment, Workplace Relations	\$73,822,682
Environment and Heritage	\$2,854,600
Family and Community Services	\$173,190,000
Foreign Affairs and Trade	\$266,625
Health and Aged Cars	\$261,118,084
Immigration and Multicultural Affairs	\$70,200
Industry, Tourism and Resources	\$1,800,00
Prime Minister and Cabinet	\$2,000,000
Transport and Regional Services	\$17,366,196
TOTAL	\$2,296,021,423

Indigenous Funding Statement (Ruddock) 2002 ^[2]

The Noongar proportion of this funding by population would equal **\$135.6 million** or approximately **\$17,000** per household in 2001/2.

Specific programs expend a high proportion of this funding, including the CDEP scheme at \$14,000 per CDEP recipient. Commonwealth health costs of

approximately \$650 per head, education costs of approximately \$900 per head and housing costs of approximately \$263 per head. ^[3]

In 2001 ATSI \$1.25 billion (included in the funding table above) was expended in five output groupings. ^[4]

Table 3.2 ATSI Funding (2001)

1	Promotion of Cultural Authority	\$63million
2	Advance of Indigenous Rights	\$86million
3	Improvement to Social and Physical Wellbeing	\$348million
4	Economic Development	\$554million
5	Capacity Building and Quality Assurance	\$11.5million

ATSI, annual report 2001/2 ^[4]

The ATSI report indicated WA expenditure totalled **\$275.9 million**, or 24.3% of the ATSI budget, against a national population proportion of 14.4%. The Noongar funding total was **\$53.7 million**, which was **19.5%** of the WA total and **4.7%** of national budget. The Noongar proportion of the national Indigenous population is **5.9%**. The funding differential appears to reflect the higher costs in remote communities of providing the same services. If the Noongar had received equal allocation this would have provided an additional **\$13.2 million** in funding. ^[4]

Neutze, Sanders and Jones ^[3] reviewed public expenditure on Indigenous people and found that while Indigenous people benefited substantially more than other Australian's in specific programs, they benefit substantially less from many much bigger programs such as Medicare.

Specific Federal Funding Initiatives

The Department of Employment and Workplace Relations (DEWR) supports Federal initiatives in the labour market. These include job network, work for the dole, transition to work and Indigenous employment programs. Indigenous people are entitled to access both Indigenous specific and mainstream services and are specifically encouraged to utilise mainstream services to access employment.

In 2002 total expenditure on these programs was \$1.07 billion of which \$57.7 million was for Indigenous employment, with \$20.7 million allocated to move 2000 Indigenous unemployed into employment. ^[5] The Noongar proportion of these funds would be approximately \$3.4 million, however, the *Commonwealth Grants Commission, 2001* identified Noongar employment funding in 1999 through DEWR as \$6.9 million and it is estimated to be **\$7.7 million** in 2001/2. This funding covers a range of employment programs. ^[6]

Structured Training and Employment Projects (STEP)

This is an employer based program to encourage structured training that leads to employment, and a range of other incentives such as for apprenticeships, cross cultural training and mentoring

Wage Assistance

A subsidy to employers of up to \$4,400 to provide employment exceeding 26 weeks.

National Indigenous Cadetship

A program to place Indigenous university students in paid employment during vacations and assist with an education allowance.

Indigenous Small Business Fund

A small business start up fund and a fund to provide services to Indigenous small business.

CDEP Placement Initiative

A bonum scheme to encourage CDEP organisations to place participants in ongoing employment. ^[7]

Health

The Commonwealth Government's direct expenditure on Noongar health was estimated in 2001 to be approximately **\$13 million**. Indigenous people use Commonwealth funded Medicare services at 40% and pharmaceutical benefits at 33% of the rate of non-Indigenous Australians. This creates a **saving** of over **\$16 million**. ^[8]

Housing

The Commonwealth and State Governments expend over \$3 billion on community housing and home purchase assistance. A range of agencies are involved, including ATSIC, which provided in 2001 \$230 million in 2001 through the Community Housing and Infrastructure Program (CHIP) and \$54.4 million in housing loans. Under the Commonwealth State Housing Agreement (CSHA) **\$118.7 million** is provided by the Commonwealth and State Governments. ^[9]

Indigenous people also benefit from the Supported Accommodation Assistance Program (SAAP), with Noongar people estimated to have received **\$3.5 million** through this program in 2001. Noongars also accessed 43 housing loans through the CSHA program valued at approximately \$3.9 million. ^[10]

In total, between **\$20-35 million** is being expended on housing in Noongar Country.

Indigenous Economic Development Programs

ATSIC facilitates a range of economic development programs of which the CDEP scheme is the most significant, at \$437 million in 2000/1. In addition ATSIC expended \$37.2 million on the Business Development Program which supports grants and loans to commercially viable Indigenous businesses. 160 loans and 118 grants were made in 2000/1. The loan portfolio is now valued at \$56.9 million, with ATSIC receiving an average return of 5% of the investment. It is not known how many loans are in Noongar Country but proportionately it could be valued at **\$3.4 million**. ^[11]

The Department of Employment and Workplace Relations (DEWR) administers the Indigenous Employment Policy (IEP) which includes the Indigenous Capital Assistance Scheme (ICAS). This program is managed by Westpac which received \$2.6 million a year to provide a range of business lending and advisory services and discounted business loans. ^[12]

DEWR Indigenous Employment Programme (IEP) placed 6,000 people in jobs in 2002/3 at a cost of \$5,674 per head. The target for 2003/4 is 8,461, of which approximately 1,218 will be in the Noongar region. The cost of this placement is expected to be **\$8.3 million**.

DEWR administers the Indigenous Small Business Fund (ISBF) which provides funding from \$5,000 - \$100,000 to organisations, subject to project evaluation and co-contribution.

Eight Noongar organisations have benefited from ISBF funding since 2000, however, none of the projects is related to the establishment of a business.

In addition the IEP supports a micro finance initiative called 'self help' targeted at self employment. This scheme offers \$5,500 towards training, support and financed planning to assist a move into self employment. ^[5]

Indigenous Land Corporation (ILC)

The ILC is an independent statutory authority established under section 191B of the ATSIC Act.

Its role is to assist Indigenous Australians to acquire and manage land in a sustainable way to obtain economic, environmental, social or cultural benefits.

The ILC is funded through the Aboriginal and Torres Strait Islander Land Fund.

The Land Fund was established in 1999 and had assets of \$1.1 billion as at July 3rd 2001. When the Commonwealth contributions of \$121 million per year end in 2003/4, total assets are expected to be **\$1.3 billion**.

On a population proportion basis the Noongar "share" would be **\$76.7 million**, however, the fund is expected to generate a minimum 2% real return on investments to fund future ongoing acquisitions. The real return on assets in 2001/2 was 3.58%. In 2000/2 the ILC acquired 9 properties at a total cost of \$15.4 million and spent \$10.9 million on land management. ^[13]

The ILC focus has traditionally been on rural and remote properties, however, in recent years this has changed to incorporate the interests of urban communities and to balance land acquisition with the long term sustainability of existing properties. In 2003 ⁽²⁸⁾ total ILC assets stood at \$195.6 million, with annual funding being received from the land fund of **\$53.6 million**, and other earnings including asset revaluations, of about \$10million per year. Noongar properties held or purchased in 2003 were valued at over **\$4 million**. ^[14]

Indigenous Business Australia (IBA)

The IBA has invested in 26 major commercial ventures of which 8 are in Western Australia.

Industry sector investments indicate a diversified portfolio approach to investment. Turnover in 2003 was **\$25 million**, with net growth of equity of \$4.7 million and total assets of **\$77.5 million**, generating Indigenous employment worth \$5.3 million.

Table 3.3 Industry sector investments (2002/3)

Mining	3
Construction	4
Accommodation, Cafes/Restaurants	6
Transport and Storage	2
Property and Business	8
Culture and Recreation	1
Personal and other Services	2
TOTAL	26

IBA, annual report 2002/3 ^[15]

Significantly, 62 applications were lodged for investment projects in 2002/3, 8 from WA, with the majority in property, accommodation and agriculture. The IBA favours joint ventures as a means of diversifying risk and leveraging Indigenous employment from strategic investments.

Given the limited capital base of the IBA only one Noongar project, a building in Collins Street, West Perth, has been transacted. ^[15]

The Role of Other Agencies in Economic Development

The Commonwealth Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs (DORATSIA) has the role of cross portfolio co-ordination. This Department had a budget in 2001 of \$5.4 million, primarily to fund Reconciliation Australia Ltd. The Department's priority is economic independence, which it pursues through policy development involving ATSIC and DEWR, under the themed program 'Australian's working together'. ^[16]

The Department of Family and Community Services now coordinates a range of programs through Centrelink. One of these, the Stronger Families and Communities Strategy (SFCS), makes direct small grants to community organisations. Noongar funding was **\$176,000** in 2002, however grants to non Noongar Indigenous organisations in WA totalled over **\$3 million**. ^[17]

The demise of ATSIC has seen responsibility for Indigenous programs formerly managed by ATSIC divided amongst a range of Commonwealth Departments, namely:

- The CDEP, Business Development Programs, Home Ownership and Indigenous Business Australia will be managed by DEWAR.
- Culture, arts, language, broadcasting and sport will be managed by the Department of Communications, Information Technology and Arts.
- Native title, Planning and Partnership Development and the Indigenous Land Fund will be managed by the Department of Immigration and Multicultural and Indigenous Affairs.

Co-ordination of these programs, each of which has economic dimensions, will be complex in the absence of ATSIC and its State offices.

Western Australian Government Funding

Section one of this report identified the majority of WA Government funding for Indigenous support.

The WA Government, unlike the Commonwealth Government, does not produce a single consolidated document which identifies Indigenous related expenditure.

A range of Government departments support Indigenous programs. These include:

The Office of Aboriginal Economic Development (OAED)

The OAED is tasked with assisting Indigenous clients to develop their business capability. This has included the development of a Noongar Economic Development Strategy and financial assistance to 55 business and project initiatives.

These initiatives, such as the Stirling Range National Park Visitor Centre, Kodja Place Visitor Centre at Kojonup, and the Wardan Aboriginal Cultural Centre at Yallingup, focus on Indigenous business infrastructure. Other initiatives, such as the Perth Indigenous Arts Showcase and support for the WA Indigenous Tourism Operators Committee, are aimed at market development and the creation of business networks.

Expenditure by the OAED is not specifically disclosed, however, the output area of the Department of Industry and Resources (DOIR) in which the OAED is located was **\$17.06 million** in 2002/3, with average project expenditure of **\$1.06 million**. ^[18]

The Department of Local Government and Regional Development (DLGRD)

DLGRD has responsibility for regional development and has four Noongar Regions, namely the Wheatbelt, Peel, the Great Southern and the South West. Indigenous development strategies are imbedded in their planning, however, Indigenous specific funding is limited.

Two programs, the Indigenous Infrastructure Projects Program (IIPP) and the Indigenous Arts and Tourism Facilities Funding Program (IATFFD), existed in 2003/4, however funding was limited to applications from non Noongar areas.

In addition, the WA Regional Initiatives Scheme (WARIS) was available and **\$285,000** went to Noongar area projects for a range of community support initiatives. ^[19]

The Department of Conservation and Land Management

CALM has a budget of \$156.4 million (2002/3) and is engaged with the Noongar community in a range of relationships from land management, national parks management to fire wood collection businesses. ^[20]

CALM does not disclose direct expenditure on Indigenous activities but has established the Dan-Joo Dabacaan mentored training program which aims to build Indigenous employment up to a target of 15% of all employees.

This 10 year plan would see the CALM Indigenous workforce reach **175**, with earnings in 2002 dollars of approximately **\$7million** per year. CALM Indigenous employment was approx 16 people in 2002/3. ^[21]

The Department for Culture and the Arts

The Department of Culture and the Arts offers a range of funding programs in music, dance, theatre, literature, arts and crafts. Program funding in 2002 was **\$510,618**. In addition, cultural agencies such as the WA Art Gallery, Library, Museum and Screen West contribute through employment and the purchase of art works and services. ^[22]

Lotteries Commission

LotteryWest granted \$51.3 million in 2003 to community organisations. \$2.2 million was specifically granted to Indigenous organisations with **\$540,000** identified as Noongar. ^[23]

Local Government ^[24]

Total Local Government expenditure in WA in 2000/1 was \$1.7 billion

Major areas of expenditure were:

- Transport (roads) 29%;
- Recreation and Culture 26%; and
- Sanitation and Refuse 17%.

In addition \$57million was spent on economic services, 3% of budget

Revenue was sources from:

- Rate Income (48%);
- Charges/Fees (29%);
- Investments and Loans (3%);
- Specific Purpose Grants (9%); and
- General Purpose Grants (11%).

WA Councils receive 11.5% of Commonwealth Local Government funding (\$165.5 million).

Minimum Local Government funding was \$15.43 per head of population, hence minimum Noongar Federal allocation should be approximately **\$4.2 million**.

The national principles for allocating financial assistance grants under *Section 9 of the Local Government Act 1995* include principle (5), which states:

“Financial assistance shall be allocated to councils in a way which recognises the needs of Aboriginal peoples within their boundaries”.

The Noongar Country funding allocation is **\$107.4 million** 2002/3. How much of this is triggered by the Indigenous population is unknown.

The Noongar share of overall Local Government expenditure based on population weightings would equate to approximately **\$24 million**.

Noongar's contribute through rates and taxes to this income and expenditure, though the degree to which they benefit is variable.

Non Government Organisations

Private Enterprise

Corporate entities, particularly in the resources industry, are increasingly engaged in the support of Indigenous communities.

The right to negotiate under Native Title has led to the engagement in Indigenous affairs of companies such as:

- Amity Oil;
- ALCOA;
- Cable Sands;
- Sons of Gwalia;
- Wesfarmers;
- Rio Tinto; and
- Newmont Mining.

While none of these companies disclose Indigenous funding information, their engagement in Indigenous employment, training and education and community relations sponsorship is significant. Alcoa alone expends over **\$500,000** p.a. on Indigenous community and employment support. The Rio Tinto Futures Fund has given \$8.6 million over the past four years, with approximately **\$2 million** directed to Indigenous communities, mostly to health projects. ^[25] Worsley Alumina has an Indigenous training program, with 5 Noongar trainees given jobs in 2002. ^[26]

Private Foundations [27]

Australian businesses expended a total of \$1.44 billion on corporate philanthropy in 2000/1. This compares to the \$12 billion Australians spend on gambling. 50% of the \$1.44 billion was spent on sports and arts sponsorship, 40% in donations (charitable) and 13% in partnership arrangements.

No information is available on specific Indigenous expenditure, however it is increasing as companies focus on triple bottom line reporting.

Significant private foundations that support Indigenous communities are:

- The Pratt Foundation (\$10.2 million p.a.); and
- The Myer Foundation (\$9 million p.a.).

The Indigenous Community Organisations

The Great Southern Area Consultative Committee has an Indigenous employment program. **\$750,000** out of a budget of \$4.2 million was allocated to three regional projects, the biggest one being Kodja Place in Kojonup. ^[28]

The South Coast Regional Initiative Planning Team (SCRIPT) is another community organisation aimed at natural resources management. ^[29]

SCRIPT receives State and Federal funding in support of land care and economic outcomes.

Indigenous participation is supported through a dedicated Indigenous officer. **\$118,000** of a total budget of \$748,000 is committed to Indigenous activity.

Greening Australia (WA)

There is a range of landcare projects under Greening WA supported by Agriculture WA, CSIRO and Alcoa.

Native seed collection is one of the Indigenous outcomes. Natural heritage funding of \$4.2 million has been expended across the Noongar lands, with specific Indigenous funding tied to the Indigenous Protected Areas Program.

13 Indigenous land management facilitators have been employed through the Commonwealth funding provided by the Department of Environment and Heritage.
[30]

Charitable Foundations

World Vision Australia has entered into a partnership agreement with the Noongar Regional Council to extend their 'Linking Hands' project, focused on community sustainability, to Perth.

OXFAM Community Aid Abroad has a focus on Indigenous health and cultural reclamation. [31]

The Brotherhood of St Laurence focuses on 'Social Enterprise', which is a concept of business aimed at delivering social and environmental outcomes, rather than only profit. The Indigenous 'Torch Project' is aimed at community empowerment and self sufficiency. [32]

Area Consultative Committees

Community Consultative Committees have been established across the Noongar region, not specifically to support Indigenous communities, but aimed at allowing a level of local decision making in community development funding.

The Wheatbelt Area Consultative Committee (WACC) has an Indigenous co-ordinator who works closely with the CDEP in the area.

Between 1999 and 2001 the WACC received \$1.2 million in Regional Partnerships Programme funding, of which 2 grants valued at **\$160,000** could be identified as Indigenous.

The WACC 2002/3 Annual Report indicates total funding through the various Regional Assistance Programs is \$4.5 million, however little of this support was targeted at Indigenous communities. Area Consultative Committees exist in each region, including the outer metropolitan regional council areas. Total Noongar support through this process is likely to be in the vicinity of **\$500,000**. [33]

SECTION 4

The Western Australian Economy and Relationship to Noongar Country

The Western Australian economy entered into a major recovery phase after a recession in 2000/1. This growth has been driven by increased resources investment, the ending of the drought, and high levels of housing investment and consumer spending. ^[1]

Table 4.1 details some key economic indicators for 2001/2 and 2002/3. This data shows the significant impact of private consumption and building on economic growth.

Table 4.1 Indicator Annual Growth %

	2001/02	2002/03
Government Consumption	2.2%	1.7%
Private Consumption	4.0%	4.3%
Retail Turnover	5.9%	3.9%
Total Building Commencements	14.3%	16.0%
Number of Dwellings Commenced	38.0%	13.5%
New Vehicle Sales	1.1%	6.6%
Employment Growth	1.1%	2.5%
Unemployment Rate	5.8%	5.6%
Population Growth	1.2%	1.4%

BIS SHRAPNEL Economic outlook, 2004 ^[2]

In 2002/3 imports grew more strongly than exports, leading to Gross State Product (GSP) growth of 3.9% against consumer final demand of 7%. The economy has a number of features, including high household debt and low savings, a commodity based currency impacted upon by the devaluation of the \$US, and the extraordinary effects of high growth in China and India. ^[2]

The WA economy has grown more as a result of domestic expenditure on consumption than on the resources boom, making the economy very vulnerable to a rise in interest rates.

The forward estimates for the economy are positive however, there are still high risks associated with the unsustainable growth in household debt. Total Australian household debt has reached \$82 billion, with a debt to disposable income ratio of 2:4, up from 1:1 in 1995.

While household debt is not a major problem for the Indigenous community, any sudden reduction in consumer spending will impact on the labour market, particularly in the building industry, accommodation, and retail sectors, the major areas where Indigenous job growth appears most likely. Equally, any increased home ownership by Noongar people would be negatively impacted upon by increased interest rates.

Projected State demand for the period 2003 – 2007 indicates a steady increase in Gross State Product but falling domestic demand. ^[3]

Table 4.2 Projected State Demand (2003-2007)

	Total Consumption	Gov.Exp.	Total Dwellings	Construction Investment	Equipment and Investment	Exports	Imports	GSP
2003/4	4.9%	1.4%	1.6%	-0.9%	17.7%	1.4%	8.5%	5.8%
2004/5	3.6%	2.6%	-7.9%	-10.1%	3.1%	4.6%	3.1%	3.8%
2005/6	2.2%	3.4%	-2.3%	-1.9%	-0.4%	4.9%	0.1%	3.4%
2006/7	1.8%	3.5%	5.0%	5.6%	8.6%	4.7%	6.2%	3.4%

BIS SHRAPNEL Economic outlook, 2004 ^[2]

State Government Expenditure

State Government expenditure is expected to rise from \$11.908 million in 2003/4 to \$12.786 million in 2006/7. ^[4] The Noongar proportion, based on population, of this expenditure on a population basis is **\$197.7 million**.

The Commonwealth review of Federal funding arrangements showed that in 2001, WA received \$500 million less in Commonwealth welfare transfers than the population percentage would have provided. These transfers flowed to States such as Tasmania, South Australia and the Northern Territory. This equalisation process does limit the State's capacity to give a fair share of the output of the resources boom to our Indigenous communities. The State equalisation process for 2004/5 has been adjusted giving WA an additional \$200 million+. This should allow the State to address areas of disadvantage and Indigenous economic development, which would be greatly assisted with increased investment in infrastructure.

Perth Region

The Perth region accounted for 61% of the output of the WA economy. The Perth workforce in 2001 numbered 600,239. ^[3] The major areas of employment are shown in Table 4.3.

Table 4.3 Major Areas of Employment (2001)

Area of Employment	% of Workforce
Retail and Wholesale	21.2%
Property and Business Services	12.7%
Health and Community Services	10.6%
Manufacturing	11.1%
Education	7.6%

ABS, 2001 ^[5]

Industry output in the Perth region reflects the significance of Perth as the manufacturing and services centre for WA resources, construction, and agricultural industries.

Table 4.4 Major Areas of Output (2001)

Output Sector	% of Perth Output
Manufacturing	22.1%
Wholesale and Retail	14.5%
Property and Business Services	11.5%
Construction	9.8%
Transport/Storage	6.6%

ABS, 2001 ^[5]**Wheatbelt Region**

The Wheatbelt had a workforce of 38,376 in 2001, with unemployment of 4.6%. This is despite Indigenous unemployment running at over 20%.

Table 4.5 Value of the Major Industries (2001)

Industry Sector	\$Value of Output
Agriculture	\$2.2billion
Wool and Livestock	\$462million
Mining	\$515million
Retail	\$381million
Tourism	\$90million
Construction	\$88.2million
Fishing	\$76.2million

DLGRD, 2003 ^[6]**Table 4.6 Employment by Industry 2001**

Industry Sector	%
Agriculture, Fishing	33.8%
Retail and Wholesale	15.1%
Education	7.2%
Health	6.6%
Construction	5.4%

DLGRD, 2003 ^[6]

Niche production areas included: legumes production, chickpeas, lupins and faba beans, hay production, and cut flowers.

Mining operations included mineral sands at Cooljarloo, and salt at Wyalkatchem. ^[7]

The building industry constructed 443 dwellings in 2001/2, and State housing to the value of \$1.7 million was built in 2002/3.

In 2002 there were 775,200 visitors to the region, however, visitor numbers have been static since 1999.

The region is experiencing a skills shortage in most trade areas and offers good prospects for Indigenous employment.

Farm commodity prices fell 8% in 2003/4, due to the higher dollar value, and are forecast to decline by 0.6% in 2004/5. This would leave net farm earnings at -34.3% against 1999, placing great pressure on farm sustainability. ^[8]

This problem is being met with improved efficiency, low rates of farm wages and through diversification of income sources into areas such as tourism and niche farm products. ^[6]

Peel Region

The Peel region had a workforce of 33,848 in 2001/2. Unemployment was 6.7%, slightly higher than the State average and particularly high in the youth age cohort.

Table 4.7 Value of Major Industries (2001)

Industry Sector	\$Value of Output
Mining	\$1.91billion
Agriculture	\$107.4million
Retail	\$507million
Construction	\$217million
Tourism	\$66million

DLGRD, 2003 ^[9]

Table 4.8 Employment by Industry (2001)

Industry Sector	%
Retail	17.3%
Manufacturing	14.3%
Construction	10.2%
Health	8.1%
Education	5.9%
Mining	5.8%

DLGRD, 2003 ^[9]

Peel is dominated by alumina mining, which is valued at \$1.9 billion and feeds the business and retail hub city of Mandurah.

Niche agriculture production is increasing with dairy and beef the mainstay, but wine, flowers, fruit and vegetables are important.

The construction industry was very significant with 1600 dwellings approved for 2001/2.

The Fremantle to Perth railway will further stimulate this growth.

There were 560,000 overnight visitors and 1.9 million day visitors, making up a viable tourism market.

Energy, water and waste management are also key industries in the Peel region. ^[9]

South West Region

The labour force in the South West was 69,136 in 2001/2. The unemployment rate in 2001/2 was 5.9%, below the State average of 6.7% at that time.

Table 4.9 Value of Major Industries

Industry Sector	\$Value of Output
Mining	\$185billion
Retail	\$977million
Agriculture	\$475million
Manufacturing	\$350million
Tourism	\$398million
Construction	\$306million

DLGRD, 2003 ^[10]

Table 4.10 Employment by Industry

Industry Sector	% of Labour Force
Retail	14.9%
Manufacturing (mineral processing)	12.4%
Agriculture, Forestry	10.8%
Construction	8.9%
Health	7.9%
Property and Business Services	7.1%

DLGRD, 2003 ^[10]

The South West is the most diverse regional economic region, with high value mining and minerals, and even the potential for oil and gas extraction.

The agriculture industry is varied with the world class wine sector creating a 'cluster' for tourism, retail, construction and food production.

In 2002 there were 1.7 million overnight visitors to the region, 23% of whom were from outside the State. ^[10]

Great Southern Region

The labour force in the Great Southern was 30,192 in 2001/2. The unemployment rate was 6.5% in 2001/2, about equal to the State average.

Table 4.11 Value of Major Industries

Industry Sector	\$Value of Output
Agriculture	\$624.6million
Retail	\$387million
Manufacturing	\$230million
Tourism	\$118million

DLGRD, 2003 ^[11]**Table 4.12 Employment by Industry**

Industry Sector	% of Labour Force
Agriculture	22.3%
Retail	14.2%
Health	8.2%
Education	7.8%
Manufacturing	7.0%
Construction	6.9%

DLGRD, 2003 ^[11]

The region is dominated by agriculture, particularly wheat, viticulture, and oil seeds. The wool industry is in decline, though it may have reached equilibrium. Aboriginal shearers, once the mainstay of the wool industry, lost out to New Zealander's during the wide comb dispute. There are new opportunities to participate in this industry through land purchase and Indigenous labour hire companies.

Tourism numbers are stable, however, growth is predicted. There were 519,000 visitors to the region in 2001.

The construction industry saw 474 dwellings built in 2001 from a peak of 606 in 1999/2000.

The 'Margaret River' effect is pushing lifestyle accommodation construction into the Great Southern region, with Denmark and Albany showing significant increases. ^[11]

Summary

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

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

SECTION 5

Economic Opportunities

The following analysis considers a range of key industry sectors by ANZIC code to identify trends in the labour market and areas of business development opportunity.

The economic forecast for the Western Australian labour market indicates the creation of 90,000 – 97,000 new jobs between 2003 and 2009.

To significantly redress Noongar disadvantage, the Noongar people need to secure 4000 – 5000 of these jobs, which is approximately 4% -5% of the total, as against the 2% which would be their population share.

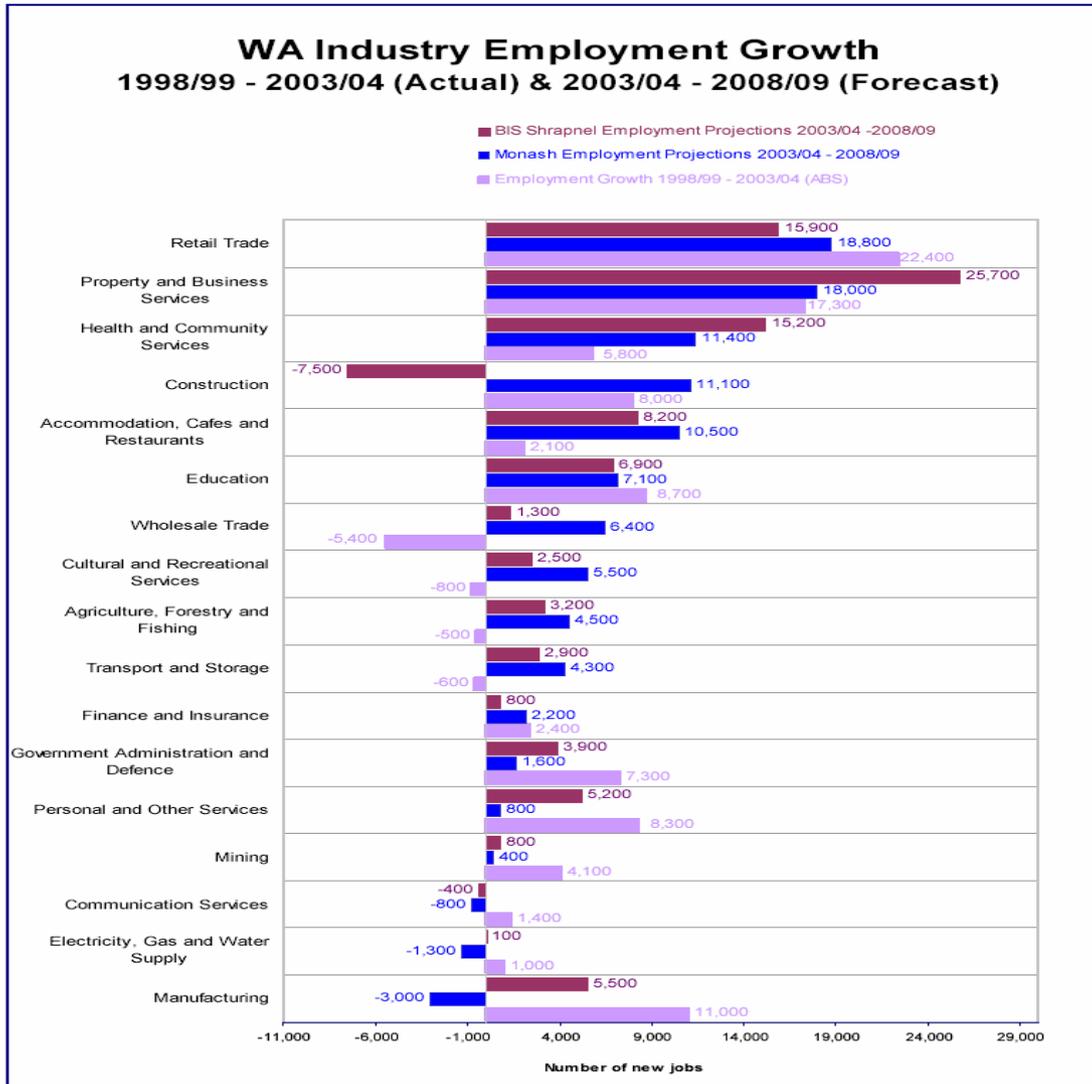
The competitive advantage Noongar people have is their average age of 19 years versus an average of 34 years in the non Indigenous community. The ageing of the non Indigenous workforce will provide a vast array of work opportunities even in low skilled occupations, but particularly in trades and Government services such as health, education and utilities. The agriculture and automotive industries are also vulnerable to an ageing workforce

Over the years 1998 – 2003, 73% of new employment was created in retail, property and business services, manufacturing, education, and personal and other services.

However, this growth trend, while likely to continue, may not deliver the right jobs in the right places for Noongar people. A strategy of 'Job Fit' is possible to align Industry needs and cultural suitability to deliver jobs growth that adds value to Indigenous communities in more ways than wage or salary growth. ^[1]

Chart 5.1 provides an industry by industry projection of employment growth. The significant industry is construction, where analysts differ on the impact a high Australian dollar and/ or high Interest rates would have on residential building.

Chart 5.1



Monash, 2003, BIS Shrapnel, 2003 ABS, 2003 [2] [3] [4]

Table 5.1 provides estimated total jobs for 2004 – 2009 in high growth areas such as retail, jobs which can be casual with low hours, and low paid.

Table 5.1 Estimated total jobs in high growth areas 2004 - 2009

Western Australian Industry Sectors	Employed Persons at August 2003 ¹	Actual Employment Growth (new jobs) 1998 - 2003	Forecast Employment Growth 2004 - 2009	
	Australian Bureau of Statistics		Monash University	BIS Shrapnel
Accommodation, Cafes & Restaurants	42,900	2,100	10,500	8,200
Agriculture, Forestry & Fishing	43,700	-500	4,500	3,200
Communication Services	16,200	1,400	-800	-400
Construction	79,800	8,000	11,100	-7,500
Cultural & Recreational Services	21,000	-800	5,500	2,500
Education	72,400	8,700	7,100	6,900
Electricity, Gas & Water Supply	8,100	1,000	-1,300	100
Finance & Insurance	26,700	2,400	2,200	800
Government Administration & Defence	38,300	7,300	1,600	3,900
Health & Community Services	89,400	5,800	11,400	15,200
Manufacturing	101,100	11,000	-3,000	5,500
Mining	34,500	4,100	400	800
Personal & Other Services	47,000	8,300	800	5,200
Property & Business Services	112,200	17,300	18,000	25,700
Retail Trade	153,900	22,400	18,800	15,900
Transport & Storage	37,500	-600	4,300	2,900
Wholesale Trade	46,300	-5,400	6,400	1,300
Total All Industries	970,700	92,200	97,400	90,200

Monash, 2003, BIS Shrapnel 2003, ABS, 2003 ^[2] ^[3] ^[4]

Chart 5.2 indicates occupation growth. It should be noted 25,000 jobs, some 26% of all jobs, will be in relatively low skilled occupations.

Chart 5.2 Occupation Employment Growth in WA



Monash, 2003, ABS, 2003 [2][4]

Industry Development and Job Growth

Argus Research [5] has identified 23 major projects valued of \$50 million, either committed to or under consideration for the period 2003 – 2007.

Table 5.2 Major Research Projects (2003-2007)

Region	No of Projects	Value
Perth	12	\$2.6billion
Peel	6	\$3.9billion
South West	3	\$700million
Great Southern	2	\$200million
TOTAL		\$7.4 billion

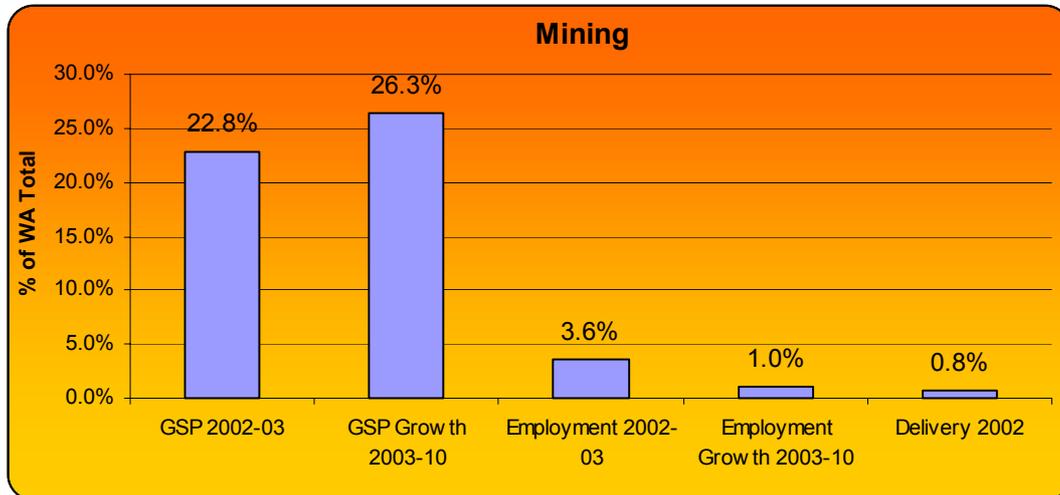
Argus Research, 2004 [5]

Mining Sector [6]

The mining sector employs some 34,600 workers, of which 7,200 are employed in providing services to the mining sector. Employment growth is anticipated to be only 1% over the next 10 years, however, the workforce is rapidly ageing so employment opportunities will be improved for younger people.[5] Charts 5.3 and 5.4 provide an

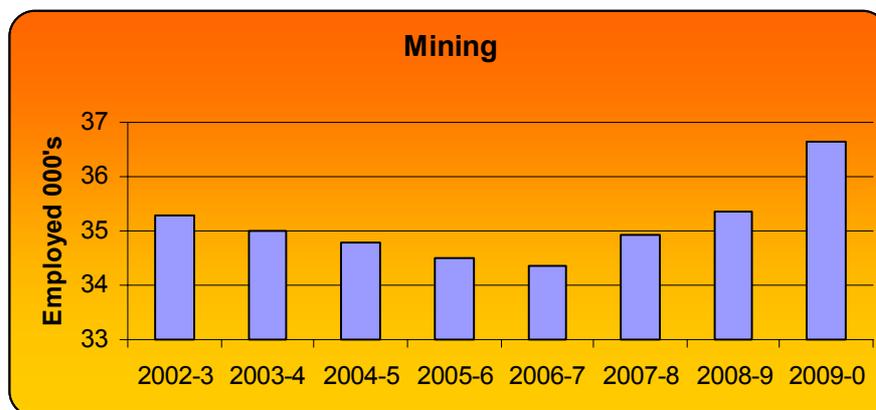
indication of the growth in industry output through technology efficiency and the impact of new projects on employment in the out years. This is driven by the ‘China’ effect but could reverse if China slows its economic growth.

Chart 5.3 Growth in Industry Output



Monash, 2003 [2]

Chart 5.4 Growth in Industry Output



Monash, 2003 [2]

The ABARE report projects that WA minerals and energy exports will increase from \$52.5 billion in 2003/4 to \$63.4 billion in 2008/9 (in 2003 dollars), an increase of 20.7%. This will be determined by the value of the \$A, and factor costs such as labour. [7]

Specific projects that offer employment or investment opportunities are defined in table 5.3.

Table 5.3 Specific projects that offer employment or investment opportunities

Project	Value	Construction Jobs	Operational JobsS
Kwinana H/Smelt Pig Iron	\$600million	320	80
*Koolyanobbing Iron	\$25million	120	35
Ravenswood Nickel	\$950million	1000	300
Alcoa Pinjarra	\$400million	1500	250
Alcoa Wagerup	\$1200million	1500	250
Boddington Gold	\$500million	500	300
Kemerton Titanium	\$470million	60	200
TOTAL	\$4145million	5000	1415

Department of Industry and Resources, 2004 ^[8]

*Note – project outside of Noongar country but workforce can come from Noongar country.

In addition to these projects, the mineral sands projects at Jangardup (Cable Sands Pty Ltd) and Amity Oil's gas and oil exploration at Whicter Range (Perth onshore basin) are subject to Noongar land use agreements. ^[9]

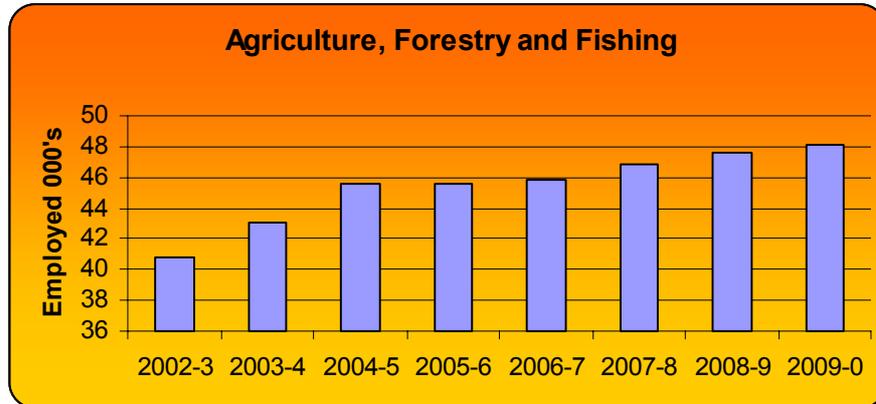
The Kwinana industrial area generates output of \$8.7 billion, and \$600 million in employment. With Rio Tinto's HLS melt project in construction and their leading Indigenous employment strategy, a key Noongar Partnership should be developed with a focus on this area ^[10]

Agriculture, Forestry and Fishing ^[11]

In 2002/3 this sector was valued at \$5.1 billion to the WA economy. 105,000 WA jobs flow from the agricultural sector. Total employment for the sector was 43,700, of which 32,400 were full time. Nearly 10,000 jobs were in the metropolitan area. Of the 43,700 jobs in the sector, 35,100 are in agriculture, 2000 in forestry, 3200 in fishing, and a further 3,400 jobs are in services to this industry.

Chart 5.5 indicates the projected employment growth in this sector. However, it needs to be remembered that ABARE projection is for a decline of 30% in net farm earnings over the period 2001 – 2010, which will leave many farms unproductive in their current use. ^[12]

Chart 5.5 Projected Employment Growth in Agriculture, Forestry & Fishing



Monash, 2003 [2]

This is an opportunity for the ILC and Noongar people to buy land and seek alternative uses, including the return to native vegetation as carbon sinks, for new industries such as bush foods and oil extraction, or for niche uses such as aquaculture, tourism and education facilities.

The ATSI Rural Industry Strategy indicates the wild animal products industry is worth \$100 million per year, a tiny proportion of the \$12 billion livestock industry. The strategy focuses on the value of bush foods, for which the current Australian market is \$14 million per year. However, there are 10,000 bush food sources in Australia, most of which have not been commercialised into food products for mainstream consumption. The bush food industry links to wild flowers, firewood, furniture and essential oils, creating a diversified industry of some potential. [13]

The strategy recommends Indigenous investment in form of forestry products, aquaculture, agricultural tourism, and recreational fishing.

CALM is committed to working with Indigenous communities in employment, landcare and bio diversity management, providing a partner in a rural development strategy. [14] [15].

The development of a laminated veneer lumber plant by Westbeam Pty Ltd, and the proposed Collie Pulp mill, is adding value to the timber plantation industry.

The potential of bio mass as an energy source is also being developed, providing additional economic and potentially environmental benefits. [16]

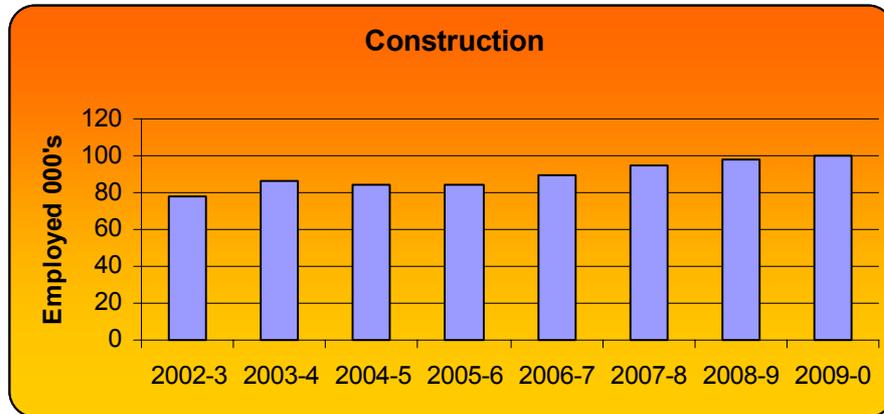
The Noongar community may consider a strategic investment in this industry cluster during its emergent phase.

Construction Industry [17]

The construction industry contributed \$6.7 billion in output in 2002/3. However, it is one of the most volatile sectors. The industry employed 79,800 workers in 2001, of which 23,700 were in building construction, 14,700 in electrical, 21,000 in mechanical and fabrication, and 12,000 in automotive occupations. 69,000 people are employed full-time and 58,300 are employed in the metropolitan area. Chart 5.6

indicates consistent employment growth over the period 2003 – 2009. However, this is likely in practice to be more volatile, with an interest rate led fall in construction some time in the next four years.

Chart 5.6 Projected Employment Growth in Construction



Monash, 2003 [2]

Significant opportunities exist for Noongar people and business enterprises in this sector. The Indigenous home building and maintenance business alone creates a viable market. There are 636 homes in need of maintenance, with this work valued at **\$68 million** in 2002. A further 427 homes need replacement at an average cost of \$120,000 (**\$51.2 million**). [18]

This, alongside opportunities in public housing more generally, are a natural target market for Indigenous business development. The annual Federal allocation for Indigenous housing is \$60 million per year. [19]

In addition to construction, the Noongar could take ownership of housing rental properties and act as a management agency, combining rental, ownership, and building and maintenance into a single industry capability. The asset base this would represent would be the basis for a move into finance, banking and insurance.

The State capital work's expenditure is between \$2.6 billion and \$3.4 billion annually. A total of \$145.1 million in small capital projects will be funded in Perth in 2003, alongside \$76.6 million spent on Noongar regions. Some of this work would be another target for a Noongar construction entity. [20]

The residential housing market is substantial, with finance approvals averaging 750 per month, making a market of 9,000 homes per year. [21] To gain a share of this market the Noongar enterprise would need to be innovative and highly productive. Innovation in design and construction techniques offers a point of differentiation, and a partnership with a tertiary education institution or an investment in an existing building company could facilitate a transfer of skills and the creation of a unique market position. Noongars could incorporate into such an initiative the use of arts, crafts, nursery and landscaping opportunities.

The automotive industry offers Noongar similar opportunities for engagement, from vehicle distribution, to repair and maintenance. Noongar organisations buy and

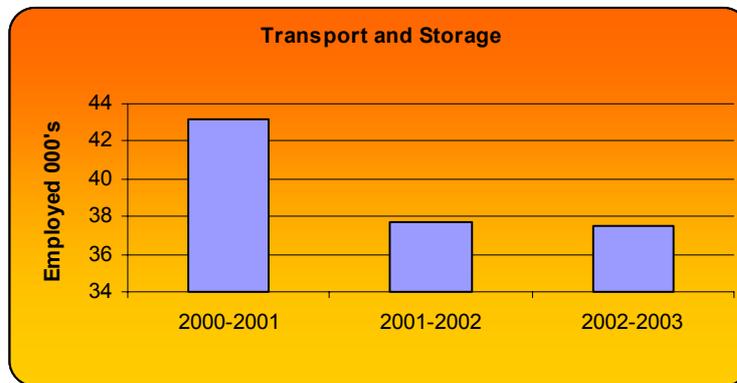
lease hundreds of new vehicles per year and the total Noongar car purchase market is probably over 1,000 second hand cars per year.

Transport and Storage Industry [22]

Total employment in the sector was 37,500 in 2003, with 81% being full time employment. 28,200 jobs were in the metropolitan area and 9,400 in regional WA.

Chart 5.7 indicates declining employment in the Industry, however, this is mostly in the storage, rail and water transport sections. 58% of employees are in road transport. The ageing of the transport workforce will provide great opportunities for Noongar self employment, as owner/operators or in a logistics freight company. 37% of all WA transport businesses are small and a further 20% are medium sized enterprises. This industry is stable with little growth but little fluctuation. However it is capital intensive.

Chart 5.7 Projected Employment Growth in Transport & Storage



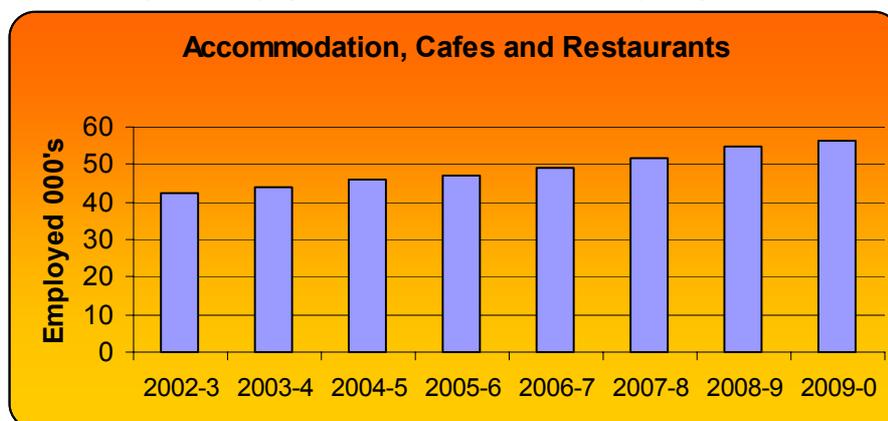
Monash, 2003 [2]

Tourism and Hospitality [23]

The tourism and hospitality industry employed 42,900 in 2003, of which 53% are employed part-time and 60% are female. 30,000 were employed in the metropolitan area and 12,900 in regional WA. The accommodation sector employs 11,525 people.

Chart 5.8 indicates steady growth in employment, however, the industry is vulnerable to external shocks such as terrorism, fuel prices and SARS.

Chart 5.8 Projected Employment Growth in Tourism & Hospitality



Monash, 2003 [2]

The *Tourism Forecasting Council 2003* predicted a decrease in visitor arrivals of 2.9% in 2003, the third year of decline. Offsetting this is an increase in domestic tourism of 1%. [24]

The expansion of low cost airlines in Australia, and greater domestic tourism, is expected to assist in growing tourism in Noongar Country. The opening of the Perth Convention and Exhibition Centre in 2004 will increase visitor numbers to Perth and offer a range of business opportunities for Noongar people.

The ATSI Tourism Strategy has led to equity investments in tourism infrastructure, particularly in WA. This includes a joint venture share in Monkey Mia accommodation and a share of the Fitzroy Crossing Lodge. In building a chain of Indigenous accommodation, Noongar people should seek a strategic investment in tourist accommodation in Perth to complement recent investment at Yallingup. [25]

The strategy supports the joint venture approach as a way of leveraging investments and gaining access to critical management and logistics expertise.

Strategic investments in Perth, Margaret River, Denmark, Albany, Mandurah and on the coast road near Jurien could facilitate a range of tourism cluster industries and businesses.

The WA Tourism Infrastructure Plan can assist in determining the nature of such investments. [26]

The downside of this industry is the part time nature of employment, often seasonal, which may not significantly improve individual earnings.

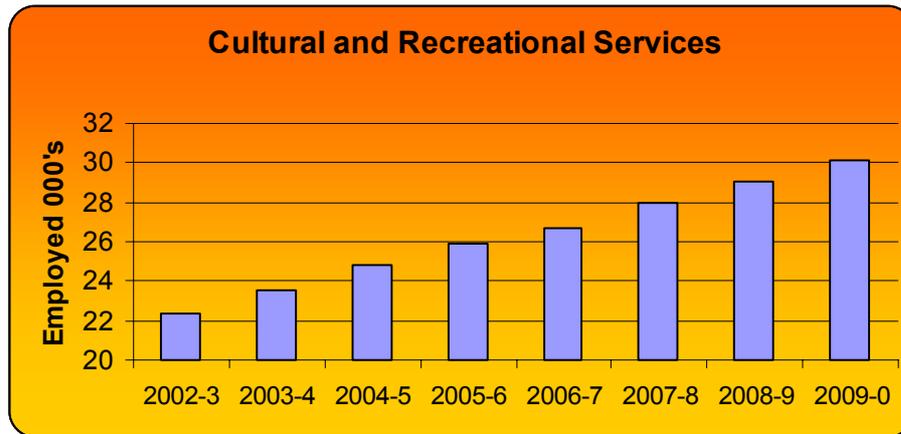
Cultural and Recreation Industry [27]

The culture and recreation industry employed 21,000 people in 2003, of which sport and recreation made up 65% of all employment. Libraries, museums and arts accounted for 21% of employment. Significantly, volunteers make up a major component of culture and recreation “employment”, though not counted in the employment data.

In 2003, the average earnings for 30% of artists were only \$7,300. This was replicated in the Indigenous arts, where average earnings for Indigenous artists were \$8,000.

Chart 5.9 indicates modest but steadily increased employment, however, in WA there has been little increased employment in the arts since 1996. Indigenous arts employment has grown from close to zero in the 1970's to several hundred jobs today.

Chart 5.9 Projected Employment Growth in Cultural & Recreation Industry



Monash, 2003 [2]

Part time employment makes up 45% of jobs with the gender balance being 50/50. 16% of enrolments in visual arts and crafts courses are Indigenous, compared to the population proportion of 3.5%.

The ATCIS Cultural Industries Strategy indicates Indigenous arts and crafts are worth \$200 million per year, with a return to the artists of \$50 million, indicating the sales pipeline gets the majority of the benefit. [28]

Government investment and grants in Indigenous arts is approximately \$20 million per year. The ATCIS strategy stresses the need to gain greater commercialisation out of Indigenous arts and design, by using the value chain, moving from design to production, to promotion, to sales.

Noongar Art Galleries, AB Music and Yirra Yarrkin Noongar Theatre have the capacity to trade nationally and internationally. In Bunbury the proposed Noongar Cultural Centre would be co-located with the Dolphin Tourist Centre to provide an integrated tourist experience. [29]

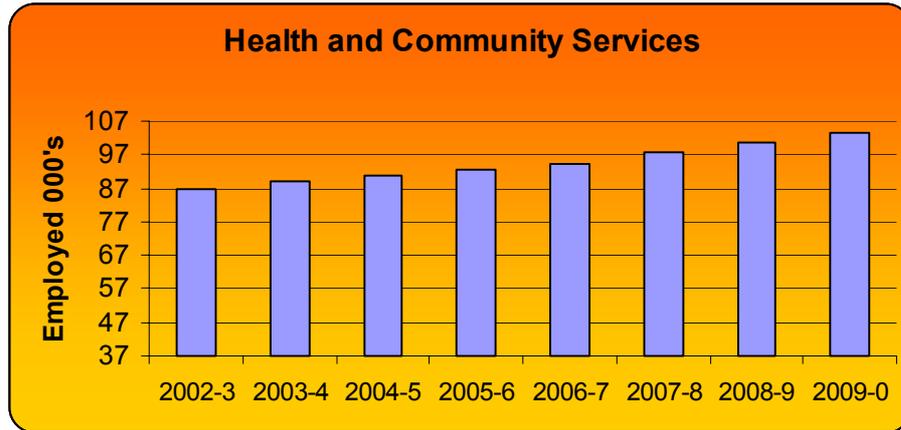
The key economic leverage from the cultural and sports sector is the value to the "Noongar" brand name. Sports stars and artists can assist in the promotion of broader economic and social objectives.

Government Services [30]

The community services, health and education sectors already provide 30% of Noongar jobs. Total employment in the sector in 2003 was 161,800, with 58% in full time jobs and 74% female.

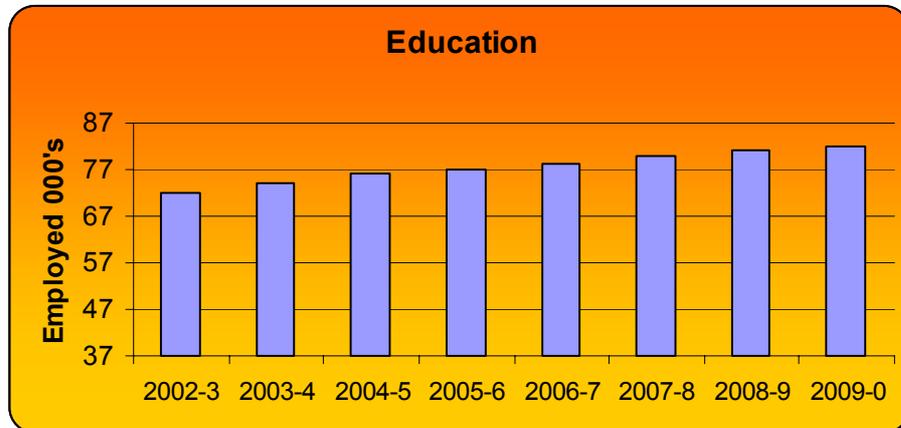
Charts 5.10 and 5.11 show slight employment growth in education and more substantial employment in health, through to 2009/10.

Chart 5.10 Projected Employment Growth in Health & Community Services



Monash, 2003 [2]

Chart 5.11 Projected Employment Growth in Education



Monash, 2003 [2]

Indigenous employment opportunities will increase at higher than average rates due to targeted employment strategies and the ageing of the workforces, which offer a range of high, mid and low skilled employment. 95% of the workers in the sector are employees, hence there is little opportunity for business development.

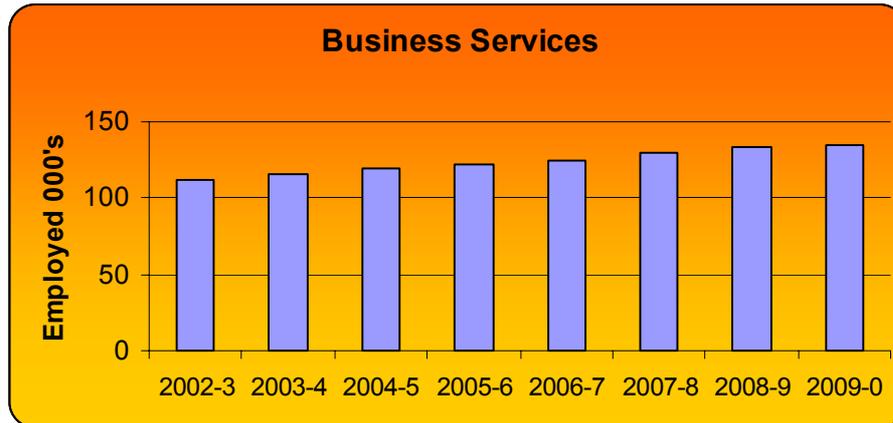
Service Industries [31]

The property, business services, retail and personal services industries are the domain of small business and the backbone of the State's employment.

The property and business services sector employs 112,000 people in 47,000 entities, with 17,000 of these having a turnover of less than \$50,000. Areas of employment include real estate, pest control, security, cleaning and fire protection. 70% of jobs are full time and 57% of employees are male.

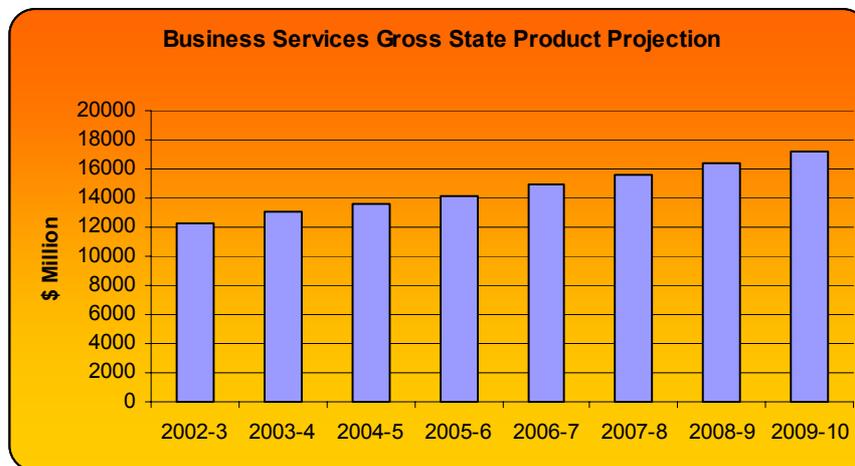
Charta 5.12 and 5.13 show the steady increase in employment and the value to the economy through to 2010.

Chart 5.12 Projected Employment Growth in Business Services



Monash, 2003 [2]

Chart 5.13 Projected Employment Growth in Business Services Gross State Projection



Monash, 2003 [2]

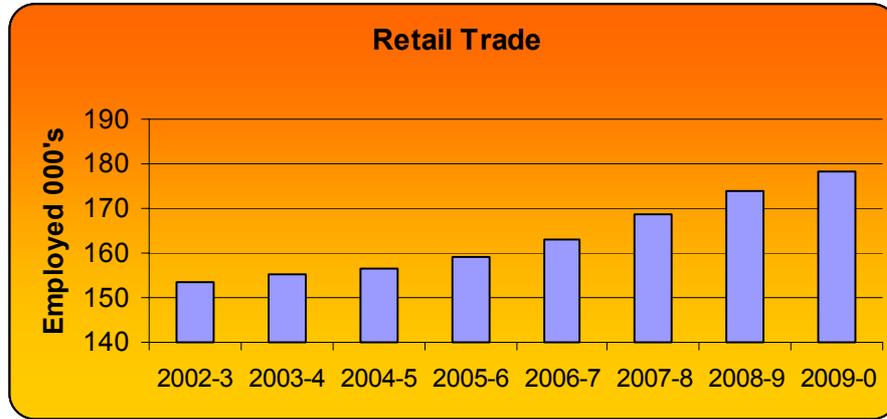
The attraction of this sector is the capacity to create labour hire arrangements and earn contract income, considered more beneficial than cash based businesses to the CDEP network.

Retail [1]

The retail sector has been the catalyst of much of the State's recent employment growth and this will continue through to 2010. Retail is heavily dominated by small business, which in turn is built on home equity for business collateral.

Chart 5.14 indicates projected growth. Noongar strategy should be to target their own internal economy for small business investments, and also the monopoly type small businesses in regional or outer metropolitan areas.

Chart 5.14 Projected Employment Growth Retail Trade



Monash, 2003 [2]

SECTION 6

Pathways to Economic Development

From an economic perspective there should not be Noongar disadvantage to any greater extent than in the non Indigenous community. With 60% of Noongar's living in Perth and nearly 80% in major towns, the labour market should provide sufficient jobs to sustain a 65% labour force participation and a 94% employment rate. Given that 40% of all workers in the WA economy do not have qualifications, the skills issues is not, in itself, a reason for an effective 50% Noongar unemployment rate.

Noongar people are achieving success in the labour market, particularly in State and Commonwealth Government agencies. They are also widely represented in the private sector in mainstream employment. The area in which participation is insignificant is in self employment and small business. The State economy has 96% of businesses employing less than 20 employees, of which 60% are micro with less than five employees.

Small businesses are built through networks and relationships and most often through family associations. ^[1]

Looking at the success of migrants in integrating into the WA economy, a common feature is the establishment of small businesses that at first supply to the domestic market of other migrants from the same group, or in the provision of services that others in the main economy don't won't to provide, such as cleaning. One feature of migration however, is that migrants often use their connections back to their previous country to source goods for resale in Australia to new markets.

The first generation invest in the skills of their children, use community networks for advancement, and progressively move into more complex industries or supply chains.

In the case of Noongar people, they have been fragmented into remote communities on the fringes of Perth or in particular country towns and centres. Connection to land and family has militated against the very 'clustering' that allowed migrants to create their 'micro economies'.

The SWALSC economic strategy is to recreate the idea of a Noongar Nation, and within this to establish a Noongar domestic economy, to build the base from which economic empowerment will emerge. ^[2]

Racial prejudice is still a major impediment to Indigenous integration into the labour market and economy. PEEDAC reported clients being very uncomfortable when the Noongar lawn mowing business employees turn up to collect their \$20 at the front door. Stereotyping is an issue, society has no problem with a Noongar in a suit or painted up with spears for a dance performance, but as your local handyman or mechanic or electrician, that appears to be different. Shopping centres will employ security guards to follow Indigenous kids around, but few, if any, Noongar are employed in the shops when they are the right age and have the same education.

Regional communities face similar problems, but have the added stress of rural adjustment and the loss of economic viability in small towns, associated with the withdrawal of service branches in areas such as banking, postal services and Government offices, brought about by technological change.

Chart 6.1 gives a measure to these concerns, with the impact on the local economy being a prominent concern, particularly in small rural communities.

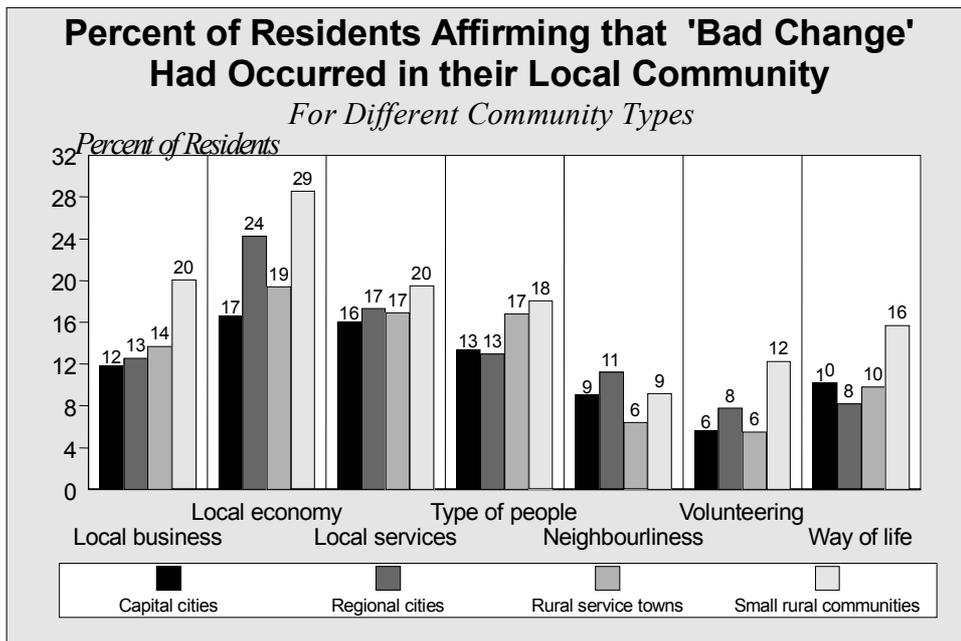


Chart 6.1

The Australian Community Survey, 1998 ^[3]

The *Regional Development Council* ^[4] lists a number of key imperatives in retaining people in regional communities. These include jobs and career opportunities, health, housing, perceptions of lifestyle, and community and infrastructure.

Noongar communities are forming both formal and informal networks to address the need for social cohesion. These include community action groups and even, at the big picture level, the Indigenous Women's Congress. ^[5]

Economic Engagement

Canadian research has identified the following building blocks for Indigenous economic participation: ^[6]

- a supportive business climate;
- supportive Government arrangements;

- economic development funding;
- effective policy arrangements;
- support for Individual and community capacity building;
- education and training tailored to cultural, social and regional needs;
- access to capital;
- access to markets; and
- adequate infrastructure, technology and natural resource development.

By any measure, few of these building 'blocks' are in place for Noongar people.

Labour Market Participation

Hunter, Gray and Jones [7] reviewed the determinants of Indigenous labour force participation, and found that family obligations and short term focus on survival were major reasons for working and also leaving work. Other factors were self confidence and substance abuse problems.

A significant factor in unemployment was the scarring effect of long term unemployment and low paying dead end jobs. [7]

A key factor in employment was a level of comfort associated with relating to other Indigenous people.

The *Labour Market Policy Group* [8] was critical of the CDEP scheme for not moving participants into unsubsidised employment, particularly in areas when job opportunities exist. The CDEP can access a success fee for those moved into employment.

The failure of this incentive scheme probably reflects the reality that most Indigenous people, including the Noongar, would rather work for welfare in a culturally supportive environment than be socially isolated in the mainstream workforce. Indeed all CDEP reported Noongar preference for jobs that had no more than 20 hours contact. As a communal society, they seemingly might prefer less work time, less money and more time with family. [8]

The *Spicer Review of CDEP* [9] stated the role of the CDEP was to provide work for unemployed Indigenous people, assist in skills development, develop businesses, or lead to unsubsidised unemployment.

The report recognised CDEP were ill equipped to perform the business development role due to lack of capital, infrastructure, expertise and local business development strategies.

The report recommended the establishment of a specific CDEP Business Development Fund with a focus on 'import replacement', with Indigenous people supplying their own goods and services.

Interviews with the CDEP network indicate none of the identified problems of 1997 have effectively been addressed.

Noongar CDEP accepts the need for it to have incubator businesses in which they can introduce workers to work practices, skills and opportunities. However the CDEP don't have the resources to set up self employment and small business entities on behalf of their clients.

Due to the financial risks involved, even viable Noongar CDEP businesses have been closed, as they were linked to other businesses that failed within the same legal entity.

There is a need to develop entrepreneurial skills and capacity within the Noongar community to facilitate transition from the 'training businesses' of CDEP into the economy proper.

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

Entrepreneurship in Indigenous Communities

Hindle and Rushworth ^[40] state that the stimulation of Indigenous entrepreneurship has the potential to redress the welfare dependence of individuals and communities. It offers the empowerment of Indigenous people as economic agents in a way which respects Indigenous culture and tradition. The authors go on to define entrepreneurship at '**the pursuit of opportunity without regard to resources currently controlled**'. This is the key concept as it implies a dispossessed people can aspire to economic participation through the identification of 'new' opportunities. Some of these opportunities come from innovation, speculation and risk, co-ordination of disparate elements, product development, arbitrage and growth.

ATSIC ^[41] identified options for Indigenous economic development emerging from:

- the diversification of products from local industries;
- value adding to local products;
- recycling of local waste products;
- target marketing to attract new industries;
- resource management for sustainability; and
- developing the local skills base.

In New Zealand, Maori are now the largest players in fishing, holding 55% of the assets in the fishing industry. However this achievement, built through small business ownership, was underpinned by the *Maori Fisheries Act of 1989* and *Fisheries Settlement Act of 1992*.^[12]

ATSIC stresses the community has to accept the placement of assets with a few to benefit the whole community, thus allowing the emergence of economically viable projects.^[11]

Hindle and Landsdowne^[13] state that the outcomes and entitlements of Indigenous entrepreneurship may extend to enterprise partners and stakeholders who may be non-Indigenous. This reflects the view of Indigenous Business Australia, that joint ventures are preferable to wholly Indigenous owned businesses in enterprise development.

Hindle and Rushworth^[10] define three levels of entrepreneurship, namely 'for profit', 'social' and 'government'.

Social entrepreneurship uses business to achieve positive social change, and Government entrepreneurship occurs when initiatives originate through Government intervention or incentive.^[10]

A mix of all three is appropriate in responding to Indigenous entrepreneurship opportunities. These opportunities arise essentially from excess supply or excess demand. For example, excess supply of Noongar labour might create the opportunity to offer new services to the community such as land care regeneration. Excess demand for labour in a region, such as for housing construction, might create an opportunity for a Noongar labour hire company or building company.^[10]

Necessity entrepreneurship is another concept and is driven by having no better options for making a living, and this tends to be the domain of social and Government entrepreneurship.^[10]

Current Noongar entrepreneurship tends to be necessity driven with high business failure rates or businesses producing only modest income or little employment substitution. *Foley*^[14] surveyed Indigenous entrepreneurs on the east coast and found they suffered cultural and social isolation from their own people as a direct result of their success. This was despite the fact that most sacrificed the opportunity to increase their own personal expenditure on luxuries in favour of reinvesting in the business. This highlights the need to make entrepreneurial opportunity a community wide goal rather than an individual pursuit.

Mazzarol^[15] identifies triggers and barriers to Indigenous entrepreneurial development.

Triggers include:

- Status;
- Autonomy;
- Money;
- Creativity; and
- Market opportunity.

Barriers include:

- Risks and costs;
- support and information;
- Skills and confidence; and
- Finance and family.

Mazzarol's research showed that increasing participant's social and economic status was a trigger for entrepreneurship, alongside a market opportunity, but this was offset by the hard reality of overcoming a fear of failure, gaining support from others, and taking on the challenge of the task itself. ^[15]

To advance Indigenous entrepreneurship you need to focus on industry development that enhances market opportunities and reduces the risks, costs and self confidence issues. ^[15]

Quick ^[16] provides the concept of "Industry Clusters" which is a response to the shift in the economy away from firms competing on the basis of comparative advantage derived from natural advantages such as access to land to one from competitive advantage derived from innovation and creativity. Clusters are created when interdependent firms commit to cooperating strategically to improve their capabilities. In the Noongar context there is a range of small firms in the building and building maintenance sector, however there is no attempt to link them into a cluster of supplied services, products and labour. Residential construction offers a supply chain from design to inputs such as timber and bricks, plumbing, electrical, construction, landscaping, plants etc.

A cluster approach identifies the opportunity to link strategically supply chains, to offer a more competitive product or range of services. Using this model Noongars can focus on several strategic Industries with long supply chains in a coordinated economic development strategy. ^[16]

Intellectual Property ^[17]

Intellectual Property (IP) is one of the main sources of entrepreneurship and a significant intangible asset for Noongar people. IP protection is governed by international laws and agreements and this manifests itself in Australia under the following legislation:

- Copyright Act 1968;
- Patents Act 1992;
- Trade Mark Act 1995;
- Designs Act 1906;
- Plant Breeders Rights Act 1994;
- Trade Practices Act 1974; and
- Fair Trading Act 1987.

(Intellectual property support unit ,2003)

To be covered by protection, IP needs to be new, novel, original or distinctive, and it needs to be ‘fixed’ in an enduring form such as a book, disk, painting, film or patent. IP is normally attached to an individual or organisation.

Indigenous IP is often communally owned, transmitted orally and based in traditional knowledge, this is often at odds with the legal interpretation of copyright.

The rights of Traditional Peoples to claim IP over folklore, names and traditional knowledge is gaining momentum, and this offers the Noongar the opportunity to negotiate IP rights in the same way as Native Title with state and local Governments.

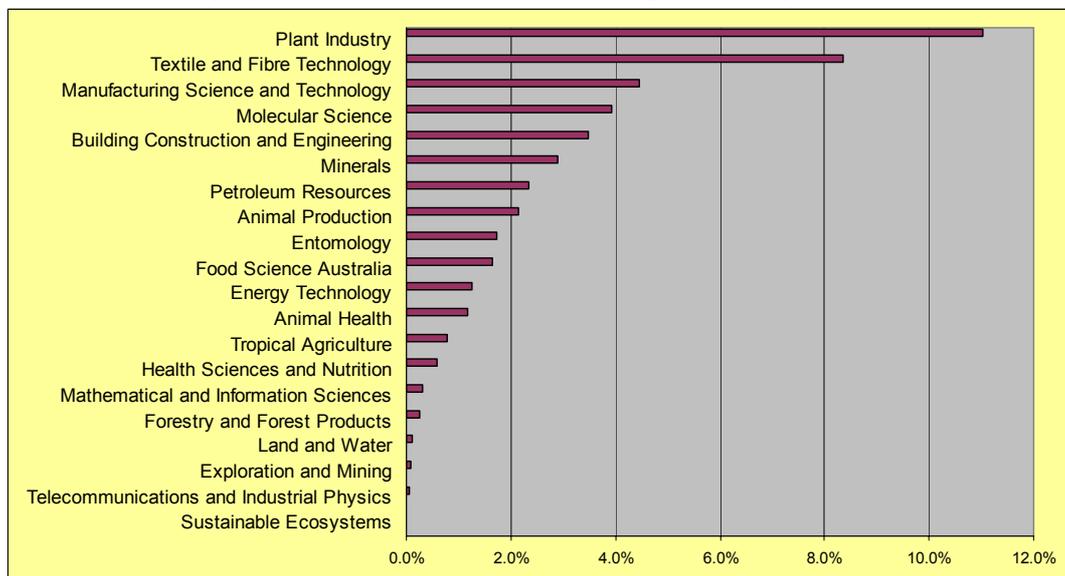
Janke ^[18] suggests Indigenous people argue for right of origin certification status, as used by the French to protect a range of brand names such as ‘Champagne’. In addition, traditional knowledge of the bush has great potential application to bio medical research, land use and regeneration etc.

Combining Indigenous arts with folklore, or language and design, can provide the bases of a Noongar trademark enterprise of some economic significance. ^[19]

Indigenous IP raises complete ownership issues similar to Native Title. It would be appropriate for SWALSC to extend its scope to gain community support to act as a central Noongar IP agency and negotiation point.

The State Government Intellectual Property Policy promotes the encouragement of IP development for the benefit of Western Australians through commercialization. Chart 6.2 indicates current WA weightings for royalty and license income.

Chart 6.2 Royalty and License Income as a percentage of industry revenue 2000/1 WA.



Department of Industry and Resources, 2003 ^[20]

Given the ‘plant industry’ is way out in front, the State’s strength in research may align with Noongar interests in pursuing more IP control of native vegetation and spices. Design can be combined with technology to link Noongars to the world

economy. The young age profile of the community provides an opportunity to empower the next generation to participate in the knowledge economy. This sector tends to be 'colour blind', an advantage not to be missed, however this will take a significant change in education thinking and a commitment to 'wire up' Noongar people, homes and businesses. The same empowering network would help build the Noongar 'Nation" identity and assist in the creation of the internal Noongar economy.

Access to Capital

The *Australian Institute* ^[21] stated ‘current funding arrangements provide little encouragement to Indigenous economic development since the resourcing of Indigenous organisations does not increase with increases in economic activity in their local area’.

Mazzarol ^[22] indicates that the bulk of WA small businesses use the equity held in residential houses to gain access to business risk capital.

In Indigenous communities many enterprises begin with ‘sweat equity’ where labour is provided free to the business to make it operational. ^[22]

To address the need for capital outside of the mainstream lending market, Commonwealth and State Governments provide a range of programs including: the Indigenous Small Business Fund (ISBF), a \$2million per year program (Noongar Proportion \$118,000). Assistance is also available through the Office of Aboriginal Economic Development, and access to more substantial capital (\$100,000 plus) is available through the Indigenous Capital Assistance Scheme (ICAS), and the Indigenous Business Australia and ILC Investment programs. ^{[23] [24] [25]}

Altman ^[26] in his paper on finance for Indigenous development, noted the following about Indigenous business funding programs:

- There was no link between resourcing and success;
- Annual appropriations are insufficient forcing investment only in low risk ventures;
- Little joint action between Indigenous communities;
- Too many Government imposed restrictions on investment;
- Unclear rights to use Indigenous assets to obtain loans; and
- Lack of transparency and communication.

Altman went on to stress the advantage of a closer partnership between Indigenous people and the mainstream economy through joint ventures, negotiated access to Indigenous assets and land, and a close working relationship with the banking sector, particularly in assisting with finance advice and planning. ^[26]

Jo Procter, a Graduate School of Management Graduate from the University of WA, is establishing Indigenous Capital Limited (ICL) to promote significant capital raising for investments in key sectors such as mining, oil and gas, tourism, fishing and agribusiness. The ICL could be a starting point for a financial relationship with a Noongar Economic Development Corporation. ^[27]

The ICL intends to leverage off Native Title negotiation rights to pursue joint ventures and development opportunities.

The Noongar might consider accessing mainstream industry assistance programs rather than those that are Indigenous specific.

Ausindustry, for example, has \$60 million in their small business enterprise culture program and supports a wide range of additional export oriented incentive programs [28]

Industry specific grants and regional specific funding are also available through a range of State and Commonwealth agencies (see the grants link web site www.dlgrd.wa.gov.au/grants). Regional business development issues are not unique to Indigenous Australia, and the need to facilitate small business development in regional Australia has been the subject of policy analysis by the Department of Transport and Regional Services. Their action plan of 2003 calls for a revolving loan fund for small business under the sustainable regions programme, a business angels programme to encourage small scale investment, an enhanced first home owners scheme to stimulate building and regional migration, and a regional infrastructure bond market to raise major capital for large infrastructure projects. The plan does not refer to Indigenous people but it is assumed they are a key stakeholder. [25]

The IBA could be expected over time to invest approximately **\$1 million** a year in Noongar Country, and the ILC about **\$3 million** in land purchases and management expenses.

A Strategic Partnership Approach

At a fundamental level the Noongar need to combine their assets, skills and opportunities to gain the critical mass necessary to engage a Western Australian economy dominated by the commodity industries and their downstream processing and services.

The establishment of a Noongar Economic Development Corporation can facilitate a two way dialogue between Government, industry and capital on the one side, and community organisations, families and Indigenous enterprises on the other.

The corporation can pursue a three level strategy

Level (1) Strategic Investment

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

Level (2) Participative Investments

Joint ventures and equity participation that leads to employment opportunities or the transfer of skills and knowledge, or that leverages Noongar assets such as land or land rights into a business opportunity.

Level (3) Developmental Investments

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

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

An area of development should be in entrepreneurship and leadership skills, aimed at identifying breakthrough business opportunities for future Noongar economic development, and at identifying the Noongar people with the latent capacity to become the entrepreneurs of the future.

The UWA, GSM Centre for Entrepreneurship and Management Innovation (CEMI) could establish a programme for Indigenous entrepreneurship which is consistent with their current research interests. CEMI could work collaboratively with Government and the Noongar Economic Development Corporation on entrepreneurship development projects inclusive of courses, industry research, skills development and mentorship.

Hindle and Landsdowne ^[13] recommended the creation of a diversified, national Indigenous entrepreneurship education and training program based on Indigenous community self selection, targeted new ventures, and a mentoring rather than course work approach.

The university and TAFE sectors can provide a range of applied research and development, and economic development expertise in support of Indigenous economic advancement. This is consistent with the "Industry Clusters" approach, which in the UK and Europe, often have education institutions involved in the innovation development process.

The State Government has the capacity to ensure much greater Indigenous participation in Government services. The utilities industry is an example. The Water Corporation has a \$1 billion a year turnover and \$10 billion in assets, and Western Power is much the same. An Indigenous strategy could see both utilities partnering on new micro energy generation projects, waste water ventures and other progressive developments. ^[29] Government purchases of goods and services and contracting could have Indigenous content weighting as is done with local content. This would have the effect of creating a market opportunity and some protection while Indigenous businesses establish. As has been seen in the mining industry, Indigenous businesses can compete over time if given market access.

To support these concepts a cross-Government standing committee should exist under the Office of Aboriginal Economic Development, to combine grant and funding resources and to cut through red tape in support of the Noongar Economic Development Corporation and its objectives.

The education and training system needs to respond proactively to the entrepreneurial age, building business skills into Indigenous education and training,

and using a more targeted approach to training on a needs basis in support of the CDEP program and emergent Indigenous businesses.

SECTION 7

Indigenous Economic Modelling

A requirement of this research project was to determine if an economic model had been developed which analysed the Indigenous contribution to the Australian economy and the impact of changes to government policy on Indigenous affairs.

Information received by the consultant from the economic modelling centres and the Western Australian Treasury indicate the lack of an existing Indigenous economic model. Economic modelling has been undertaken within a single community or region, though not by using computer based economic modelling techniques.

Ahammad et al ^[1] outlines the development of the Orani, an economy wide economic model used by the Federal Government. This has been adapted by the Economic Research Centre, University of Western Australia to create a State model known as *Orani-WAM* (Western Australian model). Driven by the resources base of the economy, the model identifies input demands and commodity supplies by industries, households and Governments, and imports and exports to and from Western Australia.

As Ye ^[2] indicates, the *Orani-WAM* uses a Computable General Equilibrium (CGE) approach which models the interaction of supply and demand and the subsequent equilibrium in prices to allocate resources within a market economy.

Further, the CGE model responds to economy wide “interconnectedness”, providing a more dynamic picture of economic change than alternative models.

The Queensland Office of Economic and Statistical Research (QOESR) ^[3] reviewed three economic modelling techniques: the input/output model (I-O), input-output econometric model (I-O-E), and the CGE model, and concluded that the choice of model for analysis use must be determined on a case by case basis. The CGE model used predominately by Australian Government agencies are either comparative static or recursive dynamic, the latter allowing a specific time path to be traced following a change in policy.

Monash University has developed a model adapted from the *Orani-CGE*, titled the Monash Multi Regional Forecasting Model or (MMRF). This is a comparative static model which divides the Australian economy into six States and two Territories. ^[4] Each region is modelled as an economy in their own right, with specific prices, consumers and industries. It analyses through four agents, industry, households, government and foreigners (import/export). This model has recently been extended into a recursive dynamic model, MMRF-GREEN, to analyse environmental impacts on the Australian economy.

The feature of this model applicable to Indigenous economic modelling is its comparison of two alternative sequences of solutions, one without policy change and one with policy change in place.

The QOESR ^[3] details their use of the Monash-MRF model. This indicates that household disposable income is determined as “the difference between sum of factor incomes, and transfer payments and income taxes”. Consumption is divided into two components, a subsistence component and a luxury component. The model proportions overall consumptions across the two components. In addition, labour is assumed to be homogenous and able to move between industries and regions. This raises the applicability of this model to Indigenous specific economics, as the profile of the community is atypical of the community in general in terms of incomes, skills expenditure, and labour mobility. *Ahammad et al* ^[4] describe the use of the *Orani-WAM* to analyse the importance of the University of Western Australia to the State of Western Australia. This required the analysis of upstream and downstream linkages with other sectors of the economy and the identification of the subtle influences of University of Western Australia on the State. This may provide a methodology to follow for Indigenous and specifically Noongar economic analysis.

The National Centre for Social and Economic Modelling (NATSEM) has created a range of models to simulate social and regional economic modelling.

Brown and Harding ^[5] outline the use of Stinmod - a static tax and cash transfer model; SYNAGI - a regional simulation model, and Dynamod - a dynamic model used to examine long term social and economic trends. The Stinmod micro simulation model can measure changes over five year periods in tax and transfer payments, generally as a result of changes in government policy. The Dynamod model is more complex, allowing for individuals to age and undergo transitions in behaviour. This is known as stochastic modelling and is based on probabilities of behavioural choice.

NATSEM is also developing SYNAGI (Synthetic Australian Geo-graphic Information), which combines ABS census data with detailed regional sample survey data, adding detail on incomes and expenditures. ^[5] SYNAGI is a spatial model giving geographically specific outputs, which is one of the requirements of an Indigenous economic model. *Bill et al* ^[6] report the establishment of a consortium funded by the Australian Research Council to build a small area socio economic regional model based on the ABS household expenditure survey. The ABS informed the consultant that Indigenous specific questions were to be included in future surveys, which would provide the expenditure analysis missing from current data that is critical to building an Indigenous economic model.

Pinge ^[7] has developed at La Trobe University a hybrid input/output model for use by local Government. This model uses disaggregated data from the national model and supplements this with survey data from key sectors within the regions. This approach is aimed at recognising communities of interest, and their model is aimed at providing economic analysis that would assist in developing sustainable regional communities. *Nichol* ^[8] details the development of Remplan I-O, a regional economic modelling and planning system designed for use by local Government. Based on an input/output matrix, it calculates the impacts of change on output, household incomes, employment and value added across industry sectors. A component of this model is “import” replacement, where modelling can be undertaken on the effect of the local replacement of “imported” goods and services. Import replacement is potentially a key opportunity for greater Indigenous participation in the economy. Remplan 1-0 has been adopted by the Kalgoorlie local Government administration.

The use of a 'bottom up' and 'top down' hybrid may address the lack of Indigenous specific data recognised in the "*Overcoming Indigenous Disadvantage Report*".^[9] The development of standardised survey data on a regional specific basis would assist in determining the interrelationship between the Indigenous community and the regional economy.

Extant economic models are based on the assumption that product and factor markets are competitive however, the market economy has failed to address Indigenous economic disadvantage despite substantial interventions and incentives. The development of an Indigenous economic model may require a change to the base assumptions on supply and demand, and price and labour mobility used in nationally derived "all of" economy models.

Support for the development of such a model has been identified by the consultant in discussion with the Office of Aboriginal Economic Development.

Summary

The creation of an economic modelling program for Indigenous groups or regions would provide Indigenous communities and Government policy makers with the analytical tools critical to informed decision making. All models used in Australia are dependant on the quality of data collected from the ABS and other Government agencies. It has been recognised by Government that Indigenous data collection is poor and that to measure the effect of policy changes, this needs to be addressed as a matter of urgency. The ABS is undertaking a range of initiatives in this regard. In 2002 the ABS conducted the Indigenous Social Survey (ISS) and data from this survey, which takes in employment, income and some expenditure measures, will be released in April.

Issues to be addressed:

- **The ABS Household expenditure survey needs to identify Indigenous specific data to assist with the measurement of Indigenous economic impact.**
- **Income and expenditures of Indigenous organisations and businesses are not fully reported as many are not for profit or are not identified as Indigenous. A WA body such as the SWALSC might need to act as a survey group to build a statistical model of Indigenous business.**
- **Indigenous assets include intellectual property rights and these need to be protected by the State from exploitation while traditional knowledge protocols are being developed.**
- **The opportunity for an ARC grant or alternative funding to develop a model through a University economic research office.**

The significance of developing an economic model for Indigenous people lies in the data assembled for this research.

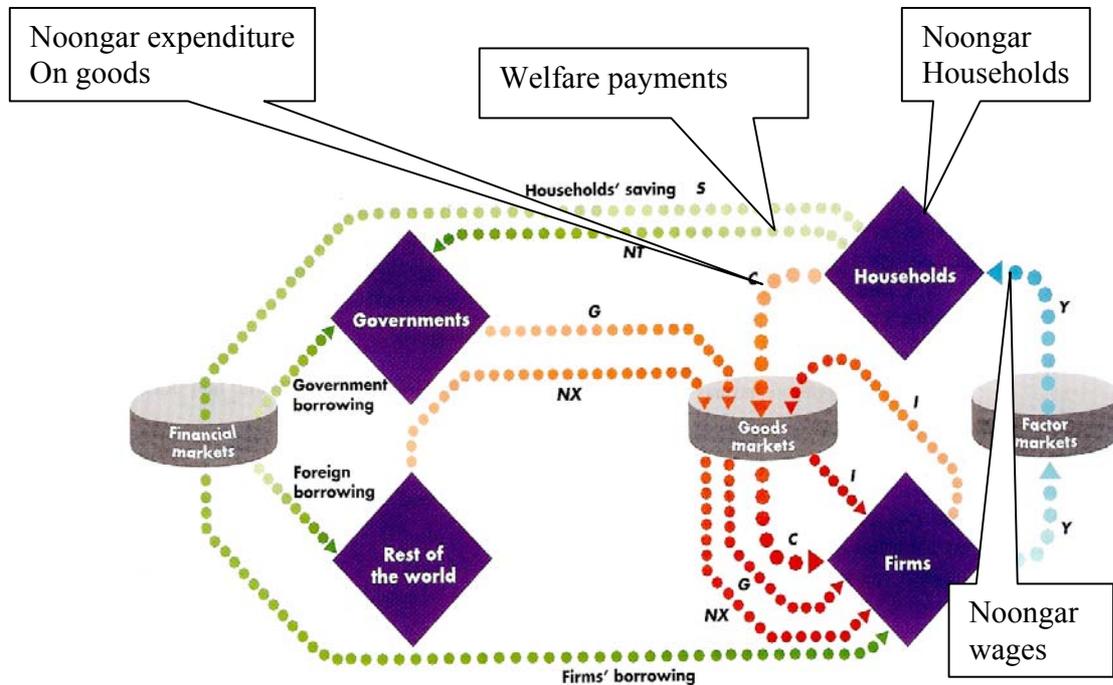
The welfare system, which transfers revenue from the taxation system to households, is the major component of Noongar income. Tax is seen to limit economic growth, particularly if a country is taxing at a higher rate than competitor countries, hence welfare payments will always be kept to the minimum possible that any particular

society is willing to accept. With an ageing population, the need to move more welfare transfers to health and aged care is, and will be, putting pressure on payments of welfare to other recipients, including Indigenous people.

An economic model can calculate the benefits of changing welfare payments or making alternative investments such as in education, training, land grants etc, that might assist in making households net payers of tax rather than net users of tax. That said, the *ABS, 2003* data indicates that direct and indirect subsidies cost the State economy \$7 billion in 2001. Many of these subsidies go to rural and manufacturing industries and support non Indigenous household income and wealth creation. ^[10]

To establish a model for a sub group population such as the Noongar you need to use microsimulation data, i.e. data collected at the household level. The current ABS data collection does not collect information on Indigenous firms and households in the area of expenditure, and this problem can be seen in chart 7.1. ^[11]

Chart 7.1 how income and expenditure flows are constructed into a model of the economy



Using the model detailed above, it is possible to define the Noongar components of these economic flows: [12]

(Y) (blue line) = Income paid to households by firms in the form of wages, salaries, profits, dividends and royalty payments. The 6,031 Noongars (2001) in employment or self employed, or in receipt of income such as royalties that do not involve “work” in exchange, establish this flow.

(S) (green line) = Household savings less borrowings held in bank accounts or superannuation. Superannuation is likely to be the main source of savings for Noongar people. These savings go through the money market and are relent to firms.

(NT) (green line) = Net tax is the difference between taxes paid by Noongar households and the welfare payments they receive.

(C) (red line) = Consumption spending on goods and services by households. As can be seen here, if Noongar people purchased from Noongar businesses, the flow goes back to households, thus increasing wealth.

(G) (red line) = Government receives taxes and borrows money from the market and then makes payments such as welfare transfers, or makes purchases from firms. Again it can be seen if Government provided preferential access to Noongar firms to supply goods and services, this would create a flow through to household incomes.

(NX) (red line) = Exports minus imports. Here, Noongar firms can aid the economy by assisting with exports such as tourism, or assisting in the replacement of imports. At a more local level, the same principle applies and Noongar businesses can supply goods and services in a small community in replacement for “imported” goods or services, and this keeps money circulating in the community. An example might be a Narrogin road contracting business keeping local Government taxes in the local community rather than seeing them flowing to an external contracting company from Perth. Of course the replacement business needs to be as cost efficient or close to as the outside entity to keep the model in balance.

Brown and Harding, 2002 ^[5] discuss social economic modelling and their fit for purpose components. A Noongar economic model would need the following attributes:

- include quantitative and qualitative data;
- be dynamic and measure change of time and allow an ‘ageing’ of the process of change;
- be stochastic in nature which allows for probabilities that certain social conditions will exist or occur; and
- be behavioural in that it measures changes in behaviour over time.

Such modelling could provide evidence of the benefit of transferring ownership of public housing stocks to Noongar organisations, or the return to the economy of increasing investment in Noongar infrastructure, such as commercial buildings, plant and equipment.

Input-output modelling can assist in measuring the effect a particular investment has on the economy. Thus putting more investment into wine grapes rather than tree farms might have a greater multiplier effect on the economy as there might be more downstream jobs from wine production than wood chips

Input output multipliers provide an estimate of the combined impact on all industries in an economy of a change in the demand for the output of any one industry.

Hence if Noongars got involved in house construction the multiplier effects in other industries might have a value of another 1.6 times the value of the original investment.

In WA an hour employed in Government has a very low multiplier effect while an hour employed on a farm or in a ship building workshop might multiply out 1.5 or 1.8 times. Thus a shift or growth in Noongar activity in high multiplier industries can deliver a higher return to the economy than the cost of an incentive or intervention that allows this to occur. ^[13] This is the justification for training and business start up grants. (See *Appendix I*)

This report has identified that the welfare dependence of the Noongar people has created its own economy with many non Indigenous people engaged in servicing it. To reverse the transfer flow from the tax system to Noongar people a significant investment is required to give Noongar people a stake in the mainstream economy. The single Noongar claim could provide the basis for this to occur.

The flow of income through Noongar and related entities forms the basis for an economic model. It is recommended that advice is sought from Professor Ken Clements at the University of WA on the appropriate methodology and platform to build a functional model for SWALSC and Government to use in future policy development. *Johnson, 2001* ^[14] demonstrates the use of an input-output model in the Kimberley region. This was used by the Kimberley Land and Sea Council to assist in their economic planning. Such tools need to be used in parallel with a decision to move resources from current areas of expenditure to areas of greater productivity or outcome.

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PREFACE AND EXECUTIVE SUMMARY

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Appendices

Appendix 1

Identifiable Commonwealth Expenditure on Aboriginal and Torres Strait Islander Affairs, 2000-01 to 2001-02 (\$ millions)

	2000-01	2001-02
.	.	.
ATSIC	.	.
Promotion of Cultural Authority (a)	64.4	65.4
Advancement of Indigenous Rights and Equity (a)	90.3	86.4
Improvement of Social and Physical Wellbeing (a)(b)	382.2	362.5
Economic Development (a)(c)	531.1	530.3
Capacity Building and Quality Assurance (a)	13.1	30.8
Payments - Aboriginal Benefits Account (d)	32.3	31.4
Ranger Payment	0.2	0.2
.	.	.
Total	1 113.6	1 107.0
Other specific ATSI agencies	.	.
Indigenous Business Australia (e)	6.1	9.8
Aboriginal Hostels	43.0	44.5
AIATSIS	7.9	12.2
TSRA (c)	46.7	49.4
Indigenous Land Corporation	65.5	65.4
Total	169.2	181.3
.	.	.
Other portfolios (e)	.	.
Education, Science and Training	443.0	438.5
Family and Community Services(f)	171.6	194.3
Health and Ageing	238.3	267.6
Other	192.9	176.0
Total	1 045.8	1 076.4
GRAND TOTAL	2 328.6	2 364.7

Appendix 2

EMPLOYMENT MULTIPLIERS FOR WA



Note: These are type IIA multipliers.

Source: Islam and Johnson (1997).