

Discussion Paper: Increasing economic opportunities for Indigenous Australians

A National Roadmap for Indigenous Skills, Jobs and Wealth Creation.

**A National Roadmap for Indigenous Skills, Jobs and Wealth Creation.**

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# Executive Summary

The purpose of this Discussion Paper is to provide evidence, analysis and guidance to inform feedback on the development of the National Roadmap for Indigenous Skills, Jobs and Wealth Creation (National Roadmap).

The National Roadmap will focus on short, medium and long-term actions that increase economic opportunity for Indigenous Australians. It will be based on a partnership between governments, industry and Indigenous Australians, and will complement the implementation of the National Agreement on Closing the Gap.

The Government’s objective is to deliver Australia’s National Economic Recovery Strategy and emerge from the pandemic with a stronger, more resilient and more competitive job making and income generating economy. The National Roadmap will be guided by the Government’s objective and principles for economic recovery:

* Supporting an outward-looking, open and sovereign trading economy;
* Caring for country;
* Leveraging and building on our strengths;
* Equality of opportunity and reward for effort; and
* Productivity to drive prosperity.

The National Roadmap will ensure Indigenous Australians contribute to the economic recovery and longer-term nation building.

The Indigenous population is comparatively younger, growing faster and critical to future local labour supply, particularly for many regional economies. There are many success stories of Indigenous Australians in the economy – but barriers have meant the success is not broad or deep enough to drive a sustained change in economic outcomes for Indigenous Australians.

This Discussion Paper identifies that short (1-2 years), medium (3-5 years) and long-term (5-10 year) actions are required across three key domains to increase economic opportunity for Indigenous Australians:

1. Skills – prioritising successful transitions from schooling into the economy, and vocational and higher education outcomes that are linked to the jobs that businesses are creating.
2. Jobs – prioritising better services that help get people into a job, and lift career aspirations.
3. Business – prioritising the commercial activation of land, sea, water and cultural resource rights, and increasing access to markets and capital for Indigenous enterprises.

The Discussion Paper also outlines the unique challenges and opportunities of Australia’s Indigenous economy, and the need for tailored policies that address interconnected barriers such as bias and discrimination, lack of inter-generational wealth transfer and asset ownership, and geography.

Each section of the Discussion Paper is signposted with questions to guide your feedback and input to inform the National Roadmap, and better economic policies for Indigenous Australians.

## Introduction

The purpose of this Discussion Paper is to provide evidence, analysis and guidance to inform feedback on the development of the National Roadmap for Indigenous Skills, Jobs and Wealth Creation (National Roadmap). Initial scoping work has identified three key domains that require addressing through short, medium and long-term actions to drive Indigenous economic participation across a range of industries:

1. **Skills** – Addressing the barriers that mean Indigenous Australians are less likely to successfully complete post-secondary education; tend to face a more complex range of social and geographic barriers to accessing and completing training that meets industry needs; and engage in lower skilled and more casual employment, resulting in greater exposure to economic volatility in a competitive labour market.
2. **Jobs** – Addressing the barriers that mean Indigenous Australians have lower rates of workplace participation and are less likely to advance into leadership and managerial roles; and those seeking work tend to face more complex vocational and non-vocational barriers to employment, information gaps, and weaker links with local employers and supply chains.
3. **Business** – Addressing the barriers that mean Indigenous Australians are less likely to start and own a business; Indigenous entrepreneurs tend to have less access to capital (a precondition for starting and expanding businesses); and face informational, skills and finance gaps and regulatory barriers to activating assets and participating in value chains.

These barriers are complex and inter-connected and differ depending on the circumstances of the individual based on age, gender, experiences and family background and their community, including across remote, regional and urban geographies. Indigenous people, families and communities also have diverse aspirations with regard to economic opportunity. This National Roadmap celebrates that diversity and is intended to facilitate genuine choices that enable greater Indigenous participation in competitive markets. Importantly, by changing the nature of engagement, the National Roadmap will tackle perceptions in broader Australian society about Indigenous ambition and aspiration.

The delivery of this National Roadmap will be a collective effort. The involvement of business, industry, the public sector and the non-government sector is required to bring about change in the wider socioeconomic conditions available to Indigenous Australians. The National Roadmap is intended to continue to change the economic conversation with government and industry from a frame of disadvantage, welfare and dependency to **economic empowerment**, **opportunity**, **aspiration** and **excellence**.

## Australia’s National Economic Recovery Strategy

The Government’s objective is to deliver Australia’s National Economic Recovery Strategy and emerge from the pandemic with a stronger, more resilient and more competitive job making and income generating economy. The National Roadmap will be guided by the Government’s objective and principles for economic recovery:

* Supporting an outward-looking, open and sovereign trading economy;
* Caring for country;
* Leveraging and building on our strengths;
* Equality of opportunity and reward for effort; and
* Productivity to drive prosperity.

The National Roadmap will ensure Indigenous Australians can contribute to the economic recovery and longer-term nation building. During the recovery phase, productivity enhancing reforms will underpin business-led job creation and enable Australia to leverage its comparative advantages.

The Australian economy will also continue to integrate with and benefit from trade with growing economies in Asia through free trade agreements. Australia has comparative advantages in areas that Asian producers and consumers demand including minerals, metals, energy, food, education services and tourism.

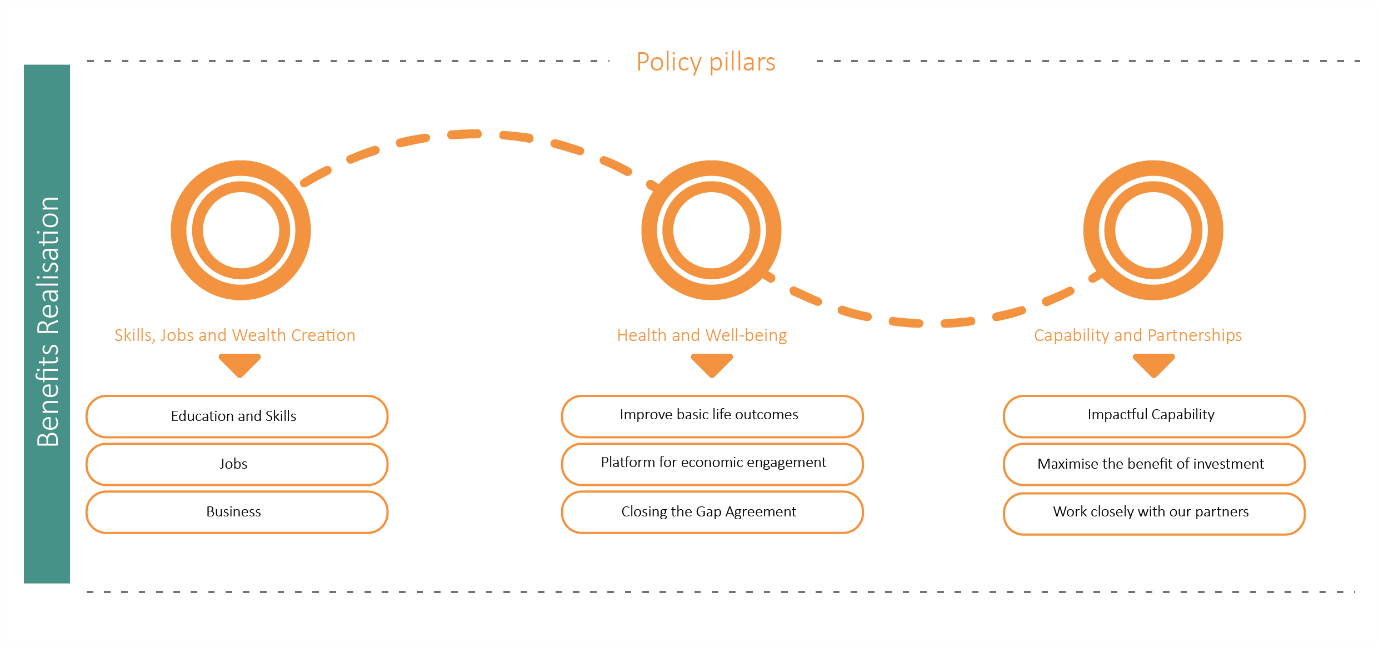
Australia’s economic future will continue to be shaped by longer-term trends such as the shift in economic gravity to the Asia-Pacific, an ageing population, adaptation to a changing climate, and new energy technologies. The impacts of these trends will create new employment and business opportunities for Indigenous Australians.

The National Roadmap will focus on connecting Indigenous Australians to opportunities in a range of industries:

* Primary sector – agriculture, forestry, fisheries and aquaculture, resources and energy.
* Manufacturing sector – linked to our comparative advantages in the primary sector, space and defence industries, and niche high-value activities such as medical products.
* Services sector – local services such as education and health, construction, land, water and sea management, and higher value knowledge-intensive professional services.

In addition, the Government has identified key priorities such as northern Australia, energy, skills and water to activate these comparative advantages. Indigenous Australians have the potential to be key players in activating and expanding these growth drivers – if we can get the policy settings for Indigenous prosperity and job creation right.

## The Indigenous Affairs Policy Approach

The Government’s Indigenous Affairs policy approach identifies and balances our response between Skills, Jobs and Business; Health and Wellbeing through Capability and Partnerships.

Working in partnership, we can improve economic outcomes for Indigenous Australians. We are resetting our approach to Indigenous affairs and putting skills, jobs and business at the centre of how we work in partnership with Indigenous Australians. Actions will align with the Government’s objectives and principles for economic recovery, and is also key to self-determination. It will complement and reinforce implementation of the National Agreement on Closing the Gap. Our initial scoping work has identified the following priority domains and policy pillars to drive actions to improve economic outcomes for Indigenous Australians.

|  |  |
| --- | --- |
| Domains | Policy pillars |
| Skills | * Youth transitions from school to further education and training, entrepreneurship and employment. * Increasing access and completion of vocational training, and higher education. |
| Jobs | * Improving the delivery of mainstream employment services so Indigenous Australians achieve better job outcomes. * Complementary actions to get more Indigenous Australians into work and support career aspirations. |
| Business | * Activating land, sea, water, and cultural resource rights. * Increasing demand for Indigenous businesses across a broader range of industries. * Improving supply side support by investing in capability, and increasing access to capital and markets. |

### Skills – state of play

The Government’s skills policy settings are focussed on ensuring Australians are better trained for the jobs that businesses are looking to create. All jurisdictions have signed a Heads of Agreement for Skills Reform that identifies priorities such as efficient pricing, developing and funding micro-credentials, strengthening Vocational and Education Training (VET) pathways for secondary school students, promoting geographic mobility, and increasing real investment in the VET system. All governments are now working toward a National Skills Agreement. In terms of Indigenous specific programs and policies, initiatives such as Vocational Training and Employment Centres (VTEC) help build linkages that ensure Indigenous Australians are better trained for the jobs that businesses are creating.

Priority actions for Indigenous Australians need to help individuals develop the skills that are needed to secure and maintain rewarding and sustainable jobs. This includes a focus on addressing the following opportunities and challenges:

* **Recognising the greater exposure of Indigenous youth to labour market barriers:** The proportion of Indigenous youth aged 20-24 not engaged in employment, education and training is 43% compared with 13% for non-Indigenous youth. Better efforts are needed to foster career aspirations and ensuring industry actively engages and fosters relationships with communities.
* **Indigenous Australians are more likely to be engaged in lower skilled occupations, and casual and seasonal employment, increasing exposure to labour market volatility.** Perception barriers within the education system mean that Indigenous Australians are often ‘pigeon-holed’ into particular skills pathways. Change is required to enable diverse career aspirations and ensure Indigenous Australians are equipped with the right skills to meet industry demand.
* **Indigenous Australians outside of the labour force tend to face complex and multi-faceted social barriers to employment and training participation.** Coordinated and tailored services and programs can support the needs and aspirations of individuals, families and communities. There is scope to improve services in terms of changing employer perceptions through cultural competency, specialised work readiness linking with employers, and engaging local communities, mentoring, and non-vocational services to support workplace participation.
* **Regional and remote students have difficulty accessing vocational training opportunities.** A higher proportion of the Indigenous population lives in remote and very remote areas (19% compared with 2% of the non-Indigenous population). Key challenges relate to appropriate pricing, lack of economies of scale, and appropriate facilities to undertake training.

Questions to guide feedback

* What are the future trends that will shape skills requirements for Indigenous Australians?
* What are the primary barriers Indigenous Australians face in terms of building skills for the jobs that businesses are creating?
* What is currently working well, including innovations that we can learn from and scale up?
* What can governments and industry do differently in regards to skills development for Indigenous Australians?

### Jobs – state of play

The Government’s focus is on increasing job opportunities in an economic recovery context. Employment not only generates income, it provides purpose, encourages agency, greater life choices, economic security, independence, accountability and strong families. The Government has acted to improve incentives for employment participation through income tax relief. Combined with ongoing infrastructure investment, business tax incentives and ongoing investment in skills and training this will support job creation.

The 2021-22 Budget also included transformational reforms to employment services with the New Employment Services Model replacing jobactive from 1 July 2022. The new model will deliver a modern and sophisticated service, enabling job ready job seekers to self-manage through Digital Services. This will allow for increased investment to be targeted to job seekers most in need, who will be supported by Enhanced Services providers. Leveraging technology to improve services to all users, while increasing investment in disadvantaged job seekers, will improve the efficiency of the system and help to reduce long-term unemployment. In remote Australia, the Government will develop reforms that build better pathways to upskill, get a job and support entrepreneurship.

Governments, industry and Indigenous Australians will need to continue to focus on addressing the following opportunities and challenges:

* **Recognising the greater exposure of Indigenous youth to labour market barriers:** Theproportion of Indigenous youth aged 20-24 not engaged in employment, education and training is 43% compared with 13% for non-Indigenous youth. Better efforts are needed to foster career aspirations and ensuring industry actively engages and fosters relationships with communities.
* **Addressing barriers, including misinformed views of Indigenous potential, which result in lower labour force participation rates and fewer Indigenous Australians in managerial and leadership roles.** There is a need for greater focus on creating conducive environments that enable workforce development and career aspiration across a range of industries. This can build on existing good practices such as the Aboriginal Workforce Development model in the health sector.
* **Indigenous job seekers tend to face a more complex range of vocational and non-vocational barriers to get into and maintain employment.** There is scope to further improve how employment services are delivered by increasing awareness and understanding about Indigenous labour demand and supply, improving planning and coordination between service providers to enable tailored and integrated approaches that better meet the needs of individuals, families and local communities, improving provider cultural proficiency and strengthening Aboriginal controlled organisations that deliver employment/training services.
* **There is a need to improve job opportunities and career pathways in remote areas.** Demand for labour is limited because local markets are small, local service jobs tend to be filled by people from outside of the community and opportunities in the traded sector are constrained by the regulatory framework and access to markets, natural resources and amenities. More can be done to create local jobs and business opportunities by supporting traditional-owner led economic development, facilitating partnerships with the private sector to match people with job opportunities, and with government service providers to create employment pathways.
* **Remote employment services tend to have very high levels of Indigenous participants reflecting the high barriers to employment.** A lack of genuine job prospects for locals can affect motivation to seek work. Changes in remote employment services will need to facilitate greater economic participation, choices and aspirations including supporting work readiness and pre-employment outcomes, labour mobility, links with employers, supporting local planning and community engagement, and pathways to economic participation through self-employment.

Questions to guide feedback

* What are the primary barriers to Indigenous Australians getting a job, and advancing into better quality employment and managerial and leadership roles?
* What is currently working well, including innovations that we can learn from and scale up?
* What can governments and industry do differently to support entry into the labour market and career advancement for Indigenous Australians?

### Business – state of play

Businesses create wealth and demand for employment. They are the engine room of the Australian economy. Competitive enterprises and wealth creation are a means for Indigenous Australians to increase prosperity, improve wellbeing and foster empowerment, independence and self-reliance. The Government has taken a range of actions to improve the environment for businesses to invest and create jobs including through tax relief, new free trade agreements, cutting red tape, and targeted support for internationally exposed sectors.

To help grow demand for the Indigenous business sector, in 2015, the Government released the Indigenous Procurement Policy (IPP), which has resulted in close to $4 billion in contracts awarded to Indigenous businesses since the policy’s inception, compared with only around $6 million in 2012-13. The Indigenous Business Sector Strategy (IBSS) was released in 2018 to build the capability of this market. The 2015 Northern Australia White Paper and 2019 Northern Australia Indigenous Development Accord set up the commitment of Government to support traditional owners and Indigenous communities to activate the commercial potential of their land, sea, water and cultural resource rights. Amendments to the Native Title Act in 2020 will improve the ability of traditional owner groups to make agreements.

The National Roadmap will build on these efforts and drive an integrated strategy to improve the enabling environment for individual and community enterprises, addressing the following challenges:

* **Continuing efforts to increase demand for Indigenous businesses and addressing the barriers.** This includes continuing to work together to improve the performance of Indigenous procurement policies including supporting tier 1 firms to engage Indigenous businesses, using joint ventures, and leveraging private sector initiatives such as the Business Council of Australia’s ‘Raising the Bar’.
* **Creating an enabling environment for Indigenous businesses to access capital.** Indigenous businesses face a number of barriers in terms of accessing capital including information gaps, discrimination and cultural bias in the banking system, tenure insecurity, and lack of collateral. This is particularly the case in remote areas. Government can work with the private sector through co-investment models to facilitate access to concessional finance.
* **Building entrepreneurial skills, capabilities and networks.** Discriminatory environments have resulted in historical exclusion from markets, leading to low business experience or insufficient access to networks. Governments and the corporate sector can do more to forge commercial relationships, create opportunities for mentoring, and improve access to business support services.
* **Addressing systemic barriers to activating land, water, sea and cultural resource rights.** These rights and interests are a key comparative advantage for Indigenous Australians, and can provide the basis for successful enterprises. However, Indigenous entrepreneurs and communities cannot easily protect cultural knowledge or form partnerships to commercialise and promote innovation to create new products and services. There is also uncertainties in the regulatory process, lack of enabling infrastructure, and lack of actionable data, knowledge and networks to realise opportunities.

Questions to guide feedback

* What are the barriers for Indigenous entrepreneurs to start businesses, including the barriers that have historically limited Indigenous access to capital markets?
* How can governments and industry work together to better address barriers to starting and growing businesses?
* What can governments do differently to grow the Indigenous business sector?
* What is currently working well, including innovations that we can learn from and scale up?

## Australia’s Indigenous economy

The Indigenous economy encompasses the assets (skills, workforce, capital, knowledge and technology, land and water) of Indigenous people, communities and traditional owners, and the economic activities that result from those assets. The concept of an Indigenous economy is important because it defines a segment that has distinct features, needs and advantages, and provides an organising logic to implement policies to grow it. It increases the visibility of Indigenous issues in a recovery context and potentially provides an opportunity for Indigenous Australians to co-design key principles and policy priorities. Australia’s Indigenous economy has similar characteristics to the non-Indigenous economy, including a distribution of Indigenous businesses across sectors that is very similar to non-Indigenous representation in those sectors. However, there are also distinctive features in aspects of the Indigenous economy including:

* Different geographic distribution (67% of the Indigenous population lives outside major cities compared with 27% for the non-Indigenous population).
* Legal constructs related to the use and ownership of land and water (e.g. Native Title Act) and challenges to developing that land due to a lack of fungibility.
* Historical exclusion from markets and lack of inter-generational wealth transfer.
* Unconscious bias, prejudice and discriminatory practices that still continue.
* Different priorities for development (e.g. related to kinship and connection to country) and the protection and transmission of culture and traditional knowledge.
* Community planning and coordination roles of community entities and organisations (PBCs, Land Councils, and other local Aboriginal Corporations) as economic drivers.

The historical context has shaped the nature of Indigenous economic participation in modern Australia. While Indigenous economies have existed for tens of thousands of years, for much of the last 250 years, Indigenous Australians were excluded from mainstream economic activity. Indigenous Australia’s inclusion in the wider economy, and the support architecture around it has emerged since the 1970s. It now includes privately owned businesses, local land holding entities (e.g. Indigenous land trusts, PBCs) and subsidiaries, community controlled service delivery organisations, and assets under management (including third party use of Indigenous land).

The historical circumstances and characteristics of this economy may act as inhibitors to economic participation. For instance, discrimination and bias in wider society has a negative effect on the likelihood of Indigenous Australians going into business, and on labour market participation. Further, a key characteristic of parts of the Indigenous economy is remoteness. Remote economies tend to have a set of features such as small populations, higher transactions costs often resulting in higher prices and intermittent supply of certain goods and services, weak connectivity to external markets and high dependency on primary sectors, a workforce dominated by lower skilled workers, and higher unit costs to deliver public services. There is relatively diversity in economic outcomes across remote economies, and many jobs and business opportunities are also held by non-Indigenous residents or on a fly/ drive in and out basis. Relative to cities, the non-traded sector (e.g. retail, health and social care, public administration and education) is less important to productivity and growth. However, some gains can be made for remote economies through reducing economic leakages by facilitating the local ownership of services, for example through social procurement and community-owned enterprises. The key to unlocking productivity and jobs growth in remote economies is growing the tradable sector including:

* Activation of land, natural resources and amenities e.g. through mining, forestry, food production, energy, tourism, and ecosystem services.
* Integration into global value chains- forward and backward linkages (re-bundling) that maximise local value-added of natural resource industries and FDI and create a network of local suppliers.
* Territorially differentiated goods and services(mobilising local assets, and leveraging consumer preferences for local or traceable products).
* Increasing economies of scale and scope(vertical integration, and fostering linkages with other communities).

### Unlocking human capital

There were an estimated 798,400 Indigenous Australians in 2016, which was 3.3% of the national population and ABS population projections suggest it will reach at least 880,000 in 2021. Indigenous Australians have a different spatial distribution than the non-Indigenous population. Close to two-thirds of the Indigenous population live in regional and remote areas compared with 28% of the non-Indigenous population. As such, Indigenous Australians play a relatively more important role in driving the performance of regional and remote economies.

Australia’s Indigenous population is dynamic, increasingly highly skilled, increasingly educated and growing faster than the non-Indigenous population. Between 2006 and 2011, the Indigenous population grew by 21% and by 18% between 2011 and 2016. In addition to a greater propensity to self-identify, the Indigenous population has higher fertility and mortality rates than the non-Indigenous population. The Indigenous population has a lower median age (23 years compared with 37 years for the non-Indigenous population).

The Indigenous population is projected to grow from approximately 800,000 in 2016 to 1.05 million in 2031 (Figure 1). The annual average growth rate of the Indigenous population is projected to be 2% compared with 1.5% for the non-Indigenous population, with much of the Indigenous growth occurring in regional and remote areas. As a result, Indigenous Australians present an important future source of labour supply, in particular for regional economies.

The Indigenous workforce is currently under-utilised and fully activating that segment of the labour market presents tremendous growth opportunities across sectors. The national employment rate for Indigenous people aged 25-64 was 51% compared with 76% for the non-Indigenous population in 2016 (a gap of 25 percentage points). Between the 2006 Census and 2016 Census, Indigenous employment rates for those aged 15-64 decreased slightly, 48% to 46.6% (with the difference partially reflecting the end of the Community Development and Employment Projects (CDEP) program.

**Figure 2: Proportion of people employed aged 25-64, Indigenous and non-Indigenous, by remoteness category** (2016**), source ABS Census 2016**

Employment gaps are larger in regional and remote areas where just under two-thirds of the Indigenous population live and work. For instance, in 2016 non-Indigenous employment rates for the working age population in major cities were around 20 percentage points higher than Indigenous employment rates, while the difference in very remote areas was around 55 percentage points. These aggregate figures can also mask significant variation at a local level (e.g. there are 41 Statistical Area 3 regions that have closed the employment gap between Indigenous and non-Indigenous Australians), which reinforces the importance of flexible and place-based solutions to improving Indigenous employment outcomes.

The increasing gulf in employment rates in more remote areas implies that many of the job and economic opportunities, including from government and the private sector, are in the hands of non-Indigenous Australians. Better mechanisms are needed to improve labour mobility and pathways into meaningful employment for Indigenous Australians in remote areas.

Global competition and technological innovation is changing the nature of work and increasing the premium that workers receive from skills and experience. Although education levels have improved over the past decade, about 50% of Indigenous Australians aged over 15 have completed Year 12 or its equivalent compared with 72% for the non-Indigenous population. Indigenous peoples are underrepresented in higher skilled professions such as management and professional roles in comparison with the non-Indigenous workforce. A key issue is ensuring Indigenous youth aged 15-24 are engaged in employment, education, training, particularly with the impacts of COVID-19. That includes identifying those with latent entrepreneurial qualities have the pathways and opportunities to go into business and create wealth and jobs for themselves, their families and communities. The proportion of Indigenous youth aged 20-24 not engaged in employment, education and training is 38% compared with 12% for non-Indigenous youth. This presents a significant under-utilised source of labour and enterprise, which with the right policy settings in place could make significant contributions to local economies.

Aspirations formed in adolescence towards future employment and education is critical in young people making successful transitions into work, further education and training, and business. The proportion of Indigenous 20-24 year olds who intend to study in the future increased from 52.9% in 2008 to 64.6% in 2014. However, young Indigenous people face a number of barriers relating to lower socio-economic status, remoteness, family and community attitudes that shape perceptions and attitudes toward education and economic participation. Although education aspirations and outcomes are improving – more work is needed.

The experience of past recessions show that the most marginalised are often also the most vulnerable and are hit hardest from economic shocks (i.e. those who are already not working, have less skills, and have more precarious attachment to work). The Reserve Bank has indicated there will be slack in the labour market for some years, and as a result, economic outcomes for Indigenous Australians may worsen. The nature of the labour market and demand for skills is shifting and not all Indigenous Australians are well-positioned for these changes. Disengagement from economic activity has a range of social costs, including to personal health and has adverse impacts on children.

### Unlocking land and financial capital

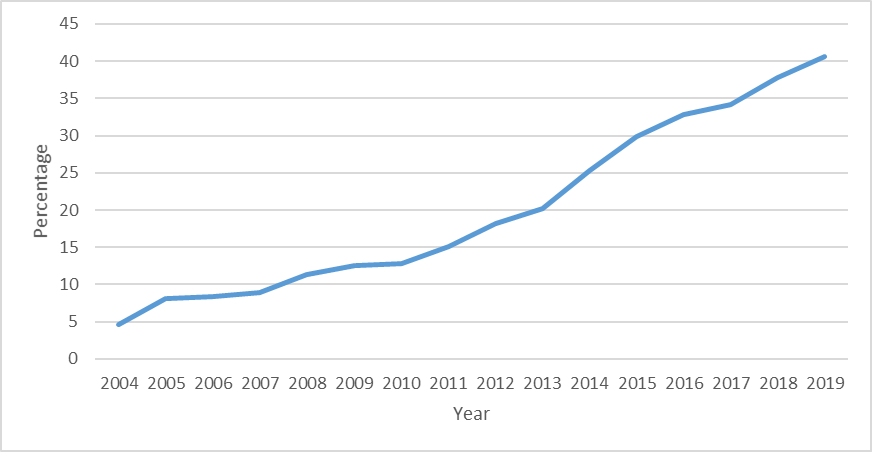
Indigenous peoples have unique property rights that are derived from their use and occupation of land prior to European settlement. A consequence of the legislative instruments defining Indigenous property (relative to fee simple or ownership rights) is the difficulty associated with transferring these rights to others. These restrictions have been put in place due to communal ownership of these rights (e.g. by a traditional owner group), and the need to protect land assets for future generations. There are two basic forms of Indigenous land tenure in Australia:

* Aboriginal Freehold Title – inalienable title conferred by the Crown with ownership residing with a trust. Statutory Indigenous land tenure systems were formalised from the 1970s and exist in all jurisdictions in Australia.
* Native Title – confers use rights related to traditional practices such as the right to camp, use water, hold meetings and protect cultural sites. The Native Title regime was established in 1993 and can co-exist with other land uses (non-exclusive) or to the exclusion of others.

The use of Indigenous property rights and interests to activate commercial opportunities has been limited because this activity has often been defined as outside of what is defined as ‘traditional’ land use. And further, Indigenous groups have focused initially on securing tenure, ensuring their communities have some control over their traditional land under Australian law.

Overtime, Governments have introduced additional mechanisms into Indigenous land tenure systems to define use rights and enable transferability through leasing and assist with facilitating agreements with third parties. One such innovation is township leasing in the Northern Territory under the Aboriginal Land Rights (Northern Territory) Act 1976.

**Figure 3: Proportion of Australian land mass covered by Native Title (2004 – 2019), Source: Native Title Tribunal**



Indigenous tenure currently covers 51% of Australia’s land mass.

Land covered under Native Title has grown significantly over the past 20 years due to the resolution of Native Title determinations, from around 5 per cent of the Australian land mass in 2004 to around 39% of Australia’s land mass in 2019. And statutory land rights arrangements in jurisdictions cover a further 12% of the land mass. The proportion of the Australian land mass covered by Native Title is estimated to grow a further 15% by 2030.

Similar limitations in relation to commercial use are evident in relation to water and sea rights. Native title rights can be recognised in water and sea. However, these rights are limited to non-exclusive possession that entitle the holder to access and use for traditional purposes. The Productivity Commission has found limited involvement or participation of traditional owners and Indigenous communities in relation to the allocation of water.

Indigenous property rights have only had a limited flow-on impact for mainstream economic development across northern Australia. In general, those living on Indigenous-held land are among the most economically marginalised in the Indigenous population when mainstream indicators such as employment and income are considered. Some traditional owners have been able to generate income from their land, water and sea resources. For example, there are 82 PBCs across northern Australia with a total of $150 million in assets and $34 million in total annual income (2018/19). However, there is a highly uneven distribution of these benefits: 44% of northern PBCs have no income, and 80% of the total annual income comes from 12% of these PBCs.

As we shift to a post-determination period, greater focus will be placed on how Indigenous Australians can best utilise their land, water and sea assets. A significant share of assets from the Indigenous estate is held under statute and through agreements. Based on available data this asset base totals $6.5 billion although this is incomplete due to data gaps and uncertainties.[[1]](#footnote-1)

These assets include cash, cash equivalents, financial investments and instruments, land holdings, livestock, loans and equity investments in businesses. Although these instruments are held by different bodies it is important to understand their cumulative impacts in terms of creating an enabling environment for broad based Indigenous wealth and job creation.

Traditional owners can face a number of barriers to activating commercial benefits from their rights and interests. This includes the length of time and complexities in clarifying land use agreements and leasing, lack of data and actionable information in the hands of traditional owners, challenges related to leadership capability and commercial acumen, trust arrangements that are not sufficiently transparent or accountable, and tax treatment that incentivises charitable activities. Successive governments have taken steps to address these challenges, including recent reforms to the Native Title Act. However, there is still scope for all governments to improve Indigenous land tenure systems to increase opportunities for Indigenous people to advance prosperity for their communities and families.

### Indigenous business sector

Estimates suggest that around 19,400 Indigenous business owner managers were operating in the Australian economy as of 2016, growing by 84% over the preceding decade. Indigenous Australians currently in business are represented in roughly proportionate terms across the same industries as non-Indigenous Australians. The result implies that when in business, Indigenous Australians respond to the same demand signals as the rest of Australia. Further, the gender split between Indigenous and non-Indigenous business is equivalent – in both groups, two-thirds of owner managers are male while one-third of owner managers are female. In addition, the majority of Indigenous businesses are located in urban areas in the southeast quadrant of Australia, and since 2011, increasing numbers of Indigenous business owners are represented in urban areas. At the same time, the number in remote locations has declined rapidly. The decline partially reflects the end of the investment phase of the mining boom, with opportunities, particularly in construction, shifting to urban areas.

While compositionally, Indigenous businesses resemble non-Indigenous, the Indigenous business sector is still emerging - only 0.8% of business owner managers are Indigenous (compared with a population share of 3%). And despite the strong growth in the number of Indigenous Australians choosing a life in business, the rate of Indigenous business ownership as a share of the population aged 15 years and over is still significantly lower than the non-Indigenous rate. No doubt the effects of the global pandemic will have reduced Australian business ownership rates even further, and it is likely that Indigenous businesses are not immune.

The proportion of Indigenous owner managers is increasing as a share of the population aged 15+, from 3.3 per cent in 2006, to 3.5 per cent in 2011 and 3.7 per cent in 2016, at a time when the non-Indigenous business ownership rate has decreased. If the Indigenous business ownership rate was on par with the non-Indigenous rate, then one would expect around 45,000 Indigenous business owners operating in 2016. As such, potentially 26,000 Indigenous business owners were ‘missing’ from the Australian economy in 2016.

Questions to guide feedback

* What are the comparative advantages of Australia’s Indigenous economy, and areas of potential?
* What are the key barriers and policy options to unlock this economic potential?
* What enhancements to procurement policies could further support the growth and diversification of the Indigenous business sector?
* What can governments do differently to improve the enabling environment for Indigenous businesses?
* In regards to activating the commercial potential of Indigenous land, sea, water and cultural resource rights:
  + - What innovations are working well that we can learn from and scale up?
    - What can governments and industry do differently?

### Value-adding and re-prioritising existing efforts

Achieving the outcomes of the National Roadmap will require some re-prioritisation of existing Indigenous specific policies and programs to stimulate productivity growth and job creation. This may include:

* Activating the commercial potential of Indigenous land, sea, water and cultural resources through better information, building capability, and supporting local traditional owner groups to participate in markets and access private capital.
* Ensuring complementary support for mainstream employment services such as providing better information about Indigenous labour supply, working with employers to shift demand for Indigenous workers, and brokering local solutions that link Indigenous job-seekers to employment opportunities.
* Accelerating measures to increase demand for Indigenous businesses and jobs by enhancing the Indigenous Procurement Policy, advancing initiatives under the Indigenous Business Sector Strategy, and social procurement outcomes.
* Linking supply-side employment services in remote areas with strategies to increase productivity and job creation.

The National Roadmap will also provide a way to articulate key principles and priorities, and proactively influence and coordinate mainstream policy agendas that affect economic opportunities for Indigenous Australians. This includes portfolios and initiatives such as:

* Water – ensuring Indigenous participation in the National Water Initiative and realising benefits through investments by the National Water Grid Authority.
* Resources – leveraging Indigenous business and job opportunities from the Gas-fired Recovery Plan, and emerging renewable energy technologies and supply chains.
* Employment – providing effective and tailored support for Indigenous Australians as part of the New Employment Services Model.
* Science and technology – ensuring better support and mechanisms to commercialise traditional knowledge.
* Northern Australia – enhancing Indigenous economic engagement in key initiatives through the White Paper Refresh, and investments by the Northern Australia Infrastructure Facility (NAIF).
* Skills – ensuring access to vocational training and apprenticeships, including in remote Australia.
* Local Government – support to play a more proactive role in Indigenous economic development.
* Attorney-General – proactively supporting and influencing the Native Title System to activate commercial opportunities.

Addressing barriers to Indigenous economic participation will also require collaboration across levels of government. State and Territory Governments have many of the key levers – such as land and water management, education and training services, and transport infrastructure and services – that provide the enabling conditions for participation in the economy. This collaboration will be developed through the Indigenous Affairs Taskforce under the National Federation Reform Council, and build on existing efforts through the Government’s approach to the National Agreement on Closing the Gap.

In recent decades, corporate Australia has also taken proactive steps to improve outcomes with Indigenous Australians. This includes through Jawun, Reconciliation Australia, and the Business Council’s Raising the Bar initiative. The National Roadmap can also provide a way to elevate this relationship and put it on a more strategic footing to support Indigenous Australians in an economic recovery context. This may include collaboration in relation to:

* Linking with the private sector to get Indigenous job seekers and enterprises ready for major projects and maximise business and employment participation opportunities.
* Providing additional opportunities for Indigenous business owners to partner with non-Indigenous businesses to build capability, access equity, and enter new markets.
* Preparing Indigenous Australians for the future of work including digital and STEM skills.
* Leveraging the growing interest in sustainable investment, and social impact investing to increase the amount of capital investment in the Indigenous economy.
* Addressing the lack of representation of Indigenous Australians in corporate governance and leadership positions.

There is also an opportunity for Australia to learn from comparative jurisdictions in relation to mobilising Indigenous economic potential – primarily Canada, the United States and Aotearoa/New Zealand. These jurisdictions have delivered comparatively better economic outcomes for their First Nations peoples across a range of areas including less differences in employment and business ownership rates.

Questions to guide feedback

* What can we learn from other jurisdictions in terms of activating Indigenous economic potential?
* How can we change Indigenous specific policies to activate skills, jobs and business opportunities in a recovery context?
* How can mainstream policies better meet the economic needs and aspirations of Indigenous Australians?
* How can we harness the capital and expertise of corporate Australia, including through social impact investing, to deliver better economic outcomes for Indigenous people?

1. Note: The $6.5 billion estimate is based on public information on holdings within the Future Fund, Pilbara trusts, Aboriginal Benefits Account, NSW Land Council, Indigenous Business Australia business equity, Indigenous Land and Sea Corporation equity, Prescribed Bodies Corporates assets. This is not a comprehensive listing of all trusts and funds, including those that many of the state and territory jurisdictions made hold. [↑](#footnote-ref-1)