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Linking Indigenous Communities with Regional Development in Australia

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Foreword

There are approximately 800 000 Indigenous Australians, representing 3.3% of Australia's total population. Scientific evidence currently suggests that mainland Australia was first settled by Indigenous peoples approximately 65 000 years ago. Prior to colonisation, there were around 500 clan groups that occupied different territories. The intimate relationship between spirituality, livelihoods, kinship, and place is central to understanding Indigenous Australians. It is the world's oldest living continuous culture and Aboriginal and Torres Strait Islander peoples make a vital contribution to contemporary Australian society. Indigenous Australians are also important for the future of the national economy. For example, the amount of land with Indigenous ownership and interest has increased significantly in the last 50 years, and now covers approximately half of Australia's land mass.

Historical legacies of colonialism continue to shape the economic prosperity and well-being of Indigenous peoples in Australia today. For centuries, Indigenous peoples were denied the opportunity to earn a decent income, build wealth, and transfer it between generations. For example, following the First World War, returning Indigenous servicemen were excluded from the 'soldier settlement' schemes that granted blocks of land to other returning soldiers. Since the 1970s, Indigenous peoples have had their rights recognised, which for some has included land and rights to development.

Compared to the non-Indigenous population, Indigenous peoples in Australia are more likely to be located in predominantly rural regions (48% of the Indigenous population live in predominantly rural regions, compared to 17% for the non-Indigenous population). As such, Indigenous Australians are relatively more important to rural economies in terms of labour supply and consumption, and can play a key role in unlocking the growth potential of regional economies. In recent decades, there have been significant levels of local innovation and entrepreneurship amongst Indigenous Australians, with business growth in areas such as construction, tourism, environmental services, arts and culture. However, significant gaps in socio-economic outcomes with non-Indigenous Australians remain and these gaps are larger in rural regions. For example, the employment rate for Indigenous Australians stands at 55% compared to 75% non-Indigenous Australians in predominantly urban regions and 40% compared to 75% in predominantly rural regions. Hence, Indigenous employment is 20 percentage points lower in predominantly urban regions, and 35 percentage points lower in predominantly rural regions in Australia.

The Australian Government has made a commitment to working with Indigenous Australians to improve socio-economic outcomes, including with regard to business and economic development. This study, along with its recommendations, has been undertaken within the framework of this overarching commitment. It provides three key recommendations to better support economic development outcomes for Indigenous peoples. The first is related to improving the quality of the statistical framework and the inclusion of Indigenous peoples in the governance of data. This includes improving data about Indigenous businesses, developing data about issues that Indigenous peoples value, and empowering Indigenous institutions to collect and utilise their own data. Second, entrepreneurship provides opportunities for Indigenous peoples to use assets and resources in ways that align with their objectives for development. This includes improving support for participation in the public procurement market, prioritising reforms to land use and administration, and facilitating the growth of Indigenous-owned financial institutions. Third, an approach to

governance is needed that adapts policies to places, and that empowers Indigenous institutions and communities. There is a need to strengthen the capabilities of local institutions to manage economic development, and to strengthen the involvement of Indigenous peoples as partners in the decision-making process.

This report provides actionable recommendations to improve business and community economic development outcomes for Indigenous Australians at a local and regional level. It contributes to the work programme of the OECD on regional and rural development, and was approved by the Regional Development Policy Committee (RDPC) on 19 November 2019 [CFE/RDPC/RUR(2019)8].

This report comes at a time when policy makers, citizens and businesses are challenged by the COVID-19 crisis that will generate a profound reflection on our production and consumption habits, as well as on local economic recovery policies. This report does not reflect on the current situation but acknowledges that Indigenous populations are particularly vulnerable to the health and non-health consequences of the COVID-19 crisis. Challenges faced by Indigenous communities include overcrowded housing, poorer health outcomes and limited access to health services and infrastructure; all of which exacerbate the risks of COVID-19 especially in remote communities. Policy responses such as travel restrictions to Indigenous lands are important to keep communities safe, yet they also entail the need to ensure the supply of food and essential items and to compensate for loss of income, for instance from selling art to tourists. Going forward the OECD will reflect on this new context in future work streams of work related to this topic.

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Abbreviations and acronyms

ABS	Australian Bureau of Statistics
ACNC	Australian Charities and Not-for-profits Commission
ACT	Australian Capital Territory
AIHW	Australian Institute of Health Welfare
AIS	Indigenous Advancement Strategy
AITSIS	Aboriginal and Torres Strait Islander Studies
ALFA	Arnhem Land Fire Abatement
ALGA	Australian Local Government Association
ALRA	Commonwealth's Aboriginal Land Rights Act (Northern Territory)
ANAO	Australian National Audit Office
ANU	Australia National University
ANZ	Australia and New Zealand Banking Group
APY	Anangu Pitjantjatjara Yankunytjatjara
ASC	American Community Survey
ASGC	Australian Standard Geographic Classification
ASGS	Australian Standard Geography Standard
ASIC	Australian Securities and Investments Commission
ATSIC	Aboriginal and Torres Strait Islander Commission
CAEPR	Central for Aboriginal Economic Policy Research
CATSI	Corporations (Aboriginal and Torres Strait Islander) Act
CCAB	Canadian Council of Aboriginal Business
CCP	Comprehensive Community Planning Program
CDEP	Community Development Employment Projects
CDFI	Community Development Financial Institutions
CDP	Community Development Program
CFE	Centre for Entrepreneurship, SMEs, Regions and Cities
CLC	Central Land Council

COAG	Council of Australian Governments
CP&D	Community Planning and Development
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DEAL	Developing East Arnhem Land
DGIC	Director-General of the Investment Committee
EDA	Economic Development Administration
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FCAC	Financial Consumer Agency of Canada
FDI	Foreign direct investment
GDP	Gross domestic product
GEC	Government Engagement Coordinators
GSS	General Social Survey
GVC	Global Value Chains
HDI	Human Development Index
HHL	Hawaiian home lands
HKKAR	He kai kei aku ringa
IAC	Indigenous Advisory Council
IAO	Inter-governments Affairs Office
IARE	Indigenous Areas
IAS	Indigenous Advancement Strategy
IBA	Indigenous Business Australia
IDG	Indigenous Data Governance
IEF	Indigenous Entrepreneurs Fund
IEO	Indigenous Engagement Officers
ILC	Indigenous Land Corporation
ILO	International Labour Organisation
ILOC	Indigenous Locations
ILSC	Indigenous Land and Sea Corporation
ILUA	Indigenous Land Use Agreements
IPA	Indigenous Protected Areas
IPP	Indigenous Procurement Policy
IREG	Indigenous regions
ISC	Indigenous Services Canada
LDM	Local Decision Making
LIP	Local Implementation Plan

LLM	Local labour market
LRP	Local Reference Group
MFI	Martin Family Initiative
MoU	Memorandum of Understanding
NACA	Native American CDFI Program
NACCA	National Aboriginal Capital Corporations Association
NAO	National Audit Office
NATISS	National Aboriginal and Torres Strait Islander Social Survey
NATSIHS	National Aboriginal and Torres Strait Islander Health Survey
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
NBY	Nyamba Buru Yawuru
NGO	Non-governmental organisations
NIAA	National Indigenous Australians Agency
NILSS	National Indigenous Land and Sea Strategy
NIO	National Indigenous Organizations
NLC	Northern Land Council
NPM	New Public Management
NPY	Ngaanyatjarra Pitjantjatjara Yankunytjatjara
NSW	New South Wales
NT	Northern Territory
NTER	Northern Territory Emergency Response
NTRB	Native Title Representative Bodies
NTSP	Native Title Service Providers
OECD	Organisation for Economic Co-operation and Development
OID	Overcoming Indigenous Disadvantage
ORIC	Office of the Registrar of Indigenous Corporations
PBC	Prescribed Body Corporate
PM&C	Prime Minister and Cabinet
RAP	Reconciliation Action Plan
RASAC	Regional Anangu Services Aboriginal Corporation
RDA	Regional Development Australia
RDPC	Regional Development Policy Committee
RILSS	Regional Land and Sea Strategies
RSD	Remote Service Delivery
SA	Statistical Area

SBA	Small Business Administration
SBO	United States Census Bureau Survey of Business Owners and Self-Employed Persons
SDG	Sustainable Development Goals
SGEI	Seven Generations Education Institute
SIQ	Standard Indigenous Question
SME	Small- and medium-sized enterprises
SPI	Strategic Partnership Initiative
UN	United Nations
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
USIDSN	US Indigenous Data Sovereignty Network
VTAC	Victorian Treaty Advancement Commission
WALFA	West Arnhem Land Fire Abatement

Executive summary

Assessment

Place is a key organising feature of Australia's Indigenous economy, and better data is needed to inform economic development decision-making at national, regional and local levels. Kinship relations, attachment to land, and strong cultural heritage, shape Australia's Indigenous economy, offering significant potential for growth in a range of different areas. The population is younger compared to the non-Indigenous population and a higher proportion is located in predominantly rural regions (48% of the Indigenous population live in predominantly rural regions compared to 17% for the non-Indigenous population). Indigenous Australians are key to unlocking the growth potential of regional economies. However, there are significant inequalities compared to the non-Indigenous population, and these gaps are larger in rural regions. At a national level, the gap in the unemployment rate between the Indigenous and non-Indigenous population is 7 percentage points. In predominantly urban regions unemployment rates for the Indigenous population stand at 15%, versus 7% for the non-Indigenous population, and 21% and 6% in predominantly rural regions. This means that the unemployment gap is 7 percentage points larger in rural regions than in predominantly urban regions. There is significant diversity in well-being outcomes across different types of regions, which emphasises the importance of a place-based approach to policies and implementation. This will need to be informed by better data. Although there have been advances in the statistical framework, further improvements are needed. These include developing better data about Indigenous businesses, empowering Indigenous groups to collect and use data, and the inclusion of Indigenous values and perspectives in statistical frameworks.

Indigenous entrepreneurship and business development are critical to self-determination and unlocking the potential of regional economies. Development opportunities and challenges differ, depending on whether firms are located in a metropolitan region, rural areas close to cities, or in remote rural regions. Cities offer a greater diversity of opportunities due to the scale and density of economic activity – for example in the public procurement market. In rural areas, land use regulation and administration, enabling infrastructure to access external markets, as well as the presence of resource endowments and amenities are critical factors in shaping the possibilities for economic development. Although advances have been made in the policy framework for Indigenous business and economic development, further efforts are needed across different levels of government to recognise the unique strengths of Indigenous economies and the importance of community economic development. In terms of program delivery and implementation, a small number of gaps in supply-side support need to be addressed, along with ways to reduce complexity for entrepreneurs, business owners and local institutions in navigating the support that is already available. This includes building and strengthening economic institutions that are controlled by Indigenous Australians.

Policies have to be adapted to places and implemented in a way that empowers Indigenous Australians to deliver innovative local solutions. Activating a development process at the local level requires addressing multiple factors (human capital, infrastructure, innovative capacity) in an integrated way, aligned with local circumstances and cultures. This place-based approach requires a long-term commitment to strengthening Indigenous capacities to promote economic development at the local level. This includes more effectively

addressing capability gaps in local Indigenous institutions, such as leadership, community planning, technical skills (e.g. finance and legal), and business and commercial skills. In addition, there is a need to support intermediaries that facilitate partnerships, access to knowledge, and that can support commercial partnerships. Government also sets the overall governance framework and incentives for local Indigenous institutions – and changes are needed to facilitate economies of scale to provide services or access markets for Indigenous businesses and shared decision-making. There are inconsistent links with local governments and Regional Development Australia (RDA) committees, which result in lost development opportunities. An agreed framework for shared decision making between different levels of government to support local and regional economic development for Indigenous communities is lacking. The local staff of the National Indigenous Australians Agency (NIAA) will need to continue to re-orient their role from controlling and administering programs to facilitating and brokering local solutions in partnership with Indigenous communities.

Recommendations

1. **Developing statistical frameworks and data governance for Indigenous well-being**
   - Introduce a consistent Indigenous business identifier that acknowledges the stage of maturity of the Australian Indigenous business sector, into the Australian business registry system, the tax office, and business surveys undertaken by the Australian Bureau of Statistics (ABS).
   - Develop an online platform for local Indigenous communities to disseminate data tools, build capacity, and share lessons and good practices.
   - Increase the frequency of the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) from six to every four years to provide more timely data about Indigenous populations; or consider re-aligning the ABS survey model to streamline NATSISS and the 6-yearly NATSIHS (National Aboriginal and Torres Strait Islander Health Survey) sample and questionnaire content into a single survey, enumerated on a more regular basis.

2. **Creating an enabling environment for Indigenous entrepreneurs and small business**
   - Increase opportunities for Indigenous-owned businesses in the public procurement market by harmonising Indigenous procurement rules across jurisdictions, and providing more effective capacity building support for entrepreneurs and small businesses to participate in public procurement markets (e.g. pre-establishment and establishment phases to access finance, insurance and required certifications, cash flow management and business strategy).
   - Prioritise the implementation of recommendations identified in the 2014 investigation by the Council of Australian Governments (COAG) on how to reform Indigenous land administration and use to enable traditional owners to generate economic development opportunities.
   - Consider support for the establishment of Indigenous-owned local financial institutions (modelled on the United States and Canada) that would include an initial capital injection from government, and ongoing funding to cover a proportion of their operational costs.

3. **Implementing a place-based approach to economic development that empowers Indigenous Australians**
   - Strengthen the capacities of local Indigenous institutions to promote community economic development, including by expanding the range of institutional capacity building activities that can be supported under current programs to encompass support for community planning, business case development, and local area data.
   - Work with the local government sector on developing good practice guidance and tools on the role of local government in Indigenous community and economic development.

- Embed a place-based approach in the operational model of the NIAA regional network, including by re-scoping roles, training and mentoring to develop more entrepreneurial skills and capabilities in community development, stakeholder engagement, data analytics, networking, negotiation, and business support.

- Establish a model for shared local decision-making that enables agreements on local area outcomes and pooling of budgets between levels of government to support Indigenous community and economic development.

1 Assessment and recommendations

Assessment 1: Indigenous well-being, statistical frameworks and data governance

The purpose of this study is to provide recommendations to the Australian Government about how to improve economic development outcomes for Indigenous peoples at a local and regional level. There is no simple way to summarise the colonial history and contemporary economic circumstances of Indigenous peoples in Australia. Prior to the arrival of British colonisers in 1788 there were over 500 clan groups in Australia with distinct languages, cultures, livelihoods and trading relationships. Indigenous peoples say they have been in Australia since the land was created. Contemporary western scientific evidence currently suggests that mainland Australia was first settled by Indigenous peoples approximately 65 000 years ago, with Torres Strait Islanders first living and hunting in the islands to the north soon after the islands formed around 7 000 years ago. In the past 50 years, policy changes by Australia governments and evolving jurisprudence have resulted in significant progress in recognising the rights of Indigenous peoples. Australian Governments have committed to working with Indigenous Australians to improve socio-economic outcomes, including to business and economic development. This study, and its recommendations, are within the framework of this overarching commitment.

> The Indigenous economy is shaped by kinship relations, attachment to land, and strengthening culture - Indigenous Australians have developed competitive businesses in a range of areas, and there is significant potential for growth

Contemporary Indigenous economies are embedded in a specific cultural and historical context. Different First Nations have developed kinship relations that emphasise a spiritual connection to a distinct territory over millennia. These relations shape these economies. The first 180 years of white settlement, from 1788 until the late 1960s, was characterised by policies of dispossession and assimilation. In many cases, this resulted in the disruption and loss of traditional territories, dependency upon religious and state institutions, and barriers to economic participation. Indigenous people were denied the opportunity to earn a decent income, build wealth, and transfer it between generations. Since the 1970s, Indigenous peoples have had their rights recognised, which for some includes land and rights to development.

Indigenous Australians are developing competitive and innovative businesses in a range of areas. Indigenous Australians are taking control of knowledge and resources to develop businesses in areas such as mining and resources, construction, tourism, renewable energy, ecosystem services, and arts and creative industries. Traditional knowledge (a living system of knowledge and practices developed by Indigenous peoples over millennia that continues to develop and change) provides the means to improve natural resources management, develop innovations in food production and harvesting, and the utilisation

of biological resources for health and well-being. However, progress has been uneven and much more needs to be done to maximise the potential of the Indigenous economy.

Australia's Indigenous population is younger compared to the broader population, with a higher proportion located in rural regions

Australia's Indigenous population is distinct because of its relative growth, youth, and concentration in rural areas. There are approximately 800,000 Indigenous Australians, which is 3.3% of Australia's total population. The population is growing strongly, including an 18 per cent increase in the most recent inter-census period (2011-16), which is due in part to increasing propensity to self-identify. The population is younger (the median age of 23 compared to the non-Indigenous median age of 38). Compared to the non-Indigenous population, Indigenous peoples are more likely to be located in predominantly rural regions (48% of the Indigenous population live in predominantly rural regions compared to 17% for the non-Indigenous population). As such, Indigenous Australians are relatively more important to rural economies in terms of labour supply and consumption, and can play a key role in unlocking the growth potential of regional economies. Over time, the population is becoming more urbanised and this is projected to continue.

There are significant inequalities compared to the non-Indigenous population, and these gaps are larger in rural regions

There are significant inequalities in well-being between Indigenous and non-Indigenous populations at a national level. For example, the gap in upper secondary school attainment for 25-64 year-olds is 40 percentage points between the Indigenous and non-Indigenous population whilst the gap in life expectancy is 10 years. Other settler societies (Canada, New Zealand and United States) have these inequalities but the gaps tend to be larger in Australia. For example, the gap in the employment rate is -28 percentage points in Australia, which is double New Zealand (-14 percentage points) and the United States (-13 percentage points).

Moving beyond national averages and focussing on the sub-national level helps to better understand the nature of Indigenous well-being and inequalities. There is significant variation at the State and Territory level. For example, in terms of household weekly income the gap is only -7% in the Australian Capital Territory (ACT) whilst it is -17% in New South Wales (NSW). The rate of Indigenous unemployment in the ACT is 9% whereas in the Northern Territory it is 27%. In the case of the employment rate, it ranges from 65% in the ACT to 29% in the Northern Territory. The largest gaps in socio-economic outcomes between Indigenous and non-Indigenous populations are evident in the States and Territories that are resource based and have lower population densities (Queensland, the Northern Territory and Western Australia).

Inequalities between Indigenous and non-Indigenous populations are larger in predominantly rural regions. Indigenous peoples in predominantly rural regions have the most disadvantage position across multiple indicators. For example, the unemployment rate of Indigenous peoples in predominantly rural regions is 6 percentage points higher than in predominantly urban regions, and the difference in terms of upper secondary school education attainment for 25-64 years olds between urban and rural Indigenous peoples is -16 percentage points. Across multiple socio-economic indicators, gaps between Indigenous and non-Indigenous populations in rural regions are larger than in intermediate or urban regions. For example:

- The gap between the Indigenous and non-Indigenous employment rate is -20 percentage points in predominantly urban regions, and -35 percentage points in predominantly rural regions.

- The gap between the Indigenous and non-Indigenous unemployment rate is 8 percentage points in predominantly urban regions, and 15 percentage points in predominantly rural regions.
- The gap between Indigenous and non-Indigenous peoples in managerial occupations is -5 percentage points in predominantly urban regions, and -8 percentage points in predominantly rural regions.
- The gap between Indigenous and non-Indigenous households in terms of internet access is -5 percentage points in predominantly urban regions, and -11 percentage points in predominantly rural regions.

Local differences in outcomes, particularly in rural regions, emphasise the importance of a place-based approach to policies and implementation

Indigenous Australians located in rural or low-density economies face a particular set of challenges and opportunities. Low-density economies are generally characterised by small and dispersed populations, higher transport and communication costs, and local markets that offer a limited set of goods and services with dependence on primary sectors and first stage processing. In addition, there is higher unit costs to deliver public infrastructure and services. Rural and remote economies are also more dependent on a smaller range of tradeable activities that are cyclical and resource dependent. Although these present opportunities for export to growing Asian economies there are risks linked to structural change, and the automation of lower skilled occupations. Indigenous Australians in rural and remote areas also balance formal economic participation with cultural obligations and traditional livelihoods. The characteristics of remote economies emphasises the importance of having policy settings for business and economic development that are tailored to these relatively unique circumstances.

There are also higher levels of diversity in socio-economic outcomes for Indigenous populations across urban and rural regions (relative to the non-Indigenous population), which emphasises the importance of a place-based approach to policies. The standard deviation (that measures the amount of variation in a sample) of employment and unemployment outcomes across different types of regions is higher for Indigenous than non-Indigenous populations. The amount of variation in outcomes is also higher for Indigenous Australians in predominantly rural regions. In predominantly rural regions, the top performers in terms of an economically active Indigenous population, have a higher employment rate, educational attainment rate, household broadband access, and are closer to cities. Rural regions which face the greatest challenges are those which are remote and have weak job markets, poor access to services, and lower rates of educational achievement. In urban regions, the top performers also have stronger local labour markets, higher education levels, and better access to services.

There have been advances in the statistical framework – priorities for further improvements are empowering Indigenous groups to collect and use data, and the inclusion Indigenous values and perspectives

Since the 1970s, Australian governments have progressively improved statistics about Indigenous peoples but some gaps remain. A standard definition for an Indigenous Australian was adopted in 1978 based on self-identification, origin and community acceptance, and a standard question has been applied in survey instruments across all levels of government. Census and other statistical information are disaggregated for the Indigenous population at different geographical scales. Indigenous geographies (based on First Nation territories) are not part of the territorial classification, which reflects how government agencies

(rather than Indigenous Australians) have primarily driven the framing and organisation of statistics. There are inconsistencies and gaps related to data about Indigenous businesses. There is no common Indigenous business definition in the system of national statistics and this makes it difficult to make accurate statements about the size, composition and trends in this sector. Different government, not for profit and private sector organisations (with different rules) collect business statistics and this collection is primarily orientated to the public procurement market, which introduces a number of biases in terms of size, location and type of economic activity.

Better reporting on Indigenous well-being outcomes has complemented improvements in the statistical framework; however, improvements are required to strengthen Indigenous values and perspectives. The main mechanism for communicating Indigenous well-being outcomes is the "Closing the Gap" framework that articulates seven targets to reduce inequalities between Indigenous and non-Indigenous Australians, and was agreed to by all levels of government in 2008. Statistics are also reported on by the Productivity Commission and the Australian Bureau of Statistics (ABS) through the 6 yearly National Aboriginal and Torres Strait Islander Social Survey (NATSISS). The design and organisation of these statistics is driven by government agencies. Statistical products for local Indigenous communities are lacking, and these survey instruments do not collect sufficiently disaggregated or regular data about issues that matter for Indigenous peoples (e.g. culture and traditional knowledge). Research is heavily weighted to health and social issues, and in comparison, evidence about Indigenous business and economic development issues, is lacking. For example, the Australian Institute of Health and Welfare's online "Closing the Gap Clearinghouse" of Indigenous related research has over 300 reports and papers with only one dealing specifically with entrepreneurship and four on labour market issues.

A number of mechanisms have been created to include Indigenous Australians in the governance of data but this is related to government agencies and not designed to empower local Indigenous institutions. Indigenous representatives are included in an advisory capacity in regards to the creation and dissemination of statistics by the Australian Bureau of Statistics (ABS). The ABS also employs Indigenous engagement officers, and adapts collection methods for remote areas. There is also a recognition about the need to better link existing datasets to improve coverage, and some efforts to implement reforms. However, there is no ongoing mechanisms to monitor the implementation of these reforms, which depend upon co-operation between Australia's national federal government (the Commonwealth), States and Territories. For example, land management is generally a State responsibility and State agencies hold data about land use and natural resources. Support to empower local Indigenous institutions to collect data and use it to inform community decision-making is generally lacking. This includes Indigenous-specific data governance models, and the availability of funding and technical support to build data collection and analytical capabilities. There are some good examples to scale up and learn from including:

- The work by Geosciences Australia and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) on mapping natural resources and culturally significant sites in partnership with Indigenous communities.
- Community data and planning model developed by the Yawuru people of Broome that has resulted in a community well-being survey that informs local planning and priority setting.

Recommendation 1: Developing statistical frameworks and data governance for Indigenous well-being National Indigenous statistical frameworks and tools can be improved by:

- Introducing a consistent Indigenous business identifier that acknowledges the stage of maturity of the Australian Indigenous business sector, into the Australian business registry system, the tax office, and business surveys undertaken by the ABS.

- Increasing the frequency of the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) from six to every four years to provide more timely data about Indigenous populations; or consider re-aligning the ABS survey model to streamline NATSISS and the 6 yearly NATSIHS (National Aboriginal and Torres Strait Islander Health Survey) sample and questionnaire content into a single survey enumerated on a more regular basis.

- Working with Indigenous organisations and community representatives to develop indicators and data by remoteness category related to subsistence, access and use of traditional lands and waters, and internet access and use (potentially by increasing the scope of NATSISS).

- Ensuring the monitoring of progress through "Closing the Gap" includes disaggregated analysis and reporting by remoteness category, and compares progress for Indigenous peoples across different types of regions.

- Working with Indigenous organisations and community representatives to develop some pilots on statistical reporting based on the traditional boundaries of language and social groups.

Increasing access to local data that can be used by Indigenous groups for community planning by:

- Developing an online platform for local Indigenous communities to disseminate data tools, build capacity, and share lessons and good practices.

- Prioritising support for higher education research into Indigenous data and community and economic development.

- Providing seed funding for Indigenous-led data projects and development of local indicators, data analytics and GIS capabilities (including continuing the partnership work of Geosciences Australia and the CSIRO, and promoting philanthropic and private sector co-investment in these efforts).

- Work with State and Territory Governments to increase availability of data about land use and natural resources.

Strengthening Indigenous data governance by:

- Supporting Indigenous-led institutions to develop data governance models, research ethics guidelines, and protocols for data use and sharing.

- Removing administrative barriers (through changing procurement rules, service agreements, data sharing protocols) to enable the sharing of data between service providers and Aboriginal organisations (e.g. to support collaborative initiatives such as Empowered Communities).

- Embedding data and analytical capacities into the National Indigenous Australians Agency (NIAA) regional network to provide support for rural remote communities to utilise data in planning and decision-making.

- Ensuring the monitoring reports on the Partnership Agreement on Closing the Gap includes a component on progress in improving Indigenous statistical frameworks, addressing data linkage issues, and supporting Indigenous data sovereignty.

Assessment 2: Creating an enabling environment for Indigenous entrepreneurs and small business

> Indigenous entrepreneurship and business development are critical to self-determination and unlocking the potential of regional economies

Indigenous entrepreneurship and business growth are fundamental to addressing the challenges facing Indigenous peoples across different regions. Entrepreneurship presents Indigenous peoples the

opportunity to use assets and resources in ways that align with their objectives for development and generate opportunities to build wealth and create jobs. Typical market failures such as asymmetric information and the inefficient allocation of credit are often more pronounced in the Indigenous small business sector. This can be due to the regulatory and administrative arrangements governing Indigenous lands, discrimination and poor credit histories. In addition to these traditional arguments about government intervention, a proactive approach to Indigenous business growth supports self-determination by reducing dependency relationships and increasing decision-making autonomy. Given the relative demographic and economic importance of Indigenous Australians to rural regions, addressing these challenges can also help unlock the growth potential of regional economies.

Geography is an important factor in shaping the economic development opportunities available to Indigenous communities. Development opportunities and challenges differ whether firms are located in a metropolitan region, rural areas close to cities, and in rural remote regions. Cities offer a greater diversity of opportunities due to the scale and density of economic activity – for example in the public procurement market. In contrast, rural areas have thin markets, lower levels of human capital, and productivity and growth depend upon specialising in tradeable activities. In rural areas security of tenure, land use regulation and administration, enabling infrastructure to access external markets, and presence of resource endowments and amenities are critical factors in shaping the possibilities for economic development.

Land tenure arrangements shape trajectories of Indigenous business and economic development. A key characteristic of the Indigenous economy are legal rights over the use of land, water and sub-surface resources. Over the past 50 years, the amount of land with Indigenous ownership and interests has increased significantly in Australia. In 2017, 48.5% of Australia's land mass had some form of Indigenous rights, and a further 28.1% was subject to claimant application for Native Title. Although the primary purpose of these property rights is to protect activities that are essentially outside the formal market economy (traditional use of land, and waters that existed prior to European settlement) they also have commercial value. Current arrangements for managing and regulating Indigenous lands create barriers to economic development. This includes complex and lengthy procedures to secure land and leasing of it, dependency on multiple local, state and Commonwealth agencies to secure approvals, weak links with local municipalities in terms of land use regulation, infrastructure and services, and lack of authority and capacity to map land and identify areas for development potential. Overall, local Indigenous institutions lack effective control of land. A 2014 report by the Council of Australian Governments (COAG) on reforming Indigenous land administration identified many of these challenges, and implementing its recommendations should be a matter of priority.

Indigenous communities value development outcomes that strengthen cultural well-being and this is driven by local innovation

The analysis of Indigenous economic development includes six local communities that are diverse. During the fact-finding mission in July 2018 the OECD engaged with six communities across Western Australia, South Australia, the Northern Territory, New South Wales, and Victoria. These communities are located in urban regions, and rural regions with different characteristics (close to cities, remote, with different resource endowments and amenities). These Indigenous communities and different types of regions are:

- Anangu Pitjantjatjara Yankunytjatjara (APY) and Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) lands covering the Northern Territory, South Australia and Western Australia (remote with limited resources and amenities).
- Broome and the Dampier Peninsula (remote with abundant resources and amenities).
- East Arnhem Land in the Northern Territory (remote with abundant resources and amenities).

- Ntari/ Hermannsburg in the Northern Territory (remote with limited resources and amenities).
- Shepparton/ Goulburn Valley (close to city with limited resources and amenities).
- Western Sydney (metropolitan region).

These communities are linked by a common set of values that integrates economic development with the strengthening of connections to country and traditional culture. The most significant challenges in relation to economic development and participation is in rural remote areas with large Indigenous populations. These communities have a different development context shaped by traditional hunting, fishing and food gathering, cultural obligations, and sharing resources amongst kinship groups. These local communities also have developed opportunities linked to the primary sector and tourism. There are some good examples across these communities of leveraging land and water assets, and procurement opportunities, to facilitate economic diversification and job creation. Local Indigenous leaders and institutions have played a key role in activating these opportunities.

Developing local Indigenous economies is a complex task that requires strong local institutions and flexibility from governments. Effective local Indigenous-led development institutions are key, which includes strong local leadership, mechanisms that facilitate agreement about development priorities, building the case for change through data and indicators, coordinating investment, and operating community businesses. Local Indigenous institutions (Aboriginal Corporations, Land Councils, and Prescribed Body Corporates) are taking on these roles but do not generally have the skills and resources to do this in a sustainable way. There are also mismatches between local aspirations for development and policy settings related to Indigenous business and economic development. A vision for Indigenous economic development based on strengthening culture and connections to country is not visible in government policy frameworks and decision-making across different levels of government. Policy settings related to Indigenous economic development tend to focus on public procurement and industrial development opportunities. Engagement with local governments and Regional Development Australia (RDA) Committees are absent or weak. Within this context, there are examples of governments providing support to local community efforts in a flexible way that empowers Indigenous organisations.

> Although advances have been made in the policy framework for economic development, further efforts are needed across different levels of government to recognise the unique strengths of Indigenous economies and the importance of community economic development

The overarching policy framework for Indigenous affairs during the last decade has been 'Closing the Gap on Indigenous disadvantage' which was launched in 2008. This framework is based on the logic of achieving greater equity in socio-economic outcomes between Indigenous and non-Indigenous Australians. In relation to economic participation, the key target set was to halve the gap in employment rates by 2018. A National Partnership Agreement was developed which focused on coordinating Commonwealth, State and Territory efforts in regards to public employment services, Indigenous employment in the public sector, and preferential procurement. This framework provides a long-term and bipartisan commitment to Indigenous policies including economic development. Indigenous Australians were not engaged in the development of this framework in 2008; however, a more inclusive consultation process did underpin a refresh of the framework in 2016. A new framework for 'Closing the Gap' (2018) continues the focus on employment participation, and has added a new dimension on land and sea rights.

Over the past decade, the Australian, State, and Territory Governments have made significant progress in policy frameworks to support Indigenous economic participation but challenges remain. Over the past decade, the focus has shifted from reforming employment services toward increasing demand for

Indigenous business through preferential procurement. The Australian Governments 2018 Indigenous Business Sector identified a number of measures to improve access for individual entrepreneurs and business owners to finance and business support services. This progress is mirrored at a State and Territory level. Despite this progress, there are still a number of weaknesses in the policy framework that need to be addressed:

- The exclusion and lack of emphasis on Indigenous values and perspectives about development (connection to country, strengthening language and culture, and balancing economic participation with traditional values and cultural obligations).

- Lack of clarity about roles and responsibilities between different levels of government in relation to Indigenous economic development (including the role of local government), and incentives/ support for the inclusion of Indigenous peoples in local and regional development planning and prioritisation, and investment coordination.

- Lack of integration between the Australian Government's policy framework for Indigenous business development with the program priorities of the Indigenous Advancement Strategy (AIS), the Indigenous Land and Sea Corporation (ILSC), and reform measures to land use regulation and administration.

- Lack of acknowledgement and support for local Indigenous institutions to take a leadership role in community economic development (e.g. community planning frameworks and tools, data, and technical assistance).

There is an opportunity to improve the policy framework and address these gaps as part of the implementation agreement of the Joint Council on Closing the Gap. Indigenous business and economic development are a shared responsibility between all levels of government in Australia. In 2019, a Joint Council on Closing the Gap (that includes all Australian governments and peak Indigenous organisations) was established within the framework of the Council of Australian Governments (COAG). The Joint Council has agreed on the following implementation principles to guide Australian Governments and peak organisations over the next decade: shared decision-making between governments and Aboriginal and Torres Strait Islander peoples, strengthening the role of the Indigenous community-controlled services sector, and ensuring systematic and structural transformation of government agencies to deliver on Closing the Gap. The Joint Council is now finalising a Closing the Gap framework that will include policy and implementation principles related to improving Indigenous economic participation.

> In terms of program delivery and implementation, a small number of gaps in supply-side support need to be addressed, along with ways to reduce complexity for entrepreneurs, business owners and local institutions in navigating the support that is already available

The Australian Government's Indigenous Procurement Policy has generated impressive results, and there are opportunities to strengthen this initiative. In 2015, the Australian Government set a target of 3% of the total value of public procurement to Indigenous businesses by 2019-20. It also mandated set-asides in remote areas to incentivise Indigenous participation, and minimum Indigenous content requirements on public procurement contracts. This policy has lifted demand for goods and services from Indigenous owned businesses (in three years the value of contracts awarded to Indigenous businesses increased from AUD 6 million to over AUD 1 billion). In addition to these demand-side measures, support is provided in terms of concessional loans and performance bonds as inadequate capital and assets were identified as a binding constraint to participation in public works. In addition, the Australian Government supports registration and matching through Supply Nation, which is a non-profit entity. As this market matures, better support is needed on the supply side to support firms at key transition points. The efficiency of the market

can also be improved by addressing complexities generated by variations in preferential procurement rules and lack of coordination in public investment between levels of government.

In remote areas, there are a number of specific program and implementation challenges. Preferential procurement policies are less effective in low-density economies because of thin markets. In terms of value, only 18% of public procurement contracts to Indigenous businesses are in predominantly rural regions, which is much lower than the population share of 48%. Other types of policy interventions are needed. This includes reforms to Indigenous land tenure and the need to build the capacity of local institutions such as Prescribed Body Corporates (PBCs) to promote community economic development. The Australian Government's Community Development Program (CDP) is the service for job seekers in remote areas. A business incubator pilot has recently been introduced into the program. However, this will not succeed without a local entrepreneurial and business eco-system to support it and these different elements exist outside of the program (e.g. physical premises, mentors, and financial intermediation). This approach also needs to recognise the different forms of entrepreneurship (not for profit and linked with traditional knowledge and cultural obligations). Finally, primary sectors in remote areas (mining and resources, pastoral activities, and fisheries and aquaculture) are capital intensive, and Indigenous groups tend to lack the capital to participate as equity partners. This reduces incentives for economic development and the opportunities for Indigenous Australians to benefit from it.

Indigenous entrepreneurs, business owners and communities also face some complexities in accessing existing programs and services. The OECD fact-finding mission revealed the difficulties that Indigenous communities and entrepreneurs face in navigating the range of business support that is available, which is a problem acknowledged in a number of reviews commissioned by government agencies. Programs and services may be delivered by different intermediaries (Commonwealth and State agencies, local government, and not for profit entities) that may not have strong relationships with Indigenous communities, or consistent presence in some places (particularly remote areas). Importantly, many of these institutions are not Indigenous-led or owned, which means economic development capabilities are not necessarily developed within communities. The study reviews examples of Indigenous owned financial institutions in North America that present lessons for Australia in addressing these challenges.

Recommendation 2: Creating an enabling environment for Indigenous entrepreneurs and small business

Ensure that the Joint Council on Closing the Gap Framework and associated implementation arrangements include the following policy design and implementation principles related to Indigenous business and community economic development:

- Inclusion of Indigenous values and perspectives about development, and the unique economic contribution and strengths of Indigenous Australians.
- Integration of the broad range of policy settings that support Indigenous business and economic development (business support, land use regulation and administration, infrastructure, employment and skills, and local institutions).
- Identification of different forms of Indigenous business (individual entrepreneurs, community-based enterprises, and social enterprises) and the challenges and opportunities they face.
- Alignment of policy outcomes across levels of government and sectors for Indigenous business and economic development, and articulation of differences in development challenges and opportunities for Indigenous peoples in urban, regional and remote regions.
- Clarification of roles and responsibilities across different levels of government in supporting business and community economic development (including local government).

- Need for mechanisms and tools that support a place-based approach to community economic development.
- Ensuring that evaluation frameworks enable the disaggregation of outcomes across different types of regions to facilitate evaluation, learning and feedback with local Indigenous communities.

Increase opportunities for **Indigenous-owned businesses in the public procurement market** by:

- Harmonising Indigenous procurement rules across jurisdictions (e.g. setting a common target and timeframe, thresholds for direct negotiation/ set asides, and requirements for suppliers related to sub-contracting and employment, and reporting).
- Providing more effective capacity building support for entrepreneurs and small businesses to participate in public procurement markets (e.g. pre-establishment and establishment phases to access finance, insurance and required certifications, cash flow management and business strategy).
- Providing information about the future scheduling of future public works between different levels of government at the regional level to provide greater certainty for Indigenous-owned businesses.

Improve opportunities for **Indigenous-led economic development on traditional lands and in remote areas** by:

- Prioritising implementation of recommendations identified in the 2014 investigation by COAG regarding how to reform Indigenous land administration and use to enable traditional owners to generate economic development opportunities (within the framework of the Joint Council).
- Strengthening the Remote Indigenous Business Incubation model, currently delivered in Community Development Program (CDP) regions, by ensuring this pilot has the elements in place to support entrepreneurial ecosystem in remote areas (appropriate physical space, business expertise, digital technologies, mentors and peer support, and access to financial intermediation).
- Increasing strategic planning, capacity building and economic development support for local Indigenous institutions (Prescribed Body Corporates, local Indigenous corporations and other such entities).
- Considering the establishment of a loan instrument that would enable equity participation by Indigenous groups in mining and resource projects.

Consider support for the establishment of **Indigenous-owned local financial institutions**, which would include:

- An initial capital injection from government.
- Ongoing funding to cover a proportion of operational costs.
- Re-orientating some of the loan and grant functions of Indigenous Business Australia (IBA) to these local institutions, and focusing IBA on capacity building, networking, and technical support.
- Developing partnerships with mainstream financial institution and philanthropic foundations to increase the potential pool of capital available to Indigenous financial institutions.

Assessment 3: Implementing a place-based approach to economic development that empowers Indigenous Australians

> Localised forms of decision-making that empower Indigenous peoples are associated with better outcomes and are consistent with international human rights instruments

A place-based approach to Indigenous economic development is important because it supports self-determination and enables the adaptation of policies to local circumstances. Localised forms of decision-making are consistent with principles embedded in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) that enshrines rights related to self-determination and freely pursuing economic, social and cultural development. Indigenous self-governance is also shown to be associated with better socio-economic outcomes for Indigenous peoples. Activating a development process at the local level requires addressing multiple factors (human capital, infrastructure, innovative capacity) in an integrated way, aligned with local circumstances and cultures. Effective local institutional arrangements are needed that enable Indigenous peoples to mobilise community assets, organise development at different geographic scales, and work effectively in partnership with different levels of government.

> ## A place-based approach requires a long-term commitment to strengthening Indigenous capacities to promote economic development at the local level

Local Indigenous institutions are the foundation of this place-based approach; however, capability gaps reduce their effectiveness. There is a multiplicity of local Indigenous institutions across Australia. These include Indigenous municipalities, Indigenous corporations and co-operatives, and Prescribed Body Corporates (PBCs). These institutions have been set up under different legislative frameworks at Commonwealth and State and Territory levels. They lack own-source revenues and tend to rely on government funding agreements and project-based funding that restricts their capacity to act and imposes administrative costs. Local institutions are important for community economic development because they can facilitate negotiation and dialogue among key actors and activate a development process. Often, local Indigenous institutions are unable to fulfil these functions because they have restricted mandates, are small, and do not the right mix of skills and capabilities. These capability gaps include leadership, community planning, technical skills (e.g. finance and legal), and business and commercial skills. Current support for institutional capacity building is not sufficient in coverage or prioritised to address critical gaps as is needed (e.g. the start-up phase of a Prescribed Body Corporate).

Strengthening the ecosystem that supports these local institutions will enable them to take a leadership role in economic and community development. Currently, capacity-building programs target individual institutions while economic development programs focus on individual firms. However, consideration also needs to be given to strengthening co-development institutions required for community economic development. These intermediaries include regional advisory services (that can provide technical assistance and policy advice), Indigenous research institutions (that can build a body of knowledge, produce data, and promote knowledge-exchange), and community brokers (who can coordinate and build linkages to access resources). Governments at all levels need to consider how they can use their policy levers (policy, grant funding, coordination and facilitation, and service design) to create incentives for strengthening this eco-system.

Benefit sharing provides another mechanism available for local Indigenous institutions to mobilise economic and community development opportunities. Under the Native Title Act (1993), traditional owner groups can develop agreements with project proponents wishing to undertake commercial development on Indigenous lands. These Indigenous Land Use Agreements (ILUAs) are often confidential to third parties and concern how private interest holders want benefits paid. There is a risk that these agreements predominantly focus on short-term monetary benefits for individuals and families and do not build long-term resilience. Government cannot direct how benefits are used but it can incentivise certain strategies and provide guidance and data to inform decision-making. Using these agreements to support a long-term community economic development process requires consensus from the community on development priorities, a framework for monetary benefits that increases incentives for commercial partnerships and

own source revenues, demand-side measures from companies (preferential procurement and employment), and complementary supply-side measures from government (e.g. infrastructure investment and employment and training).

Government also sets the framework conditions for local Indigenous institutions – and changes are needed to facilitate economies of scale and shared decision-making

Local Indigenous institutions also require mechanisms that strengthen regional partnerships to build scale, access ideas and resources, and mobilise investment opportunities. Local Indigenous institutions (PBCs, corporations) often do not have the economies of scale or scope to address complex economic development issues. Mechanisms that might incentivise local institutions to build scale and connect with institutions that shape local and regional development policies are lacking, which results in inconsistent links with:

- Local governments that have responsibilities in areas such as community planning, local economic development, local infrastructure, and service provision (noting these operate under different States and Territory legislative frameworks).
- The Australian Governments Regional Development Australia (RDA) Committees that undertake regional strategic planning, identify and facilitate projects, disseminate information about government programs, and inform government of regional priorities.

Current legislative and funding frameworks at Commonwealth and State and Territory levels result in a complex landscape of small local Indigenous institutions with limited financial capacity. There is a need to identify ways to build scale and link local Indigenous institutions with public institutions responsible for economic development and public investment decision-making. This includes how to strengthen the brokering and facilitating role of the NIAA regional network, coordination with RDAs and local governments, and supporting regional alliances and agreements between First Nations.

The Regional Network of the National Indigenous Australians Agency (NIAA) has the potential to play a stronger role in implementing a place-based approach. The primary interface for the Australian Government with local Indigenous communities is the regional network of the NIAA. As at 31 January 2018, the Network comprised over 550 staff in around 82 locations across urban, rural and remote Australia. Historically, these staff have been engaged in the administration and delivery of Indigenous specific programs under various departments and agencies. The NIAA has a focus on shifting toward a more proactive approach focusing on working with local communities to identify opportunities and bottlenecks, and coordinating within government, private and philanthropic sectors to address them. However, the staff in the regional network do not have sufficient capability and tools – such as entrepreneurial skills, community planning frameworks, and budget flexibility - to implement this place-based approach. Policy makers should also avoid imposing a one-size-fits-all model for what this might look like on the ground. Given the diversity of conditions across Australia's First Nations, and in the absence of a formal or guaranteed process for agreement making with Indigenous peoples, a bespoke approach is needed.

Governments set the framework and incentives for a place-based approach by creating mechanisms that enable opportunities for meaningful participation, and coordinating and aligning policies and investments at the local level. There is no formal representative institution for Indigenous Australians to ensure they have a say in matters that affect them. As a result, the quality of engagement and consultation with Indigenous Australians is inconsistent across Commonwealth departments and agencies, and between levels of government. Over the last two decades, there have been many changes to organisational structures in Indigenous Affairs ranging from the abolition of the Australian and Torres Strait Islander

Commission (ATSIC) to a number of machinery of government changes. The institutional landscape at a local level is complex and small scale with ad-hoc and inconsistent support provided by governments. The Joint Council on Closing the Gap provides an opportunity to develop a more coherent and comprehensive national policy framework for Indigenous economic development, which can be used as a basis to better coordinate investment and shift to a longer-term funding approach. There is also a need to improve policy coherence at the local level and deliver support in a way that empowers Indigenous communities and organisations. There has been a range of experiments in implementing these approaches including place-based trials through COAG and local decision-making initiatives in New South Wales and the Northern Territory. Lessons from these initiatives suggest the following design features are important to successfully implementing a place-based approach to Indigenous economic and community development:

- Supporting a regional approach that allows local Indigenous groups to self-organise at a scale that enables management of economic development and service delivery issues.
- Long-term commitment of at least 10 years that is matched to community capabilities and aspirations with an objective of working toward self-determination (greater Indigenous control over local resources and decision-making).
- Clarity about government roles and responsibilities across different points of a continuum of working with Indigenous organisations from information sharing to empowerment.
- Investing in organisational capacity building (leadership, mentoring and peer-to-peer learning, financial management, and planning and data analytics).
- Co-design of engagement protocols and formal agreements that is tailored to different communities.
- Leadership from central agencies to ensure coordination and redesign of policy, programs, service models, and funding mechanisms.
- Place-based accountabilities and coordinating mechanisms – regional coordinating bodies that can provide an interface with regional Indigenous groups, and making senior officials and Secretaries responsible for place-based outcomes.

Recommendation 3: Implementing a place-based approach to economic development that empowers Indigenous Australians

Strengthen the capacities of local Indigenous institutions to promote community economic development by:

- Consolidating existing funding support for institutional capacity building into a single program (alongside the other 5 themes of the Indigenous Advancement Strategy).
- Increase overall funding to better address capability gaps and re-focus support on strengthening institutional capacities that address these gaps (leadership, technical skills e.g. finance and legal, and business and commercial skills) at critical points in the lifecycle (e.g. pre-establishment of PBCs).
- Expand the range of institutional capacity building activities that can be supported to encompass support for community planning, business case development, and local area data.
- Strengthen the role of Indigenous-led third party organisations in delivering these programs including support to develop guidance, the sharing good practices and lessons, and coordinating local effort.
- Ensure support is available for institutional capacity building through the proposed Indigenous business hubs.

Build scale in Indigenous community and economic development by:

- Adjusting public procurement and service delivery models (e.g. greater flexibilities and specific funding for coordination) to support collective impact approaches.

- Working with industry and Indigenous groups to developing good practice guidance, tools, and leading practices on how to leverage Indigenous Land Use Agreements (ILUAs) to deliver sustainable community and economic development outcomes.

- Working with the local government sector on developing good practice guidance, tools, and leading practices on the role of local government in Indigenous community and economic development.

- Consider including a specific reference to Indigenous economic and community development in the Regional Development Australia (RDA) Charter, and stocktaking and sharing existing leading practices about how RDAs work with Indigenous communities on economic development issues.

- Including regional scale collaboration as a criterion within relevant program streams under the Indigenous Advancement Strategy.

Embed a **place-based approach** in the operational model of the National Indigenous Australians Agency (NIAA) regional network by:

- Re-scoping roles, training and mentoring to develop more entrepreneurial skills and capabilities in community development, stakeholder engagement, data analytics, networking, negotiation, and business support.

- Delivering guidance, tools and support material to support community planning for Indigenous groups.

- Providing resources and expertise for Indigenous organisations to develop and use data.

- Having an agreed joint budget mechanism at the local level linked to a set of locally agreed outcomes.

- Delegating funding authority to regional managers and empowering them to deliver on local area outcomes.

Improve the **inclusion of Indigenous peoples in Australian Government decision-making** and reform **multi-level governance and funding arrangements** by:

- Developing a common framework and good practices for consultation across Australian Government departments and agencies.

- The NIAA taking a whole of government leadership role in monitoring consultation, promoting best practices, and delivering training and guidance on consultation.

- Using the Closing the Gap as a framework for joint appropriations that provide long-term funding for multiple Commonwealth departments and agencies to deliver on shared outcomes.

- Establishing a model for shared local decision-making through the Joint Council on Closing the Gap that enables agreements on local area outcomes and pooling of budgets between levels of government to support Indigenous community and economic development.

2 Indigenous well-being, statistical frameworks and data governance

This chapter presents an overview of the well-being of Indigenous Australians at a national and sub-national level and makes recommendations on how to improve statistical frameworks and data governance. The chapter begins by profiling Indigenous socio-economic and demographic trends. This analysis reveals the challenges for development in rural remote areas, diversity of outcomes across all types of regions, and reinforces the need for a place-based approach to Indigenous economic development policies. The chapter then assesses how to improve the quality of Indigenous statistics and support community-based approaches to indicators and data. This includes coverage of issues such as statistical definitions, business data, incorporating Indigenous values and perspectives into statistical frameworks, and Indigenous data sovereignty.

Assessment and recommendations

Assessment

- Contemporary Indigenous economies are embedded in a specific context that emphasises kinship relations, culture, and connection to country. Past government policies resulted in the disruption and loss of traditional territories, and Indigenous Australians were denied the opportunity to earn a decent income, build wealth, and transfer it between generations.

- Over the past 50 years, significant advances have been made in Indigenous rights, including rights to land and development. Indigenous Australians have developed businesses across a range of activities ranging from mining related services, to arts and cultural, and food production.

- Australia's Indigenous population is distinct because of its relative growth, youth, and concentration in rural areas. According to the OECD territorial definition, 48% of the Indigenous population live in predominantly rural regions compared to 17% for the non-Indigenous population.

- Moving beyond national averages and focussing on the sub-national level helps to better understand the nature of Indigenous well-being and inequalities. For example, the gap between the Indigenous and non-Indigenous employment rate is -20 percentage points in predominantly urban regions, and -35 percentage points in predominantly rural regions.

- Indigenous Australians located in rural or low-density economies face a particular set of challenges and opportunities associated with small and dispersed populations, higher transport and communication costs, resource endowments and amenities, and local markets that offer a limited set of goods and services. Policy settings for business and economic development have to be tailored to these relatively unique circumstances.

- Since the 1970s, Australian governments have progressively improved statistics about Indigenous peoples but some gaps remain. For example, there is no common Indigenous business definition in the system of national statistics and this makes it difficult to make accurate statements about the size, composition and trends in this sector.

- The design and organisation of Indigenous statistics is primarily driven by government agencies. The "Closing the Gap" framework focuses on gaps in socio-economic outcomes between the Indigenous and non-Indigenous populations. Statistical products for local Indigenous communities are lacking, and existing survey instruments do not collect sufficiently disaggregated or regular data about issues that matter for Indigenous peoples (e.g. culture and traditional knowledge).

- Indigenous representatives are included in an advisory capacity in regards to the creation and dissemination of statistics by the Australian Bureau of Statistics (ABS). However, support to empower local Indigenous institutions to collect data and use it to inform community decision-making is generally lacking.

Recommendations

National Indigenous statistical frameworks and tools can be improved by:

- Introducing a consistent Indigenous business identifier that acknowledges the stage of maturity of the Australian Indigenous business sector, into the Australian business registry system, the tax office, and business surveys undertaken by the ABS.

- Increasing the frequency of the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) from six to every four years to provide more timely data about Indigenous

populations; or consider re-aligning the ABS survey model to streamline NATSISS and the 6 yearly NATSIHS (National Aboriginal and Torres Strait Islander Health Survey) sample and questionnaire content into a single survey enumerated on a more regular basis.

- Working with Indigenous organisations and community representatives to develop indicators and data by remoteness category related to subsistence, access and use of traditional lands and waters, and internet access and use (potentially by increasing the scope of NATSISS).

- Ensuring the monitoring of progress through "Closing the Gap" includes disaggregated analysis and reporting by remoteness category, and compares progress for Indigenous peoples across different types of regions.

- Working with Indigenous organisations and community representatives to develop some pilots on statistical reporting based on the traditional boundaries of language and social groups.

Increasing access to local data that can be used by Indigenous groups for community planning by:

- Developing an online platform for local Indigenous communities to disseminate data tools, build capacity, and share lessons and good practices.

- Prioritising support for higher education research into Indigenous data and community and economic development.

- Providing seed funding for Indigenous-led data projects and development of local indicators, data analytics and GIS capabilities (including continuing the partnership work of Geosciences Australia and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), and promoting philanthropic and private sector co-investment in these efforts).

- Work with State and Territory Governments to increase availability of data about land use and natural resources.

Strengthening Indigenous data governance by:

- Supporting Indigenous-led institutions to develop data governance models, research ethics guidelines, and protocols for data use and sharing.

- Removing administrative barriers (through changing procurement rules, service agreements, data sharing protocols) to enable the sharing of data between service providers and Aboriginal organisations (e.g. to support collaborative initiatives such as Empowered Communities).

- Embedding data and analytical capacities into the National Indigenous Australians Agency (NIAA) regional network to provide support for rural remote communities to utilise data in planning and decision-making.

- Ensuring the monitoring reports on the Partnership Agreement on Closing the Gap includes a component on progress in improving Indigenous statistical frameworks, addressing data linkage issues, and supporting Indigenous data sovereignty.

Introduction

This chapter presents an overview of the well-being Indigenous Australians at a national and sub-national level. The chapter contains two parts. Part 1 deals with the analysis of Indigenous well-being and has four elements. First, Indigenous economies are located in an historical and cultural context. Contemporary socio-economic outcomes for Indigenous peoples cannot be separated from their distinct culture, and a history of dispossession and assimilation. Second, key demographic trends including the growth and composition of the population and its spatial distribution, are discussed. Third, the OECD well-being framework is used to assess Indigenous well-being outcomes at a national level, including comparisons with other jurisdictions. Fourth, analysis is undertaken of Indigenous well-being at a sub-national level, between States and Territories, and between urban, intermediate and rural regions. This analysis reveals the challenges for development in rural remote areas, diversity of outcomes across all types of regions, and reinforces the need for a place-based approach to Indigenous economic development policies. Part 2 of the chapter assesses how to improve the quality of Indigenous statistics and support community-based approaches to indicators and data. This includes coverage of issues such as statistical definitions, business data, incorporating Indigenous values and perspectives into statistical frameworks, and Indigenous data sovereignty.

Box 2.1. A note on method and the territorial classification

The analysis benchmarks the main demographic trends and well-being outcomes at national and sub-national level (TL2 and TL3) against non-Indigenous peoples, and compares them with outcomes for Indigenous peoples in Canada and the United States. Throughout this chapter, both the OECD typology and the Australian Standard Geographical Classification System will be referenced.

This chapter uses evidence drawn from the Australian Bureau of Statistics Census and other sources such as National Aboriginal and Torres Strait Islander Social Survey, 2014-15. The Census in performed every 5 years. Data from the NATSISS defines territories on the basis of Australian Standard Geographical Classification System by the Australian Bureau of Statistics (ABS). The classification distinguishes five classes of remoteness which are the following: Major Cities of Australia, Inner Regional Australia, Outer Regional Australia, Remote Australia and Very Remote Australia.

The OECD has developed a regional typology of Territorial Level 2 (large regions, TL2) and Territorial Level 3 (small regions, TL3) regions to compare regional performance across member countries. In Australia, TL2 is equivalent to a State and Territory, and a TL3 to an SA4 (labour market region) (Annex A).

The OECD taxonomy defines TL3 regions as predominantly urban, intermediate and predominantly rural. The OECD scheme distinguishes between two levels of geography within countries: a local community level and a regional level. Local communities are defined as basic administrative units or small statistical areas. They are classified as either predominantly rural or predominantly urban using a population density threshold. In a second step, TL3 regions, which correspond to larger administrative units or functional areas, are defined as predominantly urban, intermediate or rural with a criterion measuring the share of population living in rural communities.

The first step in the OECD territorial typology is that of classifying "local units" (administrative entities at a geographical level lower than TL3) as rural if their population density is below 150 inhabitants per km^2. In a second step, the local units are aggregated into TL3 regions and classified using the percentage of population living in rural local units as:

- "Predominantly urban" (proportion of regional population living in rural local units is below 15%).
- "Intermediate" (proportion of regional population living in rural local units is between 15% and 50%).
- "Predominantly rural" (proportion of regional population living in rural local units is greater than 50%).

A third step takes into account possible reclassification of predominantly rural and intermediate units based on the population size of their main agglomeration.

- Intermediate regions are re-classified as predominantly urban if they have an urban centre with a population more than 500 000 people that is greater than 25% of the regional population.
- Rural regions are re-classified as intermediate if they have an urban centre of more than 200 000 people which is greater than 25% of the regional population.

Finally, rural regions are differentiated as "Predominantly rural close to cities" and "Predominantly rural remote" depending on whether 50% of the regional population are within 60 minutes driving time to an urban locality of more than 50 000 people.

Source: Brezzi, M., L. Dijkstra and V. Ruiz (2011[1]), "OECD Extended Regional Typology: The Economic Performance of Remote Rural Regions", http://dx.doi.org/10.1787/5kg6z83tw7f4-en.

Indigenous economies in a historical context

Pre-settlement economy

Contemporary Indigenous economies within an historical and cultural context. Many Indigenous peoples say they have been in Australia since the land was created. Contemporary western scientific evidence currently suggests that mainland Australia was first settled by Indigenous peoples approximately 65,000 years ago, with Torres Strait Islanders first living and hunting in the islands to the north soon after the islands formed around 7 000 years ago (Matthews, 2016[2]; Clarkson et al., 2017[3]). The period prior to colonisation in 1788 has long been characterised as hunter-gatherer societies. These societies were organised around different clans that occupied particular territories. The use of land and water by different clans were governed by rituals and spirituality, which emphasised kinship and connection. For some Indigenous peoples these close connections to country continue to this day (Box 2.2). This belief system is based on the idea that the land was created by ancestors during the dreaming which in essence is timeless because ancestral spirits live on in the landscape. This has different origins to the Judeo-Christian belief that humans are distinct from other species (because they have a soul), and God created nature for humans to have mastery over. Although there is a debate about different interpretations of the scripture (Hitzhusen, 2007[4]), the Indigenous relationship with nature, mediated through this belief system, implies some differences. These philosophical differences are not absolute or mutually exclusive, but are essential to having insight to how Indigenous peoples relate to land and development issues.

Within the framework of the dreaming and connection to country, an Indigenous economy thrived in the period before white settlement. Each clan had a shared responsibility to look after the country and used fire in sophisticated ways to manage the landscape to make hunting and food gathering easier and more predictable (Gammage, 2011[5]). An emerging historiography argues that at least some clans may have developed forms of agricultural and aquaculture systems including sowing plant species and the storing of grains, although such debates turn on the definition of boundaries between agriculture and hunter-gatherer modes of production (Pascoe, 2015[6]). Clans specialised in different activities based on their resource

endowments and technological advantages, and traded in products such as ochres, stone axes, pearls and boomerangs. From the 1600s, Indigenous groups in northern Australia also participated in trading relationships with Indonesians engaged in trepang fishing for the Chinese market (Blair and Hall, 2013[7]). It is impossible to now know the precolonial population of mainland Australia with any degree of precision, but it has been estimated at between 250 000 and around one million people (Hunter, 2014[8]).

Box 2.2. Indigenous connections with country

"The land has everything it needs. But it couldn't speak. It couldn't express itself. Tell its identity. And so, it grew a tongue. That is the Yolngu. That is me. We are the tongue of the land. Grown by the land so it can sing who it is. We exist so we can paint the land. That's our job. Paint and sing and dance. So it can feel good to express its true identity. Without us it cannot talk. But it is still there. Only silent.

People should listen and learn and understand, because this is what Australia means. Australia has patterns and designs and stories, and objects beyond that. Australia has a culture, a significant culture for both worlds. For blackfella and whitefella to know about and to understand. What is the meaning of blue-white water in the sea? And the green ferrying water running from the inland? And also the aggy baggy blue water inland? It is all meaningful, and they all have stories, songs, patterns and designs. And this is what I say; this knowledge is a document and our titles for our country.

But we are on a different territory today when new things are coming into our lives, like mining and money affairs. Sometimes this makes Yolngu people move away and not care about what belongs to us. But we need to care for our bays and rivers, water holes and rocks – it is a very powerful part of our connections and titles that we remain to care for those countries."

Djambawa Marawili AM, a leader of the Madarrpa clan, Yolngu people, and Member of the Prime Minister of Australia's Indigenous Advisory Council

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Dispossession, protection and assimilation

The British created a permanent settlement at Sydney Cove in 1788, which was based on the principle of terra nullius (no one's land). The colonisation process involved frontier violence and dispossession, including organised state-sponsored campaigns under a series of colonial regimes. Although there were some accommodations and interdependencies, the effects of colonisation on the economies of Indigenous peoples were profound and ongoing (Keen, 2010[9]). The colony initially started as a penal settlement, and agriculture spread into the hinterland (Sydney basin and the Hawkesbury) to order to supply the settlement. From the 1820s, the export of fine wool and other agricultural commodities to Britain and European market stimulated further settlement of the land and expansion of the agricultural frontier (Butlin, 1994[10]). The discovery of gold and other minerals and metals from the 1840s gave further impetus to the development of the colonial economy. Pastoral and mining industries require land and this had a devastating impact on Indigenous economies and societies. Land management regimes were disrupted, agricultural and aquaculture systems were destroyed, and successive generations were alienated from economic resources and the capacity for self-provisioning (Goodall, 1996[11]). At the same time, the acquisition of land had rapidly increased the wealth and power of settler colonists and, consequently, their control over Aboriginal peoples' lives. By the time of the federation of Australia in 1901, the Indigenous population had likely declined to around 100 000 (Smith, 1980[12]).

During the 19th century, many Indigenous peoples effectively became wards of the State and religious institutions. One consequence was that Indigenous peoples did not have the opportunity to acquire assets, build wealth, and earn decent wages. Protection laws, first enacted under the various colonies before Australian federation, stressed that government had a duty to protect Indigenous peoples, who it believed

were dying out. Reserves and Christian missions for Indigenous peoples were established from the early 1800s, and the colonies employed Aboriginal 'Protectors' or Protection Boards – ostensibly to provide protection but with total control over Indigenous peoples' lives and, in many cases, legal guardianship over the children (Australian Institute of Aboriginal and Torres Strait Islander Studies, 2019[13]). This system eventually allowed for the removal of many Indigenous children from their families and their placement into 'training' institutions where they were systematically denied access to kin and culture – these people have come to be known as the Stolen Generations (Australian Human Rights Commission, 1997[14]).

At Federation in 1901, the Australian constitution made exclusionary references to Aboriginal people, effectively leaving their welfare in the hands of the state governments. The population of Indigenous people of mixed descent was increasing, and there was a new policy imperative for mixed descent people to move off government rations and join the workforce. Governments believed that the mixed descent population could 'merge' with the non-Indigenous majority (Australian Human Rights Commission, 1997[14]). Protectors and Protection Boards had authority to indenture wards to jobs off the reserves such as in domestic work. Many people forced into these employment relationships were further disadvantaged through the withholding of wages and allowances that were held in trust by state officials but, in many cases, never distributed to the workers (Australian Senate, 2006[15]). Indigenous peoples were also working in the pastoral industry, where station managers often paid low or no wages (Rowse, 2017[16]).

From the late 1930s the policy focus on 'merging' became a more active policy of 'assimilation.' This would ostensibly involve improving the socio-economic condition of Indigenous peoples so they could 'take their place economically and socially in the community' – in theory leading to a dissolution of distinct groups (Australian Human Rights Commission, 1997[14]). However, approaches to development continued to be discriminatory and excluding. Indigenous peoples continued to be ineligible for social security payments. Following the First World War, returning Indigenous servicemen were excluded from the 'soldier settlement' schemes that granted blocks of land to other returning soldiers (The Australian War Memorial, 2019[17]). In addition, until at least the mid-1970s the rights of Indigenous people to access loans were severely restricted, including loans to establish businesses or secure mortgages to enter the private housing market (Whitlam Institute, 2015[18]). Indigenous people were not only forced to endure many waves of trauma and dispossession, but they were also simultaneously denied an economic base and the capacity to accrue economic resources to pass on to future generations.

Resistance and rights to development

During this period Indigenous people were also organising to resist these policies and take back control over their lives. These actions enabled Indigenous peoples to achieve greater equity in the labour market and build assets. From 1946 Aboriginal pastoral workers – supported by a number of unions – commenced industrial action to demand higher pay (Rowse, 2017[16]). Twenty years later, a decision was made by the Commonwealth Conciliation and Arbitration Commission in 1966 to award equal wages to male Aboriginal employees of cattle stations in the Northern Territory, but the slow phasing in of this arrangement and deeper concerns about land rights prompted further industrial action. While some Indigenous Australians had been allowed to vote in Australian government elections since 1949, from 1962 all Indigenous Australians became eligible to vote at the Commonwealth level. Changes brought in between 1941 and 1959 also allowed most Indigenous peoples to receive social security payments (though still largely excluding those living in remote areas) (Rowse, 2017[16]). In 1967, over 90% of the Australian voting population agreed to constitutional changes that allowed Indigenous peoples to be fully included in the national census, and gave the Australian government power to make laws for Indigenous peoples.

From this period, legislative frameworks have been introduced that enable Indigenous peoples to take back control over land assets. Local Indigenous peoples took over control of former missions and reserves, and in some cases returned to traditional lands (Standing Committee on Aboriginal Affairs, 1987[19]). In 1972, the Australian government announced it would make funds available to purchase properties for

Indigenous people, and in 1975, the new Aboriginal Land Fund Commission acquired land that was returned to the Gurindji people in the Northern Territory. Australia's first comprehensive land rights legislation, the Commonwealth's *Aboriginal Land Rights Act (Northern Territory)* (ALRA) was passed in 1976 (Yunupingu, 1997[20]; Attwood, 2000[21]). In the 1980s, Indigenous peoples outside the Northern Territory pressed for land rights legislation similar to the ALRA that recognised inalienable freehold title. Land rights laws were implemented incrementally in six out of eight states and territories.

Two key judgements by the High Court of Australia (Mabo v Queensland in 1992 and Wik peoples v Queensland in 1996) led to national recognition of Indigenous land rights and the creation of legal mechanisms to reclaim land, and therefore build assets. The Mabo decision recognised Indigenous common law rights in land, so long as such rights had not been overridden by the Crown. An administrative process for claiming these 'native title' rights was introduced – and the rights themselves intentionally limited – by the Commonwealth *Native Title Act 1993*. In many cases, native title only recognises use rights including rights to hunt, gather, fish and hold ceremonies on land. Exclusive possession native title (where there has been no extinguishment) allows native title holders to control access to their native title lands and waters (except for mineral exploration and extraction); non-exclusive possession (where there has been partial extinguishment) does not. The Indigenous Land Corporation was established in 1995 with a remit to purchase lands and waters for Indigenous Australians who are unable to claim these back through native title and land rights, and to manage those lands and waters in a manner that will provide economic, environmental, social and cultural benefits to the Indigenous land and sea owners (Jordan, Markham and Altman, 2019[22]). In 1996, the High Court Wik decision found that pastoral leases did not give exclusive possession and therefore native title could co-exist with these lease arrangements. In response to this decision, in 1998, the Government amended the Native Title Act, and introduced Indigenous Land Use Agreement (ILUA) provisions. This provides a set of mechanisms for voluntary agreement making between Indigenous peoples (as traditional owners of land), governments, resource developers and other stakeholders in relation to native title matters and land-use concerns (Smith, 1998[23]). As at 31 December 2017, Native Title Determinations covered a total area of about 2 605 983 sq. km or 36.5% of the land mass of Australia, and at that time a further 28.1% of Australian land was subject to a claimant application for Native Title (Department of the Prime Minister and Cabinet, 2018[24]).

Moving to a (limited) post-settlement future

The economic history of Indigenous Australians is complex and difficult to summarise. However, the contemporary socio-economic outcomes of Indigenous Australians have to be understood within this historical context. For around 65,000 years, Indigenous economies were based on clans crafting the landscape to hunt, cultivate and gather food within defined territories. Trade was conducted to access technologies to support these economies and the societies they sustained. From 1788, the asset base of this economy was progressively stripped after white settlement, which enabled Australia to build its wealth based on pastoral and mining activities. For the next 180 years, until the late 1960s/ early 1970s, Indigenous peoples were denied the right to have a say over political and policy decisions that affected them, and effectively became wards of state and religious institutions with policies based on protection and then assimilation. The social structures and connection to land that had sustained Indigenous peoples for thousands of years was disrupted and, in many cases, destroyed. These arrangements and practices effectively denied the possibility of an equitable accommodation or transition, and Indigenous peoples the opportunity to earn income, receive benefits, and build intergenerational wealth. Over the last 50 years, Indigenous peoples in Australia have fought for and reclaimed rights over decisions that affect their lives and their rights to land and economic development. Statutory land rights regimes at a State level, Commonwealth Aboriginal Land Rights Act (Northern Territory) Act, and Native Title Act have created a set of mechanisms that enable Indigenous peoples to reclaim land for cultural purposes. Spiritual beliefs and cultural practices cannot be separated from livelihoods and the economy, and these Indigenous property rights provide a basis for Indigenous economic development (Altman, 1995[25]; Scott, 2006[26]).

With the right support, this limited post-settlement future presents opportunities to re-build Indigenous economies.

Demography

Size and distribution of the Indigenous population

Indigenous Australians corresponds to a relatively small share of the total population. The size and composition of this population can only be estimated approximately with a low degree of confidence. Population estimates are based on the Australian Bureau of Statistics (ABS) national census that is conducted every five years. Because estimates of the Indigenous population are based on self-identification or identification by a household member of 'Aboriginal and/or Torres Strait Islander origin', the Indigenous population construct is produced through the interplay of an array of political, administrative and cultural factors (Rowse, 2006[27]). Consequently, official estimates of the Indigenous population are likely to be underestimates of the entire group of people who have any Indigenous ancestry. Nevertheless, 649 171 people were identified as Indigenous in the 2016 Census (2.8% of all census records), with adjustments for survey-based estimates of those missed in the enumeration process bringing the official population estimate up to 798 000 (3.3% of the Australian population) (Markham and Biddle, 2018[28]). Among Indigenous Australians, about 91% identified themselves as Aboriginal, and 5% as Torres Strait Islanders and 4% as both Aboriginal and Torres Strait Islanders.

Even though Indigenous Australians represents small part of the population at a national level, in some States and Territories, Indigenous peoples presents a significant share of the population. New South Wales is the state with the largest number of Indigenous peoples, with more than 200 000 Indigenous peoples living inside the state's boundaries (Figure 2.1). The state with the second largest Indigenous populations is Queensland with a total Indigenous population of 185 000. Although these two states have the largest Indigenous population, the Indigenous populations represent less than 5% of the both state's population. Northern Territory is the jurisdiction in Australia with the largest share of Indigenous population of the total population, where the Indigenous population account to 28% of the Territory's total population. The other states and territories' share of Indigenous populations varies from 1.7% (Victoria) to 4.9% (Tasmania).

Figure 2.1. Population distribution by states and territories, 2016
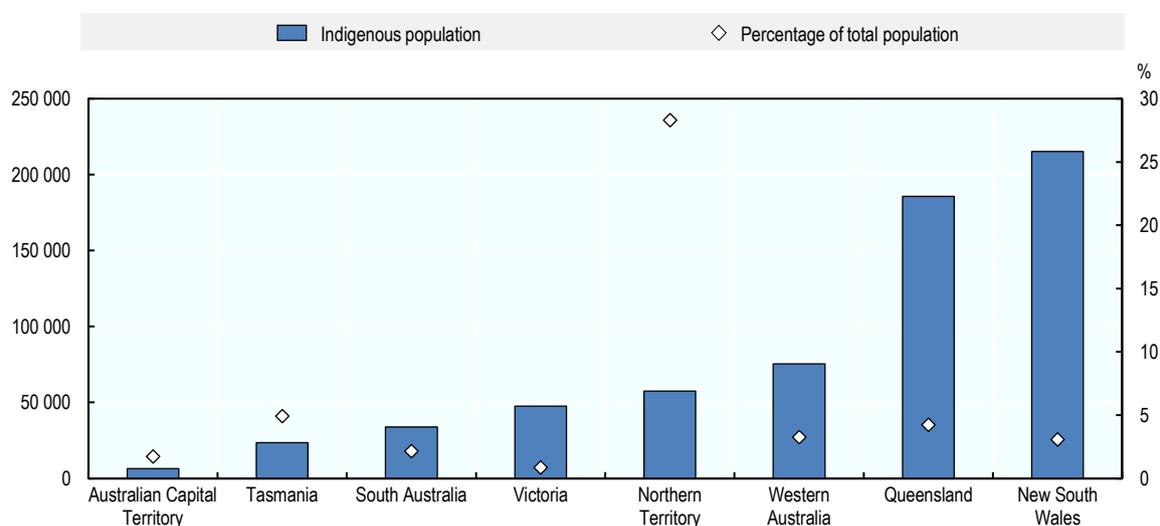
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Box 2.3. Distribution of the Indigenous population at the TL2 level (Australia, Canada, Mexico, New Zealand and the United States)

The high geographical concentration and the share of Indigenous people highlight the significant role of Indigenous peoples in some OECD regional economies. Approximately three-quarters of all Indigenous peoples concentrate in one-third of all TL2 regions in the five selected countries (38 TL2 regions). Table 2.1 highlights the significance of Indigenous peoples in certain regions. Within these regions, the share of Indigenous population varies from 1.66% (California) to 85.86% (Nunavut). In regions such as the Northwest Territories and Nunavut (Canada), Oaxaca (Mexico), Yucatán (Mexico), Indigenous people represent more than 50% of the total regional population. Defined by the number of Indigenous populations living in the region, the region with the largest estimated number of Indigenous peoples is found in the State of Mexico, Mexico with its total Indigenous population of 2 751 672.

Table 2.1. TL2 regions with the greatest share and size of Indigenous peoples (Australia, Canada, Mexico, New Zealand and the United States)

OECD member countries	Top TL2 region	Population	% Indigenous population of the region	% of total national Indigenous population
Australia	Northern Territory	58 806	27	9
	New South Wales	216 000	3	34
Canada	Nunavut	30 550	86	2
	Ontario	374 395	3	22
Mexico	Oaxaca	2 608 093	66	10
	State of Mexico	2 751 672	17	11
New Zealand	Gisborne	19 683	49	3
	Auckland Region	163 920	12	24
United States	Alaska	147 356	20	2
	California	1 081 543	3	16

Note: The Indigenous population data of the United States refers to the Indigenous population identified as American Indian and Alaska Native, alone or in combination.

Source: Data is based on Census of Population and Housing, 2016 (database), TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder; Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start; INEGI (n.d.[31]), *Estimadores de la Población Total y su Distribución Porcentual Según Autoadscripción Indígena por Entidad Federativa, Sexo y Grandes Grupos de Edad [Total Population Estimators and Their Percentage Distribution according to Indigenous Self-identification]*, 2016 for Mexico; Statistics New Zealand (n.d.[32]), *2013 Census (database) for New Zealand*; U.S. Census Bureau (n.d.[33]), *2012-2016 American Community Survey 5-Year Estimates*, Table PEPASR5H, using American FactFinder for the United States.

The Indigenous population is growing

Since the 1971 Census, there has been a clear rising trend in the counts of Aboriginal and Torres Strait Islander people in each successive Census (Department of the Prime Minister and Cabinet, 2018[24]). In 1971, the Indigenous population was estimated to be 150 000, far less than the estimate of 800 000 today. A very large increase was measured between the 1991 and 1996 Censuses (33%), between the 2006 and 2011 Censuses (21%), and again between the 2011 and 2016 Census (18%). Between 1986 and 2016, the growth index of the Indigenous population was 285, which was more than twice as high as the growth index of non-Indigenous population that stood at 137 (Figure 2.2). The change in the population between 1971 and 2016 implies an annual compound growth rate of 3.75%, far beyond the bounds of natural increase (Markham and Biddle, 2018[28]). Rapid increase is likely to continue, with the population projected to reach between 1.2 million and 1.6 million by 2041 (Markham and Biddle, 2018[34]).

Figure 2.2. Demographic change of Indigenous and non-Indigenous peoples, 1986-2016
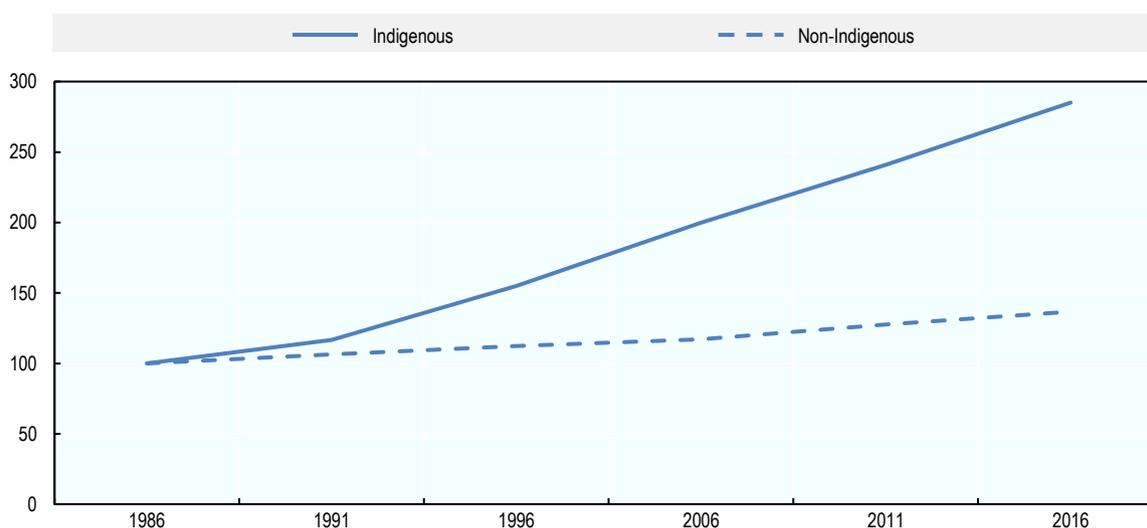
Note: Growth index, 1986=100 line.
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

The rapid population growth of Indigenous peoples has been greater than that can be explained by demographic factors (births, deaths and migration) alone. In fact, the increase of 21% in the Indigenous Australians count from the 2006 Census to the 2011 Census, 70.2% could be explained by natural demographic change (including births and deaths) and migration and the rest 29.8% remains unexplained. However, between the 2011 and 2016 censuses, the share of unexplained factors decreased. Indeed, in 2016, the share of unexplained change in Indigenous counts was 21.4%. The ABS has listed the following factors that influences the change in Indigenous populations' counts: coverage, response rates and propensity to identify (Australian Bureau of Statistics, 2018[35]). Propensity to identify is considered one of the factors influencing the calculation of the size of the Aboriginal and Torres Strait Islander population as changing social norms increase the likelihood that people will self-identify (Biddle and Markham, 2018[36]). Similar trends have been experienced over recent decades in Canada, New Zealand and the United States (Balestra and Fleischer, 2018[37]).

Figure 2.3. Fertility rates of Indigenous women, 2006-16

Number of children born to women
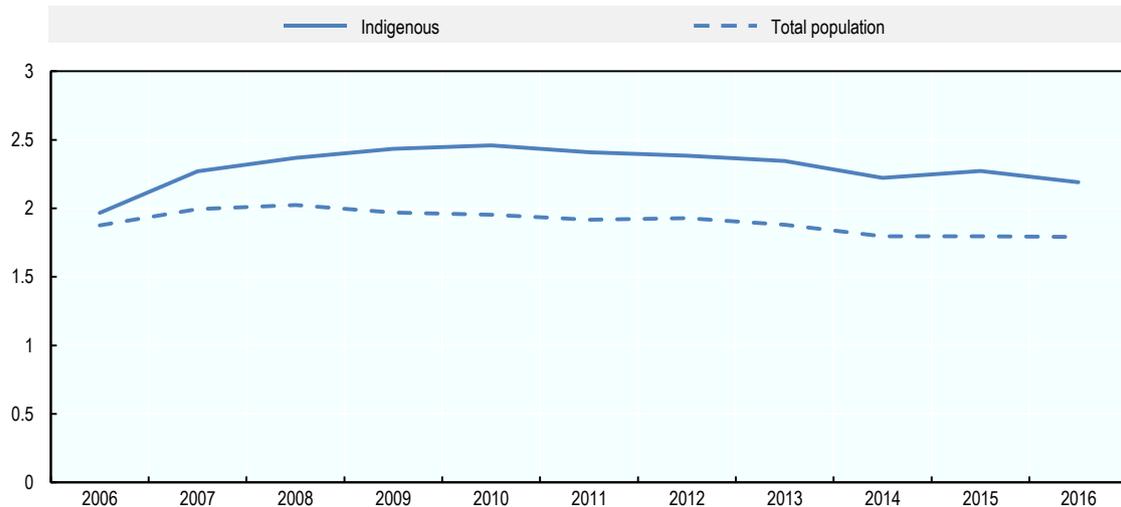
Source: Data drawn from Australian Bureau of Statistics (2016[38])Births dataset, Australia (cat. no. 3301.0), available from the ABS website, http://stat.data.abs.gov.au/.

A relatively higher proportion of Indigenous Australians live in rural regions

Indigenous Australians are more concentrated in the predominantly rural regions than in other types of regions. In 2016, Indigenous peoples represented about 7% of the total population of rural Australia. On the contrary, the share of Indigenous peoples of the total population of urban regions in Australia is 1.5%. Based on to the latest census data, 48% of the Indigenous peoples live in predominantly rural regions and that is about 10 percentage points higher than the share of Indigenous peoples living in urban regions. In 2016, the share of non-Indigenous peoples living in rural regions stood at 17%, which was approximately 28 percentage points lower than the share of Indigenous peoples living in rural regions.

Figure 2.4. Population distribution by type of region, 2016
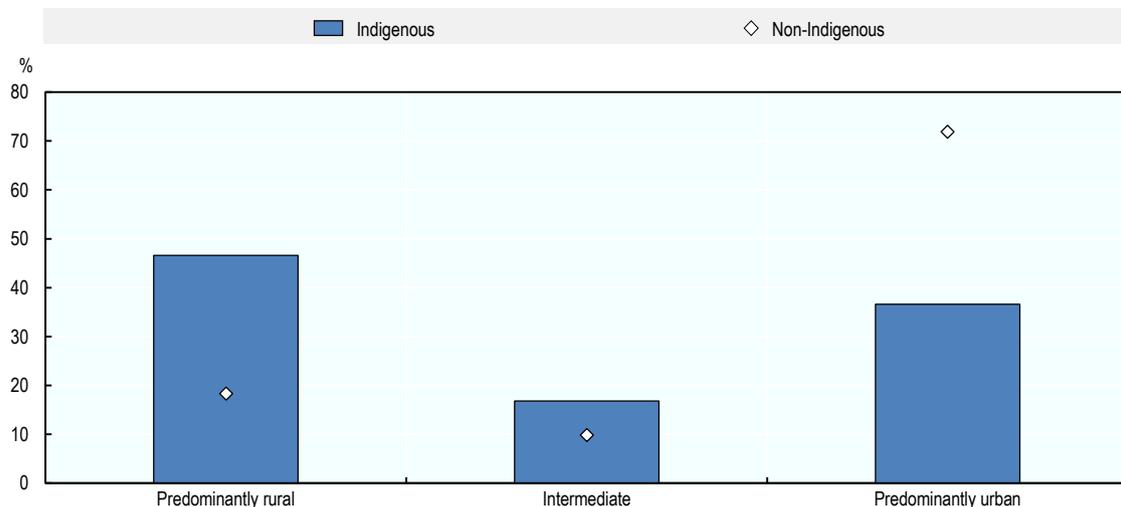
Note: Based on the OECD Territorial Classification.
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

The relative concentration of Indigenous peoples in predominantly rural and intermediate regions (compared to the non-Indigenous population) is common with Canada, Mexico, New Zealand and the United States. On average, 44% of the Indigenous peoples in these countries and Australia live in predominantly rural areas (Figure 2.5). On the contrary, 30% of the total Indigenous populations of the five OECD countries live in urban areas, about 25 percentage points less than the share for the non-Indigenous population living in urban areas. About 5% of the total urban population across these five countries is Indigenous, and for the rural population it is 8%.

Figure 2.5. Distribution of Indigenous population by type of region and country, 2016
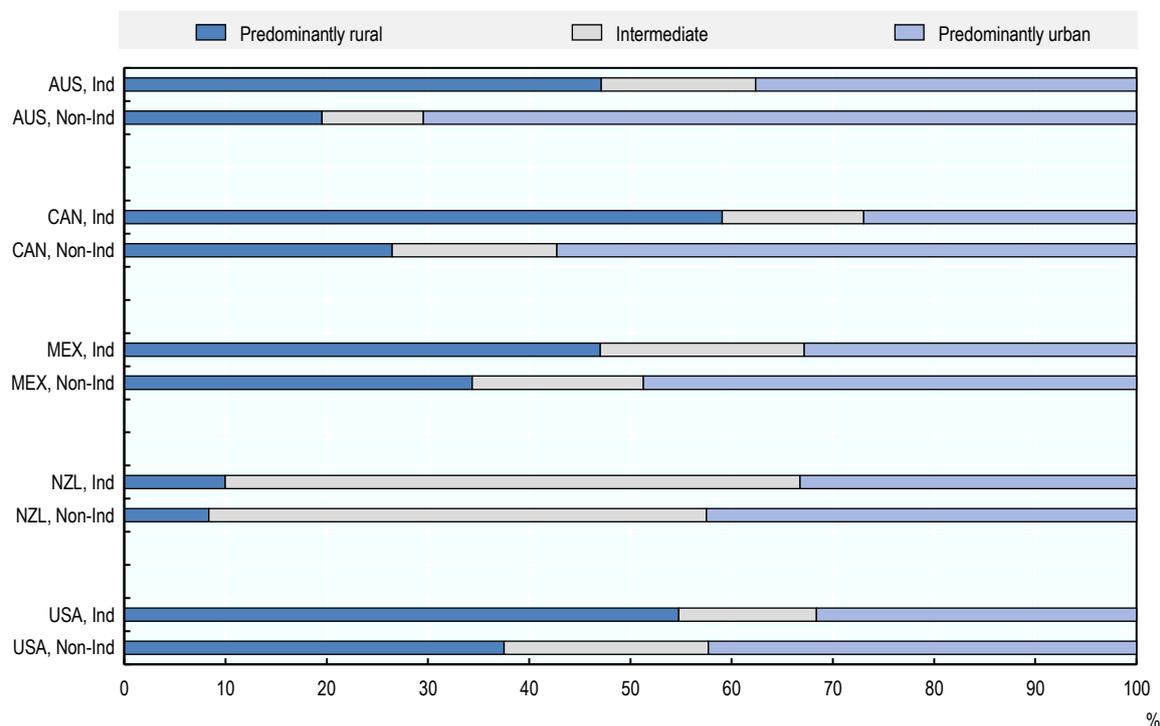
Ind: Indigenous.

Non-Ind: Non-Indigenous.

Source: OECD calculations based on data from on Australian Bureau of Statistics (ABS), 2016 Census of Population and Housing (database), TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder; Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start; Minnesota Population Center (2018[39]), *Population and Housing Census*, Integrated Public Use Microdata Series, https://international.ipums.org/international/; INEGI (n.d.[31]), *Estimadores de la Población Total y su Distribución Porcentual Según Autoadscripción Indígena por Entidad Federativa, Sexo y Grandes Grupos de Edad [Total Population Estimators and Their Percentage Distribution according to Indigenous Self-identification]*, 2016 for Mexico; Statistics New Zealand (n.d.[32]), *2013 Census (database) for New Zealand*; U.S. Census Bureau (n.d.[33]), *2012-2016 American Community Survey 5-Year Estimates*, Table PEPASR5H, using American FactFinder for the United States, Tables B01001A, B01001B, B01001C, B01001D using American FactFinder for the United States.

Box 2.4. Population distribution under the Australian Bureau of Statistics classification

The Australian Standard Geographic Classification (ASGC) remoteness structure is defined in census years and covers 5 classifications: Major Cities, Inner regional, Outer regional, Remote, and Very remote. The Indigenous population is much more likely than the non-Indigenous population to live in what the Australian Bureau of Statistics (ABS) term 'Remote' and 'Very Remote' parts of Australia. Remoteness, in this classification, is based on relative distance to large population centres. However, only a minority of Indigenous people live in remote Australia (18.7% in 2016). By 2041, the remote Indigenous population is projected to increase by around 35,000 persons, but fall to between 11.7% and 14.8% of the total Indigenous population.

Source: Markham, F. and N. Biddle (2018[34]), *Indigenous Population Projections, 2016-2041*.

The share of Indigenous peoples living in predominantly rural regions is declining

Although majority of the Indigenous peoples live in predominantly rural areas according to OECD TL3 typology, the share of Indigenous peoples living in rural regions is decreasing. As seen in Figure 2.6, in 2011-16 the share of Indigenous peoples living in rural regions decreased by two percentage points. In 2011-16, the share of Indigenous peoples living in urban regions increased by 3 percentage points. Indigenous population increase is greater in urban areas due to higher rates of partnering with non-Indigenous people and statistical identification change in non-remote locations (Jordan, Markham and Altman, 2019[22]).

Figure 2.6. The change in distribution of Indigenous and non-Indigenous population by type of region, 2011-16
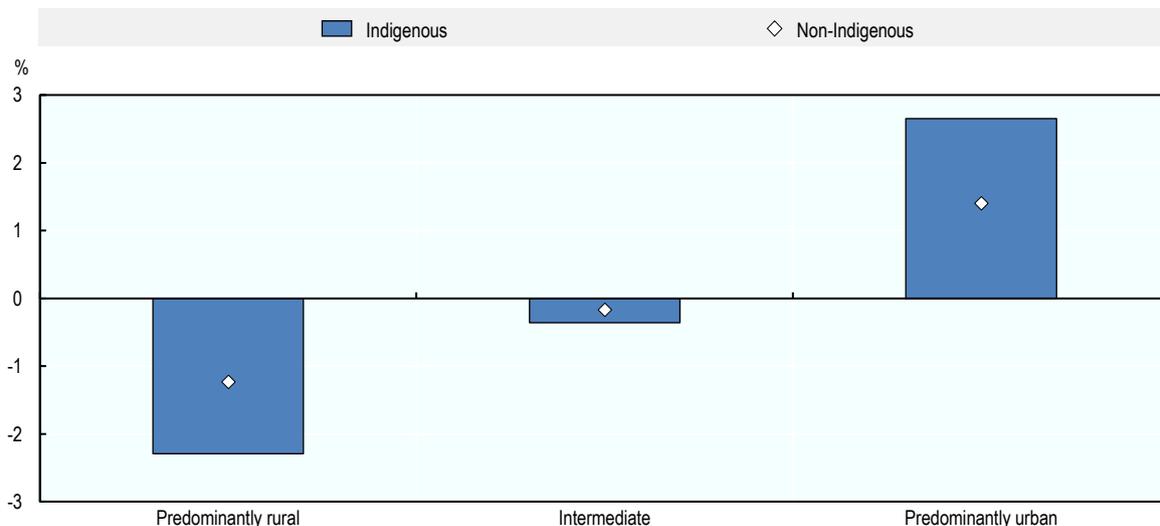
Source: Data drawn from Australian Bureau of Statistics (2016) Time Series comparison of ASGS 2016 Australia/State/GCCSA/SA4/SA3/SA2 based data for Sex by Age by Indigenous Status across 2016 and 2011, 2016 Census of Population and Housing and 2011 Census of Population and Housing, available from the ABS website, http://stat.data.abs.gov.au/Data

This urbanisation trend for the Indigenous population is similar to Canada and Mexico (Figure 2.7). In the case of Canada, the increase in the urban population of Indigenous people in Canada is mainly due to

increases in self-identification, particularly for the Métis population (Survey response to OECD, Canada, 2018). Across the five sample countries (Australia, Canada, New Zealand, Mexico and the United States) the share of Indigenous people in urban regions increased (4.6%) while those in rural areas declined (-2.8%) in the period 2011-16. A similar pattern is observed in the change in the distribution of non-Indigenous peoples over the same time across these five countries: urban regions experienced an increase in the share of the population of non-Indigenous peoples (1.5%) while rural regions experienced a decrease (-2.3%) in the share of the non-Indigenous population.

Figure 2.7. Growth rates of Indigenous and non-Indigenous populations in urban and rural regions
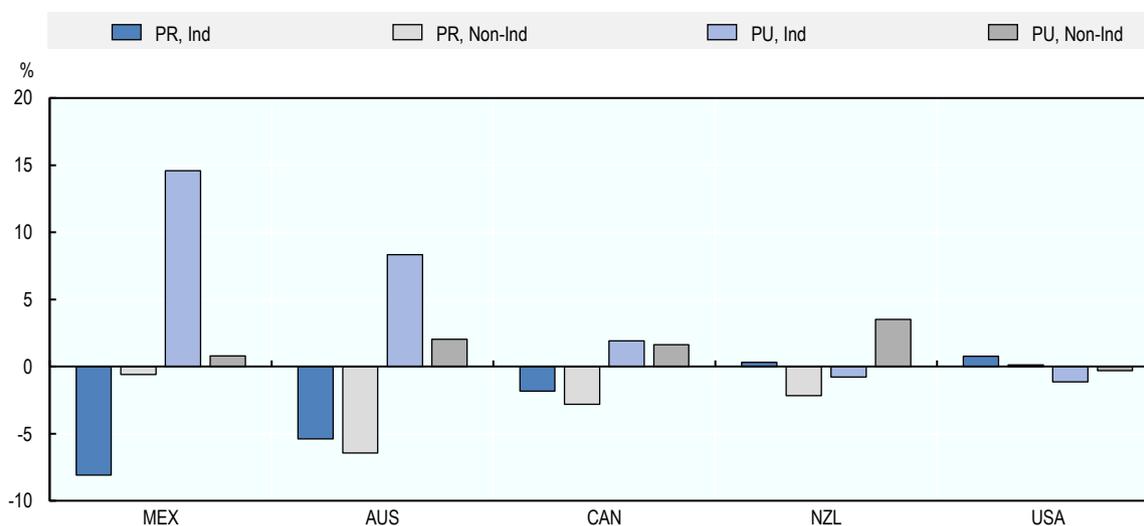
PR: predominantly rural; PU: predominantly urban; Ind: Indigenous; Non-Ind: non-Indigenous.
Note: Data refers to 2010 and 2015 for Mexico; 2006 and 2013 for New Zealand; and 2010 and 2016 for the United States.
Source: OECD calculations based on data from on Australian Bureau of Statistics (ABS), Census of Population and Housing, 2011 and 2016, TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D331011 4.nsf/home/About+TableBuilder; 2016 Census of Population and 2011 National Household Survey, products of Statistics Canada in Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start for Canada; Minnesota Population Center (2018[39]), *Population and Housing Census*, Integrated Public Use Microdata Series, https://international.ipums.org/international/; INEGI (n.d.[31]), *Estimadores de la Población Total y su Distribución Porcentual Según Autoadscripción Indígena por Entidad Federativa, Sexo y Grandes Grupos de Edad [Total Population Estimators and Their Percentage Distribution according to Indigenous Self-identification]*, 2016 for Mexico; Statistics New Zealand (n.d.[40]), *NZ.Stat (database)*, http://nzdotstat.stats.govt.nz/wbos/index.aspx, 2006 and 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[33]), *2012-2016 American Community Survey 5-Year Estimates*, 2006-2010 American Community Survey 5-Year Estimates and 2012-2016 American Community Survey 5-Year Estimates, Tables B01001A, B01001B, B01001C, B01001D using American FactFinder, http://factfinder2.census.gov for the United States.

Indigenous population is expected to grow, especially in non-remote areas

The number of Indigenous Australians is projected to grow strongly in the future. Population projections in 2011 estimated that by 2026 the total Indigenous population of Australia will increase by 36%. This projected growth is uneven across different geographies. According to the ABS remoteness classification, 40% of this growth will be in major cities, 53% in inner and outer regional areas, and 7% in remote or very remote areas. As a result, it is projected that the proportion of the Indigenous population living in remote and very remote areas will decline from 21% to 18% in this period (Figure 2.8).

Figure 2.8. Projected change in proportion of Indigenous population, Australia, by region, 2011-26

2017=100
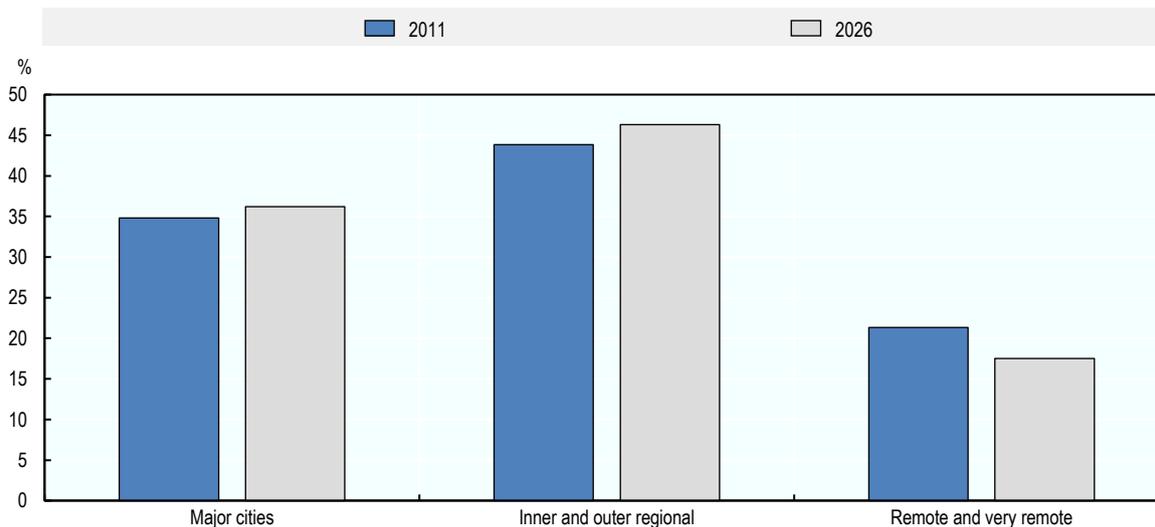
Note: Based on the ABS remoteness structure.
Source: Australian Bureau of Statistics (2019[41]), *Aboriginal and Torres Strait Islander Population Projections by Indigenous Regions*, http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_ABORIGINAL_POPPROJ_INDREGION# (accessed on 7 July 2019).

Australian Indigenous population is relatively young

Indigenous Australians have a relatively younger population profile compared to the non-Indigenous population. In 2016, the median age of Indigenous Australians was 23 years, which was 15 years lower than the median age of non-Indigenous peoples. Figure 2.9 illustrates the age structure of the Indigenous and non-Indigenous populations at a national level, and within predominantly rural regions. The Indigenous population in predominantly rural regions tend to be younger than Indigenous peoples in other types of regions and non-Indigenous peoples. In 2016, the share of Indigenous peoples aged 14 years and younger was 34% both in predominantly rural regions and at a national level whereas the share of youth of non-Indigenous population stood at 17.7% in predominantly rural regions and at 18.4% at national level.

Figure 2.9. Age pyramid of Indigenous and non-Indigenous peoples, 2016

Share of total population
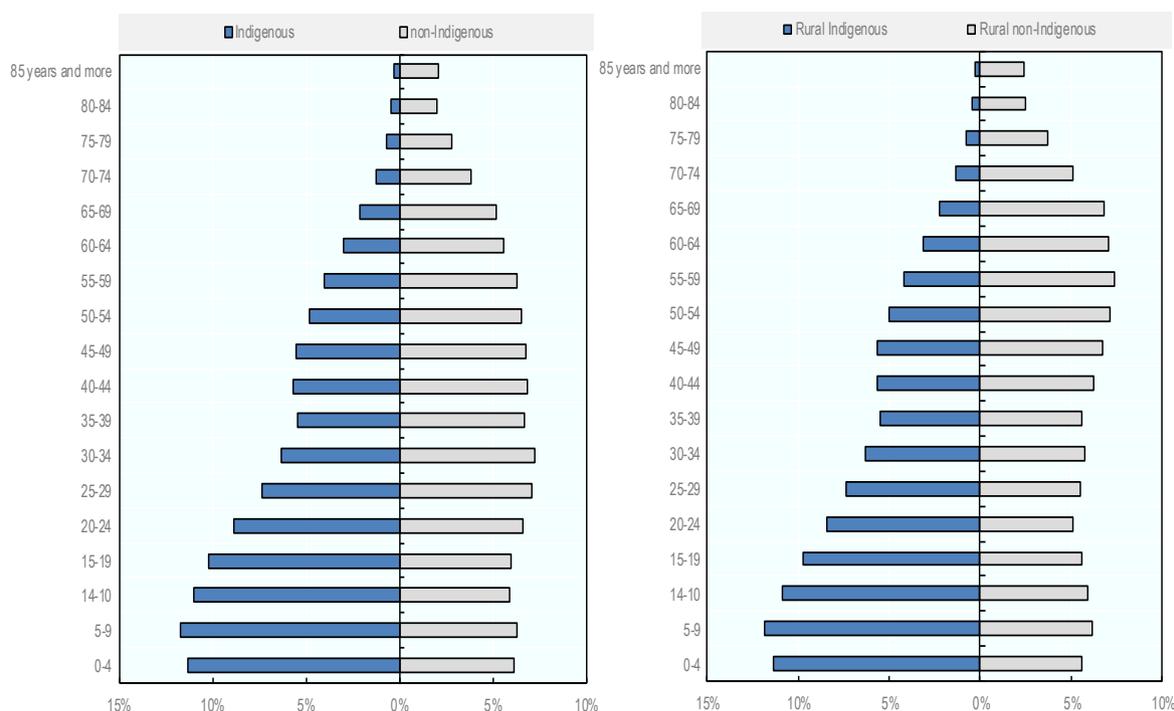
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

When looking at the share of working age Indigenous peoples in predominantly rural regions and at the national level compared to the share of working age non-Indigenous peoples, there are no significant differences. In 2016, the share of working age Indigenous peoples in predominantly rural regions was 60.9%, which was about 1 percentage points lower than the corresponding share for non-Indigenous peoples. At a national level, the gap in share was slightly higher, 61.3% (Indigenous peoples) compared to 65.9% (non-Indigenous peoples).

The largest differences occur between elderly Indigenous and non-Indigenous populations, especially in predominantly rural regions. In 2016, the share of elderly Indigenous population stood at 5%, which was 15 percentage points lower than the share of elderly non-Indigenous population of 20% in predominantly rural regions. Compared to the national average, in 2016, the share of Indigenous peoples aged 65 and older was 5%, which was 11 percentage points below the national average.

Three factors combine to slow Indigenous population aging (Jordan, Markham and Altman, 2019[22]). Relatively high Indigenous mortality rates contribute to the population's relative youth, with Indigenous life expectancy at birth being 71.6 years for males and 75.6 years for females (this compares to 80.2 years and 83.4 years for non-Indigenous males and females respectively). More important to population increase are Indigenous fertility rates. The total fertility rate of Indigenous women is 2.1 babies per woman, compared to 1.8 for non-Indigenous women. This is not the full picture, however, as the children of Indigenous fathers and non-Indigenous mothers are also of Indigenous origin, increasing the Indigenous birth rate by a further 41% according to birth registry data (Australian Bureau of Statistics, 2017[42]).

Summary

This section has look at major demographic trends of Indigenous peoples at national and sub-national level in an international context. This population group has three distinct characteristics. First, Australia's Indigenous population has grown strongly to 800,000 in 2016 since first recorded at 150,000 in the 1971 Census. Very large increases were measured between the 1991 and 1996 Censuses (33%), between the 2006 and 2011 Censuses (21%), and again between the 2011 and 2016 Census (18%). Higher fertility and mortality rates partly explain this demographic trends and structure along with increased propensity to self-identify. This trend of increasing propensity to self-identify is similar to the experience of Canada, New Zealand and the United States. Second, the population is also relatively younger: in 2016, the median age of Indigenous Australians was 23 years, which was 15 years lower than the median age of non-Indigenous peoples. The proportion of Indigenous youth (aged 14 years and younger) is 34% in predominantly rural regions compared to the non-Indigenous population of 17.7%. Third, Indigenous peoples are more likely to be located in rural regions than the non-Indigenous population (similar to comparable countries). In 2016, Indigenous peoples constituted 3% of Australia's total population. In 2016, Indigenous peoples represented about 7% of the total population of rural Australia. On the contrary, the share of Indigenous peoples of the total population of urban regions in Australia is 1.5%. Over time, the Indigenous population is becoming more urbanised. In 2011-16, the share of Indigenous peoples living in rural regions decreased by two percentage points whereas the share of Indigenous peoples living in urban regions increased by 3 percentage points. This trend is projected to continue into the future.

Economic development and well-being

Well-being outcomes for Indigenous Australians is significantly lower than non-Indigenous Australians

The OECD well-being framework measures individual well-being that is developed from the capabilities approach that conceives development as a process that can expand individual's choices and opportunities to live the lives that they value (Sen, 2005[43]) (OECD, 2017[44]). The approach for well-being is people centric and the framework focuses on well-being outcomes rather than inputs (for example educational attainment rather than access to schools or the number of teachers) (Figure 2.10). The framework incorporates 11 dimensions of well-being, which assess the current and future stock levels of individuals' well-being.

Figure 2.10. OECD well-being framework
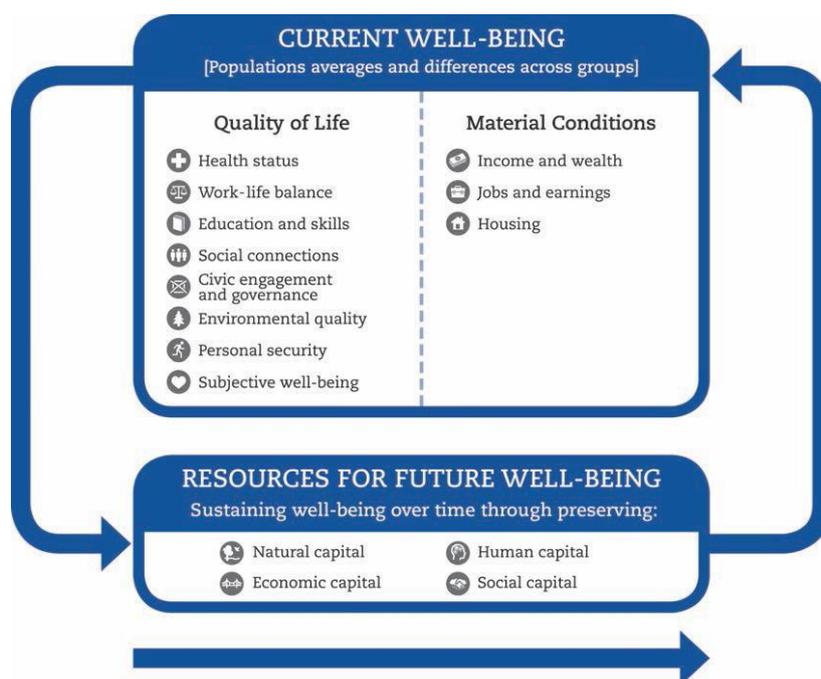
Measuring and monitoring well-being is important for many reasons. It helps policy-makers to understand, what the level of quality of life is and is it improving. Typically, measures of well-being are conducted at the national level for the total population. Only few countries have adopted well-being frameworks that are targeted to measure and monitor of Indigenous peoples to guide decision-making (OECD, 2019[45]). This section uses the OECD-well-being framework to assess the current level of well-being of Indigenous peoples in Australia. The indicators listed in Table 2.2 are considered in the analysis. The analysis compares outcomes between Indigenous peoples and non-Indigenous peoples in Australia, and comparable jurisdictions.

Table 2.2. Indicators comparing Indigenous well-being

Domain	Indicator
Material conditions	Median income
	Employment rate
	Unemployment rate
Quality of life	Life expectancy at birth
	Share of adult population (25-64) with at least upper secondary education

The analysis of gaps in different well-being dimensions between Indigenous and non-Indigenous peoples sheds light on the significant inequalities that Indigenous Australians face (Figure 2.11). Indigenous peoples have lower outcomes than non-Indigenous peoples in all captured dimensions. The largest gap at a national level is reported in education. Educational attainment (i.e. the level of human capita) is measured by the share of population aged 25-64 with at least upper secondary education. The gap in educational attainment between Indigenous and non-Indigenous peoples is approximately 40 percentage points. Another large gap is reported in employment where the difference between the population aged 15-64 who are employed between the two groups is about 30 percentage points. Moreover, when looking at the health

of Indigenous peoples, the data suggest that Indigenous peoples live on average 10 years less than non-Indigenous peoples.

Figure 2.11. Gaps in selected well-being indicators between Indigenous and non-Indigenous peoples, 2016

Absolute values
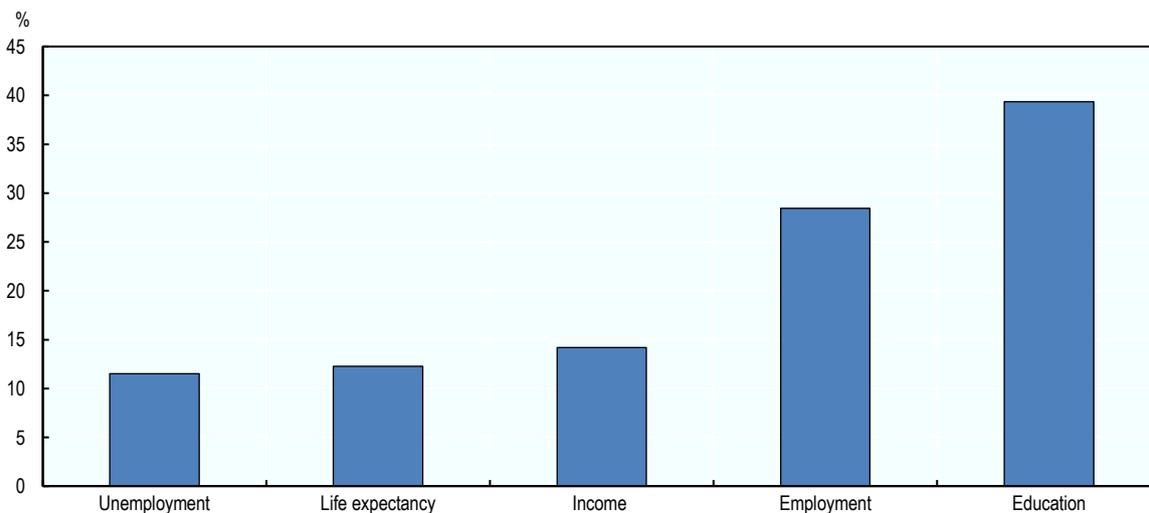
Note: The gap in life expectancy represents the gap between the life expectancy of Indigenous peoples and non-Indigenous peoples relative to the life expectancy of non-Indigenous peoples. The gap in income is defined as the difference between median weekly earnings of Indigenous and non-Indigenous peoples relative to median weekly earnings of non-Indigenous peoples.
Source: Calculations based on data received from the ABS.

In an OECD context, Australians enjoys good quality of life and the country ranks among the top performers in dimensions such as income and wealth, jobs and earnings, health and environmental quality. However, these gaps show that when the measures are breakdown by Indigenous and non-Indigenous peoples significant inequalities in well-being emerge. An internationally recognised measure of advantage and disadvantage such as the Human Development Index (HDI) is useful for placing Indigenous disadvantage in context. When last calculated using 2006 data, Indigenous Australians would have been placed 105th out of 177 countries, between the Occupied Palestinian Territories and Fiji, while the total Australian ranking was 3rd from 177 (Yap and Biddle, 2010[46]).

Relative to other comparable countries, Australia tends to perform worse on key measures in regards to gaps in socio-economic and health outcomes between Indigenous and non-Indigenous Australians (Table 2.3). Participation in the labour market has important implications in many Indigenous peoples' lives as it can provide economic security and increase quality of life. However, the gap in the employment rate of -28 percentage points (employed people aged 15-64, as a percentage of the population of the same age) is much higher than in other settler societies such as Canada (-8 percentage points), and the United States (-13 percentage points). Education has an important role to play in improving Indigenous well-being outcomes and supporting the development of Indigenous communities. Individuals with at least upper secondary degree are more likely to be employed, have higher income and have better health than individuals with lower or no degree. The gap in educational attainment (the share of adult population aged 25-64 with at least upper secondary education) is significant larger in Australia (-39 percentage points) than in other jurisdictions. Differences in gaps between Indigenous and non-Indigenous life expectancy at birth are larger in Australia (-10 years) compared to other countries such as New Zealand (-7 years), the

United States (-4 years), and Canada (-5 years). However, differences in concepts, data and methods make life expectancy comparisons problematic, particularly between Australia and Canada (Australian Institute of Health and Welfare, 2011[47]).

Table 2.3. Differences in socio-economic and health indicators, Indigenous and non-Indigenous populations, Australia, Canada, New Zealand and United States

Country	Employment rate (percentage points)	Unemployment rate (percentage points)	Educational attainment rate (percentage points)	Life expectancy (years)
Australia	-28	7	-39	-10
Canada	-8	7	-16	-5
United States	-13	7	-9	-4
New Zealand	-14	6	-9	-7

Note: Employment rate: The latest available year is 2013 for New Zealand. For Canada, the employment rate refers to populations aged 15 and over. Unemployment rate: The latest available year is 2013 for New Zealand; and 2016 for Australia, Canada and the United States. For Canada, the unemployment rate refers to populations aged 15 and over. Educational attainment rate: The latest available year is 2013 for New Zealand; and 2016 for Australia, Canada and the United States. For Canada, educational attainment rate refers to populations aged 15 and over. Life expectancy at birth: The latest available year is 2009-11 for the United States; 2010-12 for Australia; 2012-14 for New Zealand; and 2017 for Canada.
Source: Various - see Endnote 1.

It is important to note that the values and perspectives of Indigenous peoples have generally not been incorporated into countries well-being frameworks and policy agendas. Current debates and perspectives about how to better reflect Indigenous values and perspectives in the Sustainable Development Goals is a good example of this (see Box 2.5) (ILO, 2015[48]). Only a few countries have created frameworks that focus on the well-being of Indigenous people from their perspective (Stats NZ, 2013[49]; OECD, 2019[45]). The incorporation of Indigenous values and perspectives into well-being frameworks is vital as it helps policymakers to better tailor policies to the needs and aspirations of Indigenous peoples, and monitor progress over time. This issue will be assessed and discussed further in a later sub-section of this chapter.

Box 2.5. Global approaches to measuring well-being and Indigenous peoples

International legal instruments provide another starting point for considering how to measure well-being and development outcomes for Indigenous peoples. The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) was endorsed in 2007 by 144 nations as a universal framework for the basic rights and well-being of Indigenous peoples. The UNDRIP has 46 articles which identify a number of elements which are important when considering place-based economic development issues for Indigenous peoples. This includes rights to participate in decision-making about development, facilitating cross-border trade and economic activities, free, prior and informed consent about development on Indigenous lands, measures that ensure productivity and conservation of Indigenous lands, and maintaining distinct institutions. It also identifies a number of aspects that should be considered when measuring Indigenous well-being such as traditional knowledge and cultural practices, and the maintenance of language.

The UNDRIP was also developed in the context of increasing recognition of the need to go beyond gross domestic product (GDP) and other economic measures to develop a better understanding of how societies are performing. This recognition is reflected in the United Nations (UN) Sustainable

Development Goals (SDGs). The SDGs were adopted by member countries in 2015 and outline shared development goals and indicators across 17 different areas (Figure 2.12).

Figure 2.12. The Global Goals for Sustainable Development, 2015-30

Source: UN (n.d.[50]), *About the Sustainable Development Goals*, www.un.org/sustainabledevelopment/sustainable-development-goals.

The SDGs include a commitment to "leave no one behind" which is particularly relevant given the poorer socio-economic outcomes generally experienced by Indigenous peoples across different countries. Indigenous peoples make up only 5% of the global population; however, it is estimated that they make up 15% of the world's poor and about one-third of the world's 900 million extremely poor rural people (UN Department of Economic and Social Affairs, 2019[51]). The SDGs include six specific references to Indigenous peoples including SDG2 (agricultural output of Indigenous small-scale farmers) and SDG4 (equal access to education for Indigenous children). The UN Permanent Forum on Indigenous Issues has identified a number of ways to strengthen the Indigenous perspectives within the SDGs including developing indicators of land use, disaggregation of measures for Indigenous populations and strengthening the capacity of Indigenous peoples to participate in reporting on the implementation of the SDGs (UN, 2018[52]). The subnational dimension is particularly important given the heterogeneous conditions facing Indigenous peoples across national territories.

Source: Elaboration based on UN Department of Economic and Social Affairs (2019[51]), *United Nations - Indigenous Peoples*, https://www.un.org/development/desa/indigenouspeoples/mandated-areas1/economic-and-social-development.html;
UN (2018[52]), *The Permanent Forum and the 2030 Agenda*, https://www.un.org/development/desa/indigenouspeoples/focus-areas/post-2015-agenda/the-sustainable-development-goals-sdgs-and-indigenous/recommendations.html (accessed on 7 February 2019).

Well-being outcomes of Indigenous peoples at a sub-national level

This section of the chapter assesses Indigenous well-being outcomes at a sub-national level and the unit of analysis will be TL2 and TL3 regions. This place-based analytical approach is important for three reasons. The first is the connection of different First Nations in Australia to their country. Each of these First Nations are connected by shared identity as Aboriginal and Torres Strait Islanders but have different land rights, aspirations and capacities regarding development. Second, is that Indigenous peoples are distributed unevenly across the country. Although Indigenous Australians constitute 3.3% of the national total population, they constitute 27% of the Northern Territory's population, and larger percentages at

smaller geographies (such as 42% in the Kimberley in Western Australia). Therefore, the relative importance of Indigenous populations to regional economies in terms of labour supply, consumption, and access to resource endowments, is different. Third, analysis shows that regional inequalities in OECD countries persist over time, and that regional level factors are significant in explaining these differences (Garcilazo and Oliveira Martins, 2013[53]). Although a small number of large cities contribute disproportionately to national growth there are many smaller regions that together also make an important contribution. Indigenous peoples in Australia can play a key role in unlocking the growth potential of rural and regional economies.

Box 2.6. Note on methods

The objective of the analysis in this section is to assess levels and trends in well-being compared to the non-Indigenous population at a sub-national level. Indigenous well-being is assessed across six dimensions:

- Income (median household income).
- Jobs (employment rate, rate of unemployment, share of employment by industry, and occupation).
- Entrepreneurship (rate of self-employment).
- Education (share of 25 -64 year-olds with an upper secondary education).
- Health (life expectancy).
- Access to services (share of households with broadband).

The scope of the analysis is determined by data availability and is operationalised in four steps:

1. Assessing Indigenous and non-Indigenous outcomes at the TL2 level.
2. Assessing Indigenous and non-Indigenous outcomes at the TL3 level (urban, intermediate and rural regions), including the standard deviation of the sample to quantify the amount of variation.
3. Assessing the trends in well-being in the latest inter-census period (2011-2016).
4. Comparing Australia to other jurisdictions (where data is available).

Income

As seen in the previous section, there are significant income inequalities between Indigenous and non-Indigenous households (as well as individuals) at the national level. This is also the case a sub-national level with the level of household income of Indigenous and non-Indigenous people varies widely across states and territories (Figure 2.13). The highest median household weekly income of Indigenous households is in Australian Capital Territory (ACT) (AUD 1 925) while the lowest is in Tasmania (AUD 949), which is a gap of AUD 976. In terms of Indigenous and non-Indigenous median weekly household income the highest ratio is the ACT (93%) while the lowest is New South Wales (NSW) with 83%. NSW is also the state with the largest Indigenous population (216 000 or one-third of Australia's Indigenous population). The Northern Territory has the largest percentage share of Indigenous peoples (27%) with an income ratio of 85%.

Figure 2.13. Household weekly income of Indigenous households, 2016

Ratio of Indigenous median household income to non-indigenous household income
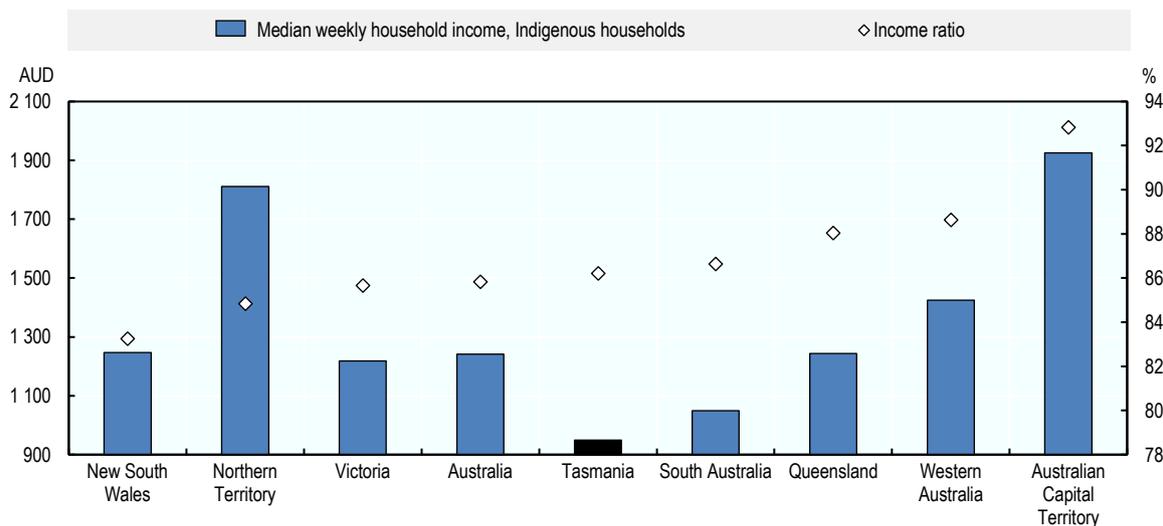
Note: Indigenous households refer to occupied private dwellings where at least one person was Aboriginal and/or Torres Strait Islander.
Source: Calculations based on data received from the ABS.

Between 2011 and 2016, the median household weekly income of Indigenous households increased across all States and Territories. The difference between Indigenous and non-Indigenous median weekly household income was reduced by 5 percentage points. The difference in percentage change between Indigenous and non-Indigenous median household weekly income rages from 9.1 percentage points in NSW to -9.3 percentage points in the Northern Territory. Therefore, the Northern Territory was the only jurisdiction in Australia where the income inequality between Indigenous and non-Indigenous peoples increased (by 5 percentage points of its 2011 level). The two largest increases in Indigenous household income is recorded in the Northern Territory (64.9 percentage points) and Western Australia (36.6 percentage points).

Table 2.4. Change in median household weekly income, comparing Indigenous and non-Indigenous households, Australian States and Territories, 2011-16

	Indigenous median weekly income (percentage points)	Non-Indigenous median weekly income (percentage points)	Difference in change (percentage points)
New South Wales	32.5	23.4	9.1
Northern Territory	64.9	74.3	-9.3
Victoria	26.6	18.5	8.1
Australia	**25.2**	**20.2**	**5.0**
Tasmania	2.8	2.0	0.8
South Australia	24.6	19.4	5.2
Queensland	16.6	15.5	1.1
Western Australia	36.6	32.9	3.7
Australian Capital Territory	15.5	10.0	5.6

Note: Percentage point change in median household weekly income between Indigenous and non-Indigenous households.
Source: Calculations based on data received from the ABS.

The age and composition of households is one contributor to growth in income and differences with the non-Indigenous population. The average household size in Australia is 2.6 people compared with the average Indigenous household of 3.2. The population is also younger and with a higher mortality less likely to be of retirement age. Households are more likely to be a family (80% compared to 71% for the non-Indigenous population), and less likely to be living alone (15% compared to 25% for the non-Indigenous population) (Australian Bureau of Statistics, 2018[54]). The endogenous characteristics of regions also play a role. For example, the Northern Territory has a much higher rate of overcrowded households relative to other jurisdictions (53% compared to 20% in Western Australia and 17% in Queensland) (Australian Bureau of Statistics, 2018[55]). This may partly explain higher levels of Indigenous household income and its growth in the recent period for this jurisdiction.

Figure 2.14 illustrates income distribution of Indigenous peoples by type of region. It demonstrates income inequalities among Indigenous peoples across predominantly urban, intermediate and predominantly rural regions. In 2016, Indigenous peoples living in predominantly rural regions had a higher likelihood to fall into a lower income groups than Indigenous peoples in other regions. Indeed, more than half of the Indigenous peoples in predominantly rural regions had income at the third quintile or lower. On the contrary, more than half of the Indigenous Australians in predominantly urban regions falls in the fourth and fifth income quintile. As discussed earlier, a higher proportion of Indigenous peoples live in predominantly rural regions than the non-Indigenous population. This spatial distribution is one of the reasons why Indigenous peoples are more likely to have a lower household income.

Figure 2.14. Weekly median household income distribution of Indigenous Australians by type of region, 2016
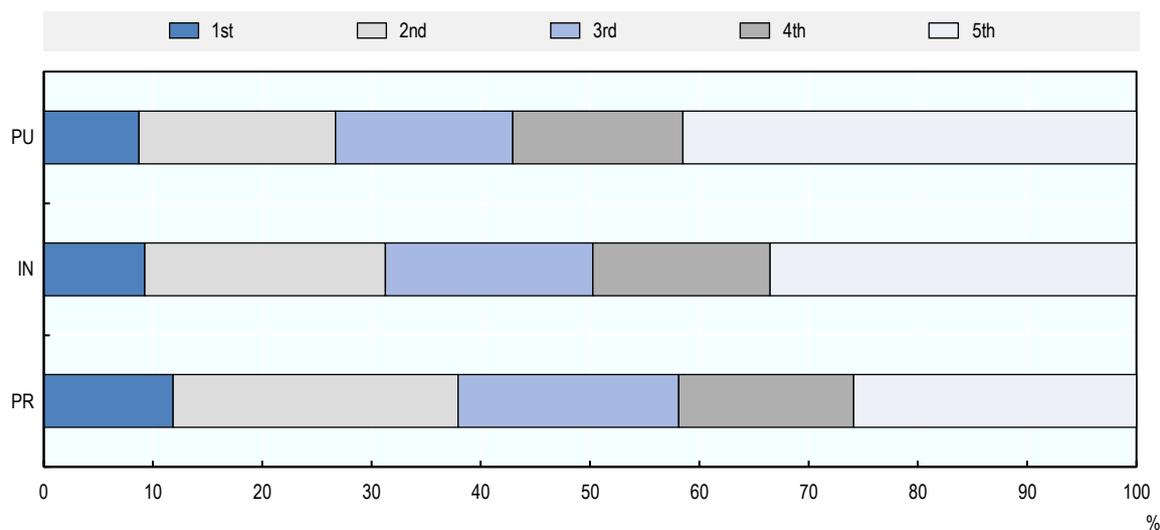
Note: Predominantly urban (PU); Intermediate (IN); Predominantly Rural (PR); 1st = 0-399 AUS$; 2nd = 400-799 AUS$; 3rd = 800-1249 AUS$; 4th 1250-1749; 5th = 1750 or more
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

One of the main issues in regards to measuring income for Indigenous peoples is regarding subsistence hunting, fishing and harvesting. This is important to food security, the reproduction of culture, and it can be a major form of economic activity for Indigenous peoples in rural areas. Rural remote Indigenous communities can exist in a hybrid economy that mixes subsistence with wage labour and other forms of income including government transfers (Altman, 2004[56]). Subsistence is not only about meeting basic nutritional needs, but also relates to bartering and trading within and between kinship groups, and has an

important cultural and relational component as well (Southcott and Natcher, 2018[57]). It can also be understood as a form of imputed income, which does deliver welfare benefits that can potentially be monetised (Sangha et al., 2017[58]). Indigenous groups also need to balance economic development with the use of land for subsistence activities and cultural values. This may also constrain certain economic activities that may otherwise be viable (e.g. energy, infrastructure and mining projects). To support decisions about natural resource management and economic development, good information and data are needed about the nature of subsistence economies (Box 2.7). The estimation of the economic value of wild resources that are harvested requires information about the quantity (weight) of each species harvested; number of people harvesting each species; market price of each type of wild resource; and costs of harvesting the wild resources (Gray and Altman, 2006[59]).

Box 2.7. Alaska Department of Fish and Game, Division of Subsistence

Since the 1980s the Division of Subsistence within the Alaskan Department of Fish and Game has built an extensive evidence-based about subsistence economies in the state. The mission of the division is to scientifically gather, quantify, evaluate and report information about customary and traditional uses of Alaska's fish and wildlife resources. The division provides the following services:

- Compile and analyse existing data, and conduct research to gather data on the role of hunting and fishing by Alaskans for customary and traditional uses.
- Disseminate current subsistence use information to the public and government agencies.
- Evaluate the customary and traditional uses of fish and wildlife resources and provide advice to government agencies on limits to the use of these resources.
- Ensure resource management plans incorporate data about customary and traditional uses of fish and wildlife resources.

Research is conducted in partnership with local communities and governed by ethical research guidelines. When a new project is undertaken, division researchers use a range of scientific methods including systematic and comprehensive household surveys, key respondent interviews, resource mapping and participant observation. An online database has been created (the Community Subsistence Information System) that contains harvest information for over 260 Alaskan communities collected by the division from household surveys.

Source: Alaska Department of Fish and Game (2019[60]), *Mission: Subsistence Division, Alaska Department of Fish and Game*, http://www.adfg.alaska.gov/index.cfm?adfg=divisions.subsmission (accessed on 25 January 2019).

Box 2.8. Indigenous household income trends in New Zealand at a regional level

There are parallels between levels and trends in Indigenous household income in Australia and New Zealand. Although inter-regional inequalities are smaller, they are still evident in New Zealand. The median household income of Indigenous households varies from USD 16 982 to USD 26 220 in 2013 across regions (Figure 2.15). The highest median household income was in Wellington Region and the lowest in Northland Region. Auckland Region and Wellington Region were the only regions in 2013 that had a higher median household income of Indigenous households than the national median household income of Indigenous households. The rest of the selected TL2 regions had lower Indigenous household income than the national median.

Across different types of regions, the median Indigenous household income is higher predominantly urban regions than in intermediate or predominantly rural regions. The median rural Indigenous household income was about USD 9 200 lower than the median urban Indigenous household income. Furthermore, all intermediate regions have a lower median Indigenous household income than the national level. The region with the lowest median Indigenous household income, Northland, is a predominantly rural region. On the other hand, Auckland and Wellington, the two regions with the highest median Indigenous household income, are predominantly urban regions.

Figure 2.15. Median household income of Indigenous and non-Indigenous households across regions, 2013

USD at 2010 PPPs
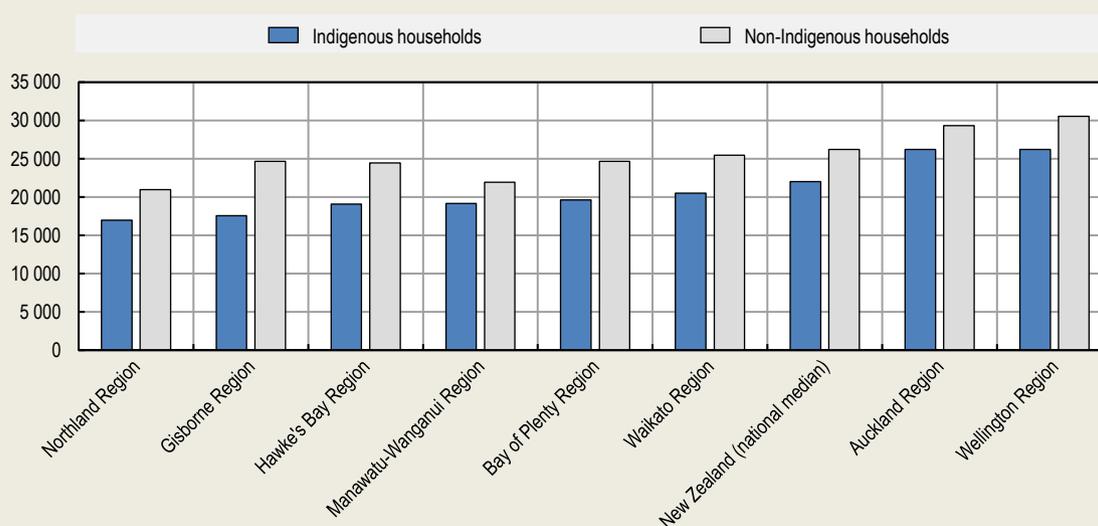
Note: Household income is equivalised with the OECD-modified equivalisation scale so that household size is taken into account.
Source: Data provided by New Zealand on 21 December 2018.

While at a national and regional level, the median household income increased in 2006-13 in predominantly rural and intermediate regions, the income gap widened between Indigenous and non-Indigenous households, regardless of the higher median Indigenous household income in the regions. Wellington reported the highest increase in the median Indigenous household income in this period (an increase from USD 21 058 to USD 26 016). As expected, the lowest increase in the median Indigenous household income was in Northland, where the median income changes from USD 14 537 to USD 16 982. Due to increases in median income in Auckland and Wellington, the income gap between Indigenous and non-Indigenous households for New Zealand was reduced in the period 2006-13.

Source: OECD (2019[45]), *Linking Indigenous Communities with Regional Development*, https://dx.doi.org/10.1787/3203c082-en.

Jobs

Employment

Employment of Indigenous peoples vary between states and territories. According to the 2016 Census, the highest employment rate of Indigenous peoples was reported in Australian Capital Territory where more than 65% of the Indigenous peoples aged 15-64 was employed. Similarly, Victoria and Tasmania reported relatively high employment rates of Indigenous peoples. There more than half of the working age

population reported working. On the contrary, Queensland, South Australia, Western Australia and Northern Territory reported Indigenous employments rates below 50%. The lowest employment rate is reported in Northern Territory, where only 29% of the Indigenous working age peoples were working. The highest gap to the non-Indigenous employment rate is recorded in Northern Territory (56 percentage points) and the lowest gap in Australian Capital Territory (14 percentage points).

Figure 2.16. Employment rate by state and territory, 2016
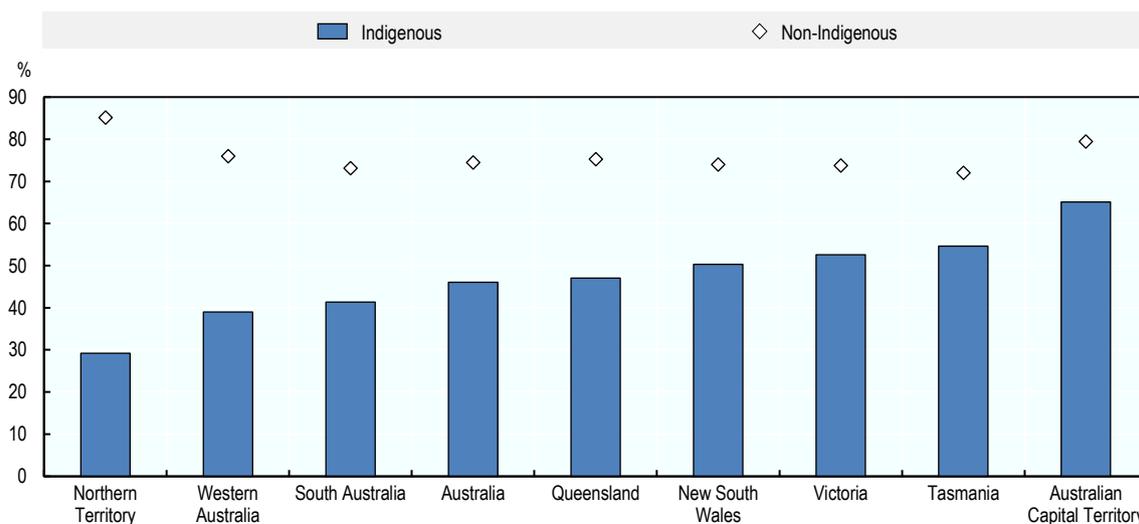
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Between 2011 and 2016, in the majority of the states and territories, the gap to non-Indigenous people's employment rate increased. The largest increase was measured in Northern Territory, where the gap increased by 10 percentage points. New South Wales, Victoria and Australian Capital Territory were the only ones where the gap narrowed on average by 1.5 percentage points. Reasons for the lower employment rates than the non-Indigenous population include lower levels of education, training and skill levels (human capital), poorer health, living in areas with fewer labour market opportunities, higher levels of arrest and interactions with the criminal justice system, discrimination, and lower levels of job retention (Gray, Hunter and Lohoar, 2012[61]).

The spatial distribution of the population is also a contributing factor. Rural areas may have fewer employment opportunities, and/or be dominated by a small number of industries and therefore particularly susceptible to business cycle fluctuations and technological change and automation (Sheppard, 2013[62]). Indigenous peoples may also have traditional obligations and livelihoods that limit participation in the formal economy. When looking at the variation of employment rate of Indigenous peoples across OECD TL3 regions in Australia, Indigenous peoples in predominantly rural regions are less likely to be employed than Indigenous peoples in other regions (see Table 2.5). In 2016, the average employment rate in predominantly rural regions was around 114 percentage points lower than the level at predominantly urban regions, which stood at 54%. Similarly, in 2016, the gap in employment rate between Indigenous and non-Indigenous peoples was the highest in predominantly rural regions (35 percentage points) and the lowest in predominantly urban regions (20 percentage points). The employment rates in intermediate regions falls in between urban and rural regions. In 2016, the employment rate of Indigenous peoples in intermediate regions was 49%.

Table 2.5. Employment rate, 2016

	Predominantly urban (%)	Intermediate (%)	Predominantly rural (%)
Indigenous population	54	49	40
Non-Indigenous population	74	76	56

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

In the period 2011- 2016 there were mixed outcomes in terms of changes in the gap between Indigenous and non-Indigenous peoples across different types of regions. The gap in employment rate between Indigenous and non-Indigenous peoples increased by 3 percentage points from 29 to 35 percentage points in predominantly rural regions while it decreased by one percentage point in predominantly urban regions.

In the international context, similar results can be observed in comparable jurisdictions (Table 2.6):

- Urban Indigenous peoples in Canada, New Zealand and the United States also have higher share of the working age population employed than the rural Indigenous peoples do (e.g. 58% for urban Indigenous Canadians compared to 45% for rural Indigenous Canadians).
- Similar to Australia, across Canada, New Zealand and the United States, gaps in the employment rate between Indigenous and non-Indigenous peoples are larger in rural areas than in urban areas. However, the gap is significantly larger in Australia (-35 percentage points) than Canada (-15 percentage points) and the United States (-17 percentage points).

Table 2.6. Employment rates by type of the region, 2016 or latest available year

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous (%)	Non-Indigenous (%)	Gap (PP)	Indigenous (%)	Non-Indigenous (%)	Gap (PP)	Indigenous (%)	Non-Indigenous (%)	Gap (PP)
AUS	54	74	-20	46	76	-30	40	75	-35
CAN	58	62	-4	52	61	-9	45	60	-15
NZL	60	71	-11	57	75	-18	52	72	-20
USA	59	68	-9	59	72	-13	53	70	-17

Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the employment rate refers to Aboriginal and non-Aboriginal populations aged 15 and over. PP stands for percentage points.
Source: Calculations based on data drawn from Australian Bureau of Statistics (ABS), Census of Population and Housing, 2016 (database), TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder; Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start; Minnesota Population Center (2018[39]), *Population and Housing Census*, Integrated Public Use Microdata Series, https://international.ipums.org/international/; Statistics New Zealand (n.d.[32]), *2013 Census (database) for New Zealand*; U.S. Census Bureau (n.d.[33]), *2012-2016 American Community Survey 5-Year Estimates*, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder, http://factfinder2.census.gov, for the United States.

Unemployment

Unemployment at sub-national level varies from 9% (Australian Capital Territory) to 27% (Northern Territory). These results are similar to the employment rate. Furthermore, the unemployment rates of Indigenous peoples are above the national average in Queensland, South Australia, Western Australia and Northern Territory. Only in Victoria, Tasmania and Australian Capital Territory is the unemployment

rate of Indigenous peoples below 15%. Northern Territory is the jurisdiction with the largest unemployment gap between Indigenous and non-Indigenous peoples (23-percentage points difference) while the lowest gap is in Australian Capital Territory.

Figure 2.17. Unemployment by state and territory, 2016
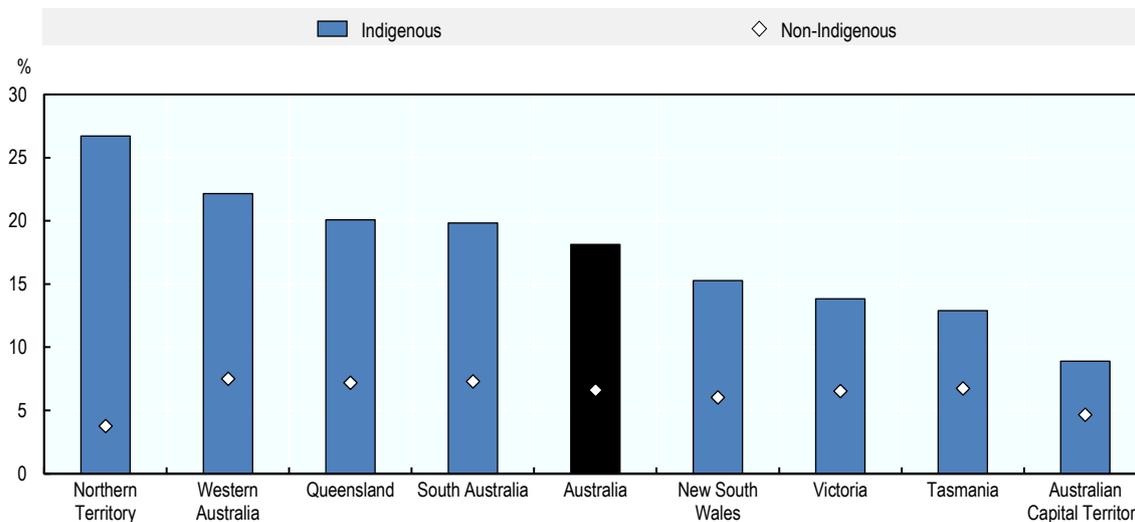
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

As regards to the unemployment rate of Indigenous peoples across different types of regions, the analysis shows that inequalities arise between predominantly urban and predominantly rural regions. In predominantly rural regions, more than one-fifth of the working age population reported to be unemployed in 2016. On the contrary, the unemployment rate of Indigenous peoples in predominantly urban regions stood at 15%. The difference in unemployment rate of Indigenous peoples between urban and rural regions was 6 percentage points. In addition, the inequalities in unemployment between Indigenous and non-Indigenous peoples are the largest in rural areas. In 2016, the difference between the share of Indigenous and non-Indigenous peoples reported being unemployed was 15 percentage points. In urban areas, the difference was 8 percentage points.

Between 2011 and 2016, the unemployment rate of rural Indigenous population increased by 3.3 percentage points while the unemployment rate slightly decreased (0.06 percentage points) in predominantly urban regions. As a result, the gap in unemployment rate between Indigenous peoples in predominantly rural and predominantly urban regions increased by 3 percentage points in 2011-16. Similarly, the gap in unemployment rate between Indigenous and non-Indigenous peoples in predominantly rural regions increased by 2.4 percentage points from 13.1 percentage points to 15.5 percentage points.

Table 2.7. Unemployment rate by type of region, 2016

	Predominantly urban (%)	Intermediate (%)	Predominantly rural (%)
Indigenous	15	19	21
Non-Indigenous	7	7	6

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

At an international level, when considering countries similar to Australia, similar trends can be observed (Table 2.8):

- Indigenous unemployment rates in rural regions in 2016 in Canada was 18% and the United States it was 15%, which is lower than the level in Australia of 21%.

- Indigenous unemployment rates in urban regions in 2016 in Canada was 12%, 13% in the United States and 16% in New Zealand, which compares with the Australian level of 15%.

- The largest gaps between Indigenous and non-Indigenous unemployment rates can be observed in rural regions. The largest gap is in Australia (-15 percentage points) compared to Canada (-13 percentage points) and USA (-9 percentage points).

Table 2.8. Unemployment rate by TL3 region between Indigenous and non-Indigenous peoples

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous (%)	Non-Indigenous (%)	Gap (PP)	Indigenous (%)	Non-Indigenous (%)	Gap (PP)	Indigenous (%)	Non-Indigenous (%)	Gap (PP)
AUS	15	7	-8	19	7	-12	21	6	-15
CAN	12	7	-5	14	7	-7	21	8	-13
NZL	16	7	-9	17	5	-12	20	6	-14
USA	13	8	-5	13	7	-6	15	6	-9

Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the unemployment rate refers to populations aged 15 and over.
Source: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[29]), Census of Population and Housing, 2016 (database), TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder; 2016 Census of Population, in Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start; Minnesota Population Center (2018[39]), *Population and Housing Census*, Integrated Public Use Microdata Series, https://international.ipums.org/international/; Statistics New Zealand (n.d.[32]), *2013 Census (database) for New Zealand*; U.S. Census Bureau (n.d.[33]), *2012-2016 American Community Survey 5-Year Estimates*, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder, http://factfinder2.census.gov, for the United States.

Employment by industry

At the national level, the top three industries where Indigenous peoples are employed are public administration and defence, education and human and health (38%), wholesale and retail trade, transportation, accommodation and food services (24%) and construction (8%) (Figure 2.18). Indigenous peoples are less likely to be employed in higher value tradeable business services such as professional, scientific and technical services (7% for Indigenous peoples compared to 11% for non-Indigenous

peoples), and financial and insurance services (1% for Indigenous peoples compared to 4% for non-Indigenous peoples). In terms of other tradeable sectors, a higher proportion of Indigenous peoples are employed in mining (5% for Indigenous peoples compared to 3% for non-Indigenous peoples), and lower proportion in manufacturing (5% for Indigenous peoples compared to 7% for non-Indigenous peoples).

Figure 2.18. Share of employment by industry, Indigenous and non-Indigenous, 2016

15 years and older
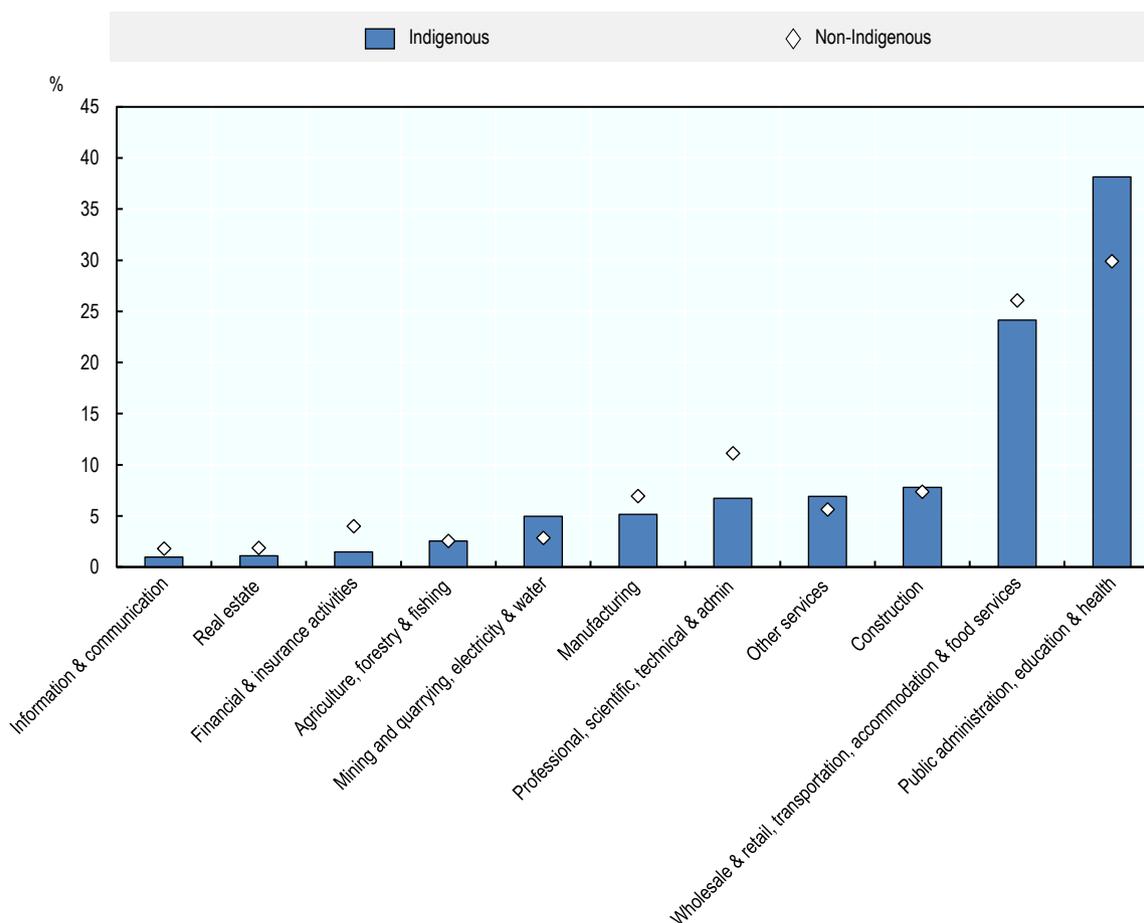
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

These outcomes are partly explained by the geographic distribution of the Indigenous population. Higher value tradeable sectors tend to cluster in major metropolitan areas and a lower proportion of Indigenous peoples live in urban regions. Conversely, more Indigenous peoples are employed in mining, energy and water that are more likely to be located in rural regions. These employment shares have an impact on the overall levels of income and wages of Indigenous peoples. The mining sector only employs a low share of the overall workforce (5% of the Indigenous workforce). A significant proportion of the Indigenous workforce (70%) are employed in non-traded services that have lower average wages such as construction, health and social care, and education.

In predominantly rural regions, the top industries where Indigenous peoples are employed are health care and social assistance (17%), education (10%), public administrative and security (10%) and retail trade

(10%). The share of employment in public sector and health care and social assistance industry is particularly high compared to non-Indigenous population (at 17% versus 13% and at 10% versus 7%).

Figure 2.19. Average weekly earnings by sector, 2018
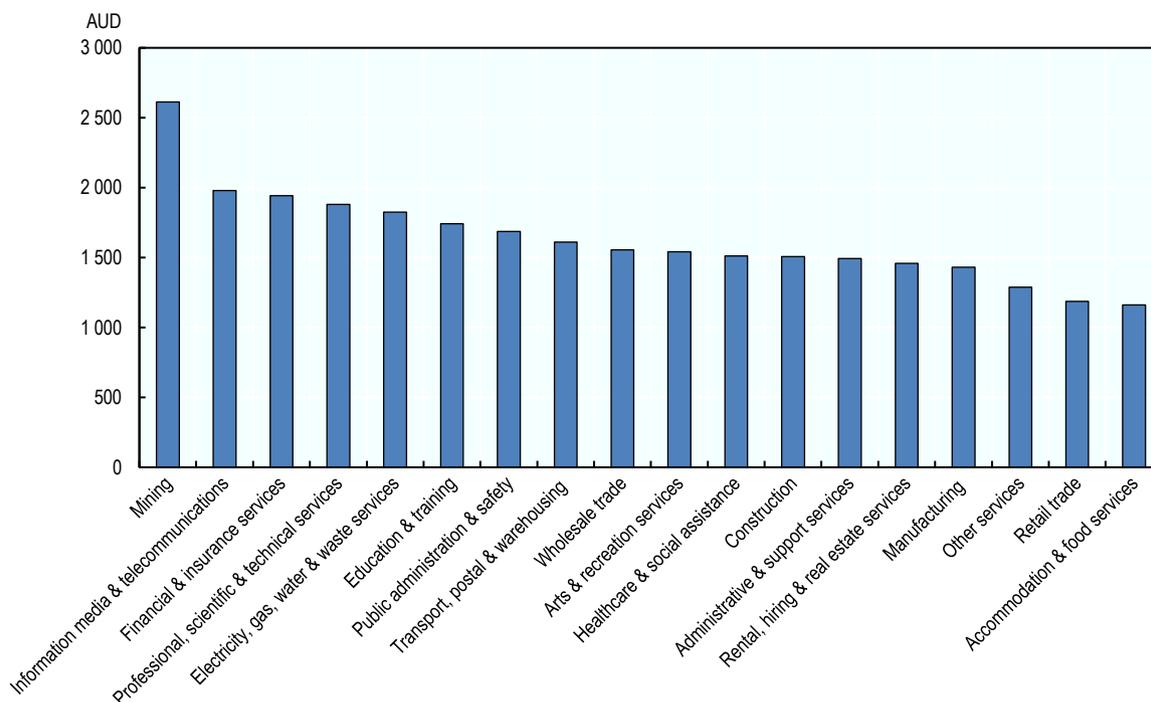
Source: Australian Bureau of Statistics (2019[63]), *6302.0 - Average Weekly Earnings, Australia, Nov 2018*, https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6302.0Nov%202018?OpenDocument (accessed on 8 July 2019).

Occupations

In terms of occupations, the Indigenous population has the highest share of employment in community and personal service (18%) and labourers (15%). The share of employment in these occupational categories in higher than that of the non-Indigenous population (11% and 9% respectively). Indigenous peoples are underrepresented in higher skilled and wage professions such as management and professionals in comparison to the non-Indigenous workforce.

In predominantly rural regions, the Indigenous population has a high probability to be employed as Community and Personal service workers (19% or 8 percentage points higher than the non-Indigenous workforce), and labourers (19% or 6 percentage points higher than the non-Indigenous workforce) (Figures 2.21 and 2.22). In rural regions Indigenous peoples are less likely to be employed as professionals than the non-Indigenous workforce (-8 percentage points) and managers (-4 percentage points). In predominantly urban regions, Community and Personal Services is also important (16% of the Indigenous workforce); however, white collar employment as professionals (17%) and clerical and administrative workers (17%) are also important. This is a key difference in the Indigenous workforce between urban and rural regions. However, the gaps between the Indigenous and non-Indigenous workforce are relatively similar. In predominantly urban regions, Indigenous peoples are still less likely to be employed as professionals (-8 percentage points) and managers (-5 percentage points) compared to the non-Indigenous workforce.

Figure 2.20. Share of Indigenous and non-Indigenous employment by occupation, 2016

15 years and older.
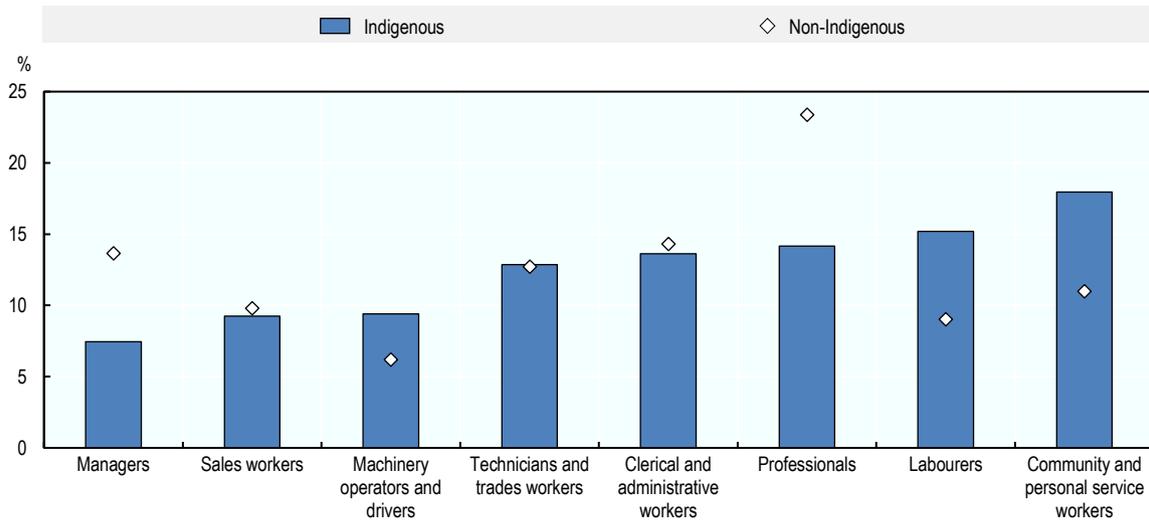
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Figure 2.21. Share of workers by occupation, predominantly urban regions, Indigenous and non-Indigenous, 2016
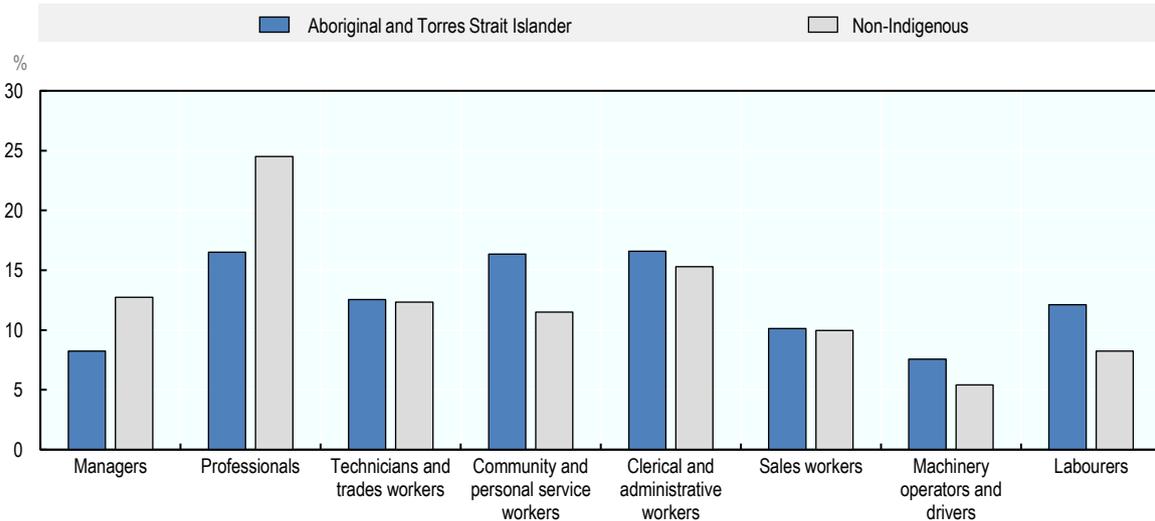
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Figure 2.22. Share of workers by occupation, predominantly rural regions, Indigenous and non-Indigenous, 2016
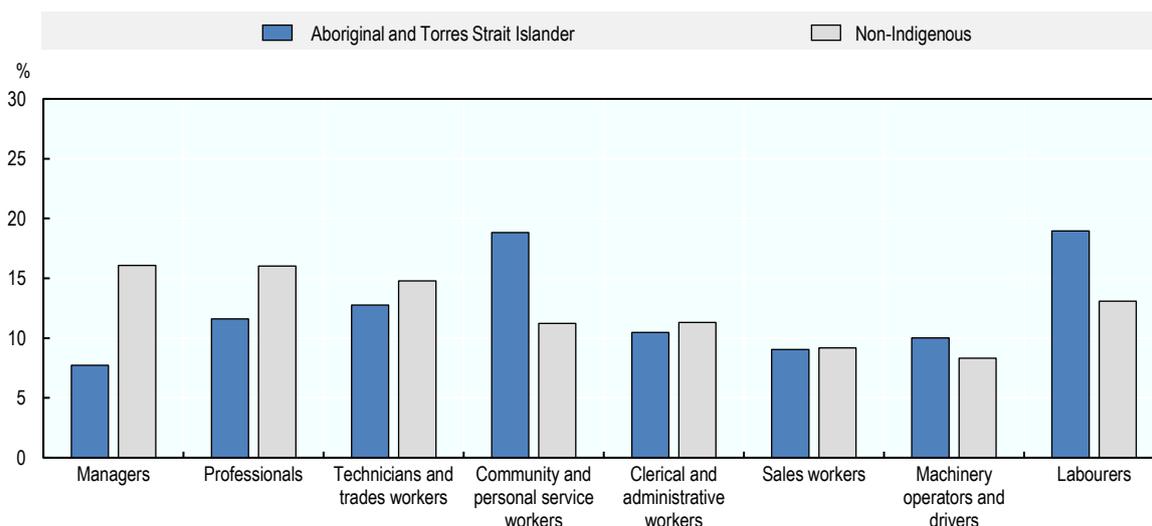
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

One of the key issues for the future is the vulnerability of different types of jobs to automation and digitalisation (OECD, 2018[64]). Jobs that perform non-routine tasks that are high skilled (professionals and managers) and low skilled (personal and community services) are growing and have lower risk from automation and digitalisation. Mid and lower skilled jobs where Indigenous peoples have a greater share of employment (machinery operators and drivers and labourers) have higher risk of automation. These risks are also elevated for regions with certain characteristics: lower education levels, a more rural economy, and a larger tradable sector (OECD, 2018[64]). Rural economies have a lower share of service sector jobs that are less likely to be automated. Rural economies are also more likely to be dependent on a smaller number of industries and employers - this makes it more difficult to absorb displaced workers. This generates potential future risks for the Indigenous workforce because a higher proportion are in rural areas and they have lower skills than the non-Indigenous population.

Self-employment

Self-employment is defined as the employment of employers, workers who work for themselves, members of producers' co-operatives, and unpaid family workers. Self-employment is an indicator of entrepreneurship but can also be an indicator of the 'push effect' of unemployment as people seek alternative forms of income (Swanepoel and Harrison, 2015[65]). In 2016, there were 9 501 self-employed Indigenous peoples in Australia, which represents 5.5% of the total employed Indigenous labour force. Indigenous peoples are less likely to be self-employed than non-Indigenous peoples (5.5% compared to 13.4%). The share of self-employed Indigenous peoples increased between 2011 and 2016 from 5.2% to 5.5% while the share of self-employed non-Indigenous peoples reduced from 14% to 13.4%.

At the TL 2 level, Tasmania (7%) and Victoria (7%) have the highest self-employment rate for Indigenous peoples. The lowest levels are in the Northern Territory (3%) and the ACT (4%). Each jurisdiction has a gap between the Indigenous and non-Indigenous rate of self-employment, which ranges from -3 percentage points in the ACT to -8 percentage points in NSW, Queensland, South Australia and Western Australia (Table 2.9).

Figure 2.23. Share of self-employed population

Business owner managers
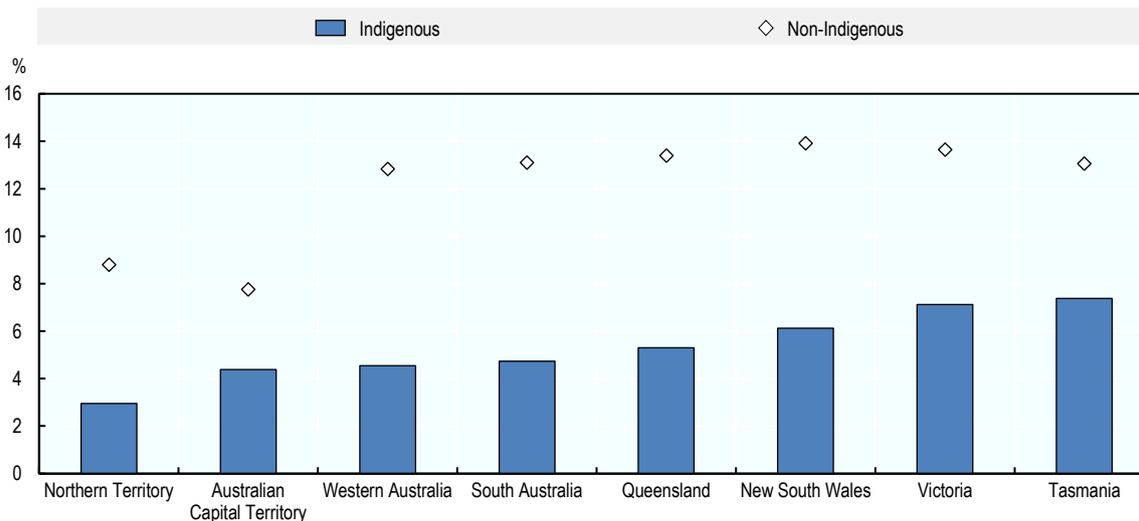
Table 2.9. Percentage point difference in the Indigenous and non-Indigenous self-employment rate, Australian States and Territories, 2016

Jurisdiction	Percentage point difference (%)
Australian Capital Territory	-3
Tasmania	-6
Northern Territory	-6
Victoria	-7
New South Wales	-8
Queensland	-8
Western Australia	-8
South Australia	-8

The geographic distribution of the economically active Indigenous peoples contributes to these differences. Levels of self-employment at the regional level in Australia are influenced by the size and diversity of the local labour market (Swanepoel and Harrison, 2015[65]). Self-employed Indigenous peoples represent a smaller share of employed labour force in predominantly rural regions than in predominantly urban regions (5.9% in comparison to 6.3%). As outlined earlier, there is a higher proportion of the Indigenous population in rural areas than the non-Indigenous population. Outback regions in South Australia, Northern Territory, Western Australia and Queensland have the lowest shares of self-employment among Indigenous peoples.

As with other economic indicators, the gap between the Indigenous and non-Indigenous self-employment rate is largest in predominantly rural regions (Table 2.10). The variation in the self-employment rates for Indigenous is greater in intermediate and predominantly rural regions than in urban regions. However, the distribution of self-employment rates of Indigenous peoples is less variable than non-Indigenous peoples.

For example, the variation of self-employment rates in predominantly rural regions was 0.021 for Indigenous peoples and 0.035 for non-Indigenous peoples. This may be due to Indigenous self-employment being a characteristic of a narrow range of industries (e.g. construction and tourism-related services).

Table 2.10. Self-employment rate by type of region

	Predominantly urban		Intermediate		Predominantly rural	
	Self-employment rate (%)	Standard deviation	Self-employment rate (%)	Standard deviation	Self-employment rate (%)	Standard deviation
Indigenous	6.3	.015	5.7	.023	5.9	.021
Non-Indigenous	12.4	.024	14.3	.039	16	.035

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

The rate self-employment can be compared at a national level with Canada and New Zealand (Table 2.11). The data from self-employment in Australia, Canada and New Zealand shows that there are gaps in the rate of self-employment between Indigenous and non-Indigenous populations. The largest gap is in New Zealand (-10 percentage points) followed by Australia (-9 percentage points), and Canada (-4 percentage points).

Table 2.11. Rate of self-employment, Indigenous and non-Indigenous, Australia, Canada and New Zealand

	Indigenous (%)	Non-Indigenous (%)	Gap (percentage points)
Australia	5	14	-9
Canada	9	13	-4
New Zealand	10	20	-10

Note: Following years are used: Canada (2016), Australia (2016), and New Zealand (2013).
Source: Australian Bureau of Statistics, 2016 for Australia; 2016 Census of Population, Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start; and Ministry of Business, Innovation and Employment 2014 New Zealand for New Zealand.

Education

Education has an important role to play in improving Indigenous well-being outcomes and supporting the development of Indigenous communities. Individuals with at least upper secondary degree are more likely to be economically active, have higher income and have better health than individuals with lower or no degree. There are significant gaps between the shares of Indigenous and non-Indigenous peoples aged 25-64 that have at least an upper secondary education across all Australian States and Territories. These outcomes represent a disadvantage for Indigenous populations in terms of accessing high income "knowledge economy" jobs in the future. Succeeding in the labour market requires foundational skills (literacy, numeracy) along with high-level communication, interpersonal and problem-solving skills.

In 2016, the highest share of Indigenous peoples with at least upper secondary education was reported in Australian Capital Territory, where the attainment rate was 56%. The educational attainment rate was below the national average in South Australia, Western Australia and Northern Territory. The region with the lowest educational rate of Indigenous peoples was reported in Northern Territory where only 17% of the Indigenous peoples aged 25-64 had at least upper secondary education. Compared to the non-

Indigenous peoples, large gaps in education occurs across Australian states and territories. The largest differences are reported in Northern Territory where the share of non-Indigenous peoples with at least upper secondary education is about 60 percentage points higher than the share of Indigenous peoples with this level of education. The state that reported the lowest inequalities in education is Tasmania where the share of non-Indigenous peoples is only one-fourth higher (26 percentage points).

Figure 2.24. Educational attainment rate, Indigenous and non-Indigenous peoples, by states and territories, 2016
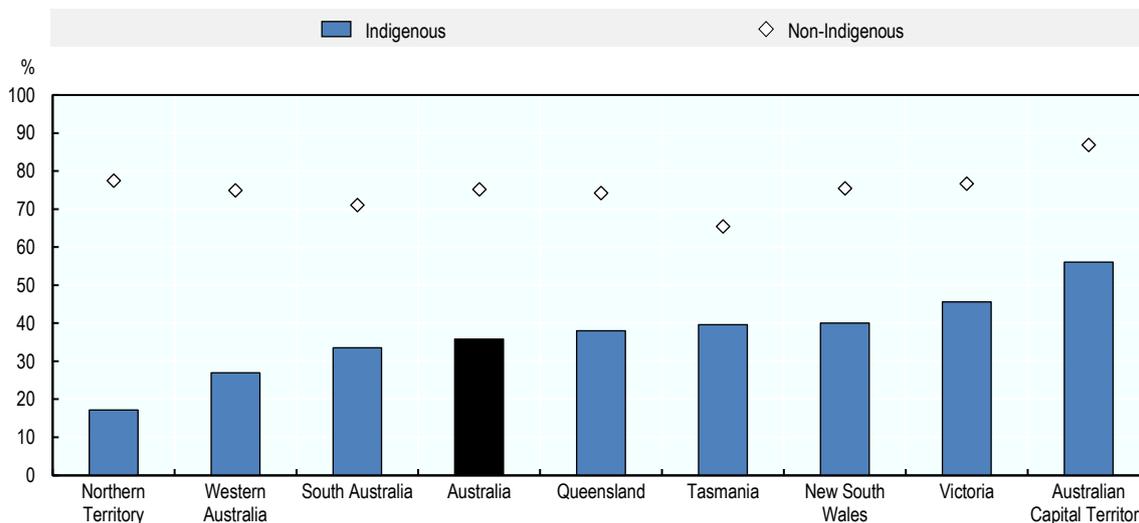

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

In predominantly rural regions, the share of Indigenous peoples with at least upper secondary education is only 34%. In urban areas, almost half of the Indigenous population (46%) obtains at least upper secondary education. The gap to non-Indigenous peoples is the largest in rural areas (37 percentage points) and lowest in urban and intermediate areas (34 percentage points). Variation in outcomes is also higher for Indigenous peoples indicating the diversity of results within predominantly urban, intermediate and rural regions.

Table 2.12. Educational attainment by type of region

	Predominantly urban		Intermediate		Predominantly rural	
	(%)	Standard deviation	(%)	Standard deviation	(%)	Standard deviation
Indigenous	46.3	.061	40.7	.058	33.6	.074
Non-Indigenous	77.0	.045	71.9	.030	64.9	.040

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Compared with other countries, Australia has lower educational outcomes for Indigenous peoples (Table 2.13). The share of the Indigenous population aged 25-64 with an upper secondary degree is only 36% compared to Canada (49%), New Zealand (60%), and the United States (79%). The gap between Indigenous and non-Indigenous is also larger in Australia relative to these jurisdictions. The gap in Australia

is marginally larger in predominantly rural (-37 percentage points) than urban regions (-34 percentage points), which is similar to the outcomes in Canada.

Table 2.13. Upper secondary school attainment, at the national level, Indigenous and non-Indigenous peoples (select countries)

The share of adult population (25-64) with at least upper secondary education, 2016 or the latest year available

	Indigenous (%)	Non-Indigenous (%)	Gap (percentage points)
Australia	36	75	-39
Canada	49	66	-16
New Zealand	60	69	-9
United States	79	88	-9

Note: The latest available year is 2013 for New Zealand; and 2016 for Australia, Canada and the United States. For Canada, educational attainment rate refers to populations aged 15 and over.
Source: Calculations based on data drawn from Australian Bureau of Statistics (ABS), Census of Population and Housing, 2016 (database), TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder; 2016 Census of Population, Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start; Minnesota Population Center (2018[39]), *Population and Housing Census*, Integrated Public Use Microdata Series, https://international.ipums.org/international/; Statistics New Zealand (n.d.[32]), *2013 Census (database) for New Zealand*; U.S. Census Bureau (n.d.[33]), *2012-2016 American Community Survey 5-Year Estimates*, Tables C15002A, C15002B, C15002C, C15002D using American FactFinder, http://factfinder2.census.gov, for the United States.

Table 2.14. Upper secondary school attainment, by TL3 region, Indigenous and non-Indigenous peoples

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous (%)	Non-Indigenous (%)	Gap (PP)	Indigenous (%)	Non-Indigenous (%)	Gap (PP)	Indigenous (%)	Non-Indigenous (%)	Gap (PP)
AUS	44	78	-34	38	72	-34	28	65	-37
CAN	53	68	-15	51	63	-12	40	58	-18
NZL	64	70	-13	54	67	-13	54	66	-12

Note: The latest available year is 2013 for New Zealand; and 2016 for Australia and Canada. For Canada, the educational attainment rate refers to populations aged 15 and over.
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016 (database), TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder; 2016 Census of Population, Statistics Canada (2016[30]), *Census of Population for Canada*, https://www.statcan.gc.ca/eng/start; Minnesota Population Center (2018[39]), *Population and Housing Census*, Integrated Public Use MicrodataSeries, https://international.ipums.org/international/; Statistics New Zealand (n.d.[32]), *2013 Census (database) for New Zealand*.

Health

Health is a crucial element of well-being for people of all backgrounds. Having a good health enables individuals to participate in the activities that they value, and to pursue the lives that they want to live. Therefore, it affects people's ability to take part in the formal and informal economy, acquire new skills and to live good quality lives. The life expectancy of Indigenous peoples varies by 6 years in the four regions with the largest Indigenous population. The state with the highest life expectancy was in 2010-12 New South Wales (72.3 years) and the lowest was reported in Northern Territory (66 years).

Figure 2.25. Life expectancy at birth Indigenous peoples, 2010-12
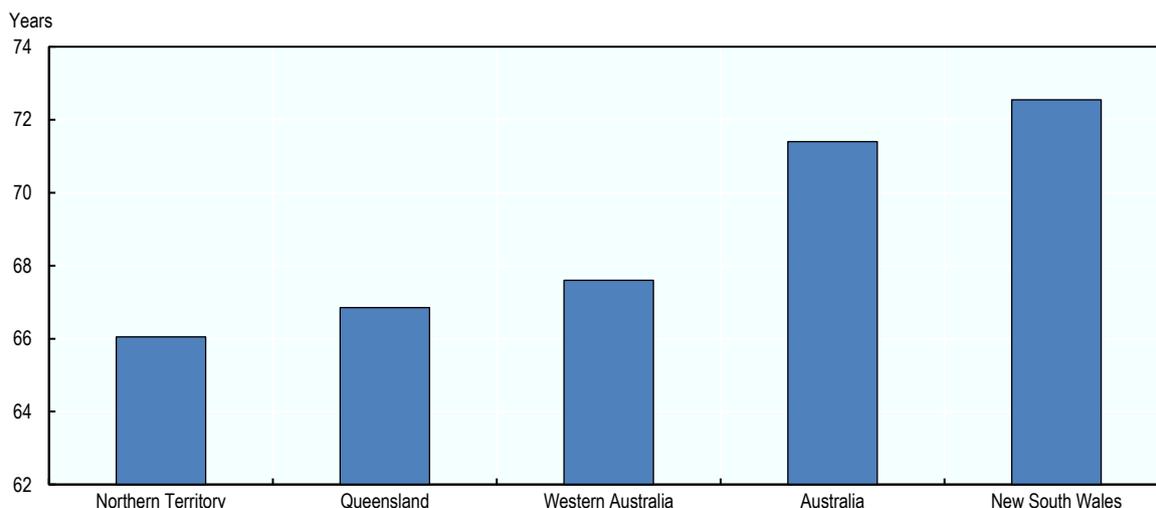

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Data based on the ABS classification of urban and rural regions, Indigenous peoples in outer regional, remote and very remote regions has lower life expectancy than Indigenous peoples living in major cities and inner regional regions, on average 0.8 years lower. The corresponding urban rural difference in non-Indigenous peoples' life expectancy is one year.

Access to services

Access to services is a key issue in sparsely populated areas (OECD, 2017[66]). This is an important issue for Indigenous peoples as a higher proportion live in predominantly rural regions than the non-Indigenous. One way of measuring accessibility is accessibility to services, measured by the percent of households with connection to the internet. Digital access has become an important tool for community development and therefore it can be seen as an enabler for generating economic growth and job opportunities, as well as increasing quality of life (Federal Reserve Bank of Dallas, 2016[67]). Lower levels of digital access undermine policy objectives related to economic participation, health and education (OECD, 2018[68]).

In 2016, 75% of the Indigenous households reported having access to the internet and this was 10.8 percentage points lower than the rate for non-Indigenous households. At the sub-national level, the share of Indigenous household with an access to the internet varies from 58% (Northern Territory) to 88% (Australian Capital Territory). For South Australia, Western Australia and Northern Territory, the share of Indigenous households with access to the internet is above the national average of 75%. The largest gap is found in Northern Territory, where the difference is approximately 30 percentage points.

There are significant differences in accessibility between predominantly urban and rural regions. In 2016, about 68% of Indigenous rural households had access to the internet while in predominantly urban regions 83% of Indigenous households had access. The dispersal of values is also much higher for Indigenous peoples in intermediate and predominantly rural regions. The most remote regions such as the Outback regions of Australia (Northern Territory – Outback, South Australia – Outback and Western Australia – Outback) have the lowest share of Indigenous households with Internet access. For instance, in Northern Territory – Outback region, the share of Indigenous households with Internet access is at 49% while the share was at 80% in Hunter Valley (excluding Newcastle), another predominantly rural region according to OECD typology. In predominantly urban regions, the share varies by ten percentage points. Similarly,

the gap in access to Internet between Indigenous and non-Indigenous households was the largest in remote Outback regions.

Figure 2.26. Share of households with access to internet, by state and territories, 2016
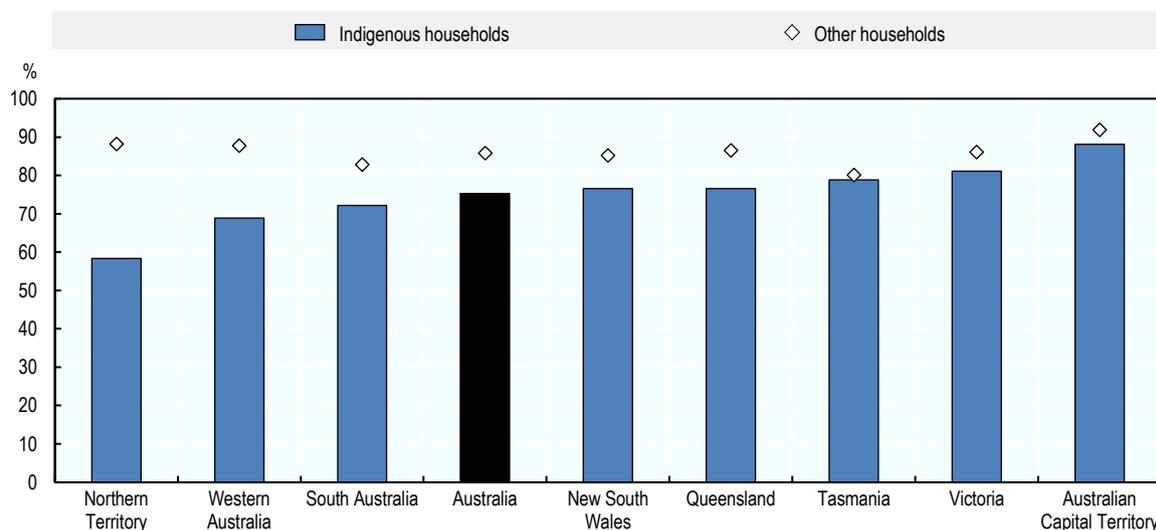
Note: Indigenous households refer to occupied private dwellings where at least one person was Aboriginal and/or Torres Strait Islander.
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Table 2.15. Household with access to Internet

	Predominantly urban		Intermediate		Predominantly rural	
	(%)	Standard deviation	(%)	Standard deviation	(%)	Standard deviation
Indigenous	83	0.034	75	0.060	68	0.081
Non-Indigenous	88	0.030	84	0.025	79	0.028

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Findings from the National Aboriginal and Torres Strait Islander Social Survey

As discussed earlier, Indigenous peoples have values and perspectives about well-being that are different to the non-Indigenous population. The ABS has addressed this need by developing the Indigenous Survey Strategy, which was constructed, based on consultation with Indigenous peoples, two decades ago. The Indigenous Survey Strategy includes domains such as health, housing, education, employment and social and cultural well-being. The main product of this strategy has been the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) and it was conducted in conjunction with the General Social Survey (GSS) of all Australians (Australian Bureau of Statistics, 2016[69]). Between 2012 and 2014, ABS conducted the third NATSISS survey and the main results are outlined in Box 2.9. These findings emphasise the importance of cultural identity and kinship relations to Indigenous well-being.

Box 2.9. Indigenous non-material well-being – evidence from National Aboriginal and Torres Strait Islander Social Survey

- **Indigenous peoples living in remote areas have a stronger cultural identity.** 54.9% of the Indigenous peoples in remote areas speaks an Indigenous language whereas only small fraction of Indigenous peoples (8%) speaks Indigenous language in non-remote areas. However, English is the most common first language among Indigenous peoples across Australia as 59.1% of Indigenous peoples in remote areas spoke English or other language as their first language while English or other language is about 98% of non-remote Indigenous peoples first language.

- **A bit more than one-fifth of Indigenous Australians live in their homeland.** While the national average of Indigenous Australians living in their homeland is around 23%, significantly higher proportion of this are Indigenous peoples in remote areas. About 22% of Indigenous peoples from remote-areas identified living in their homeland, which is higher than in non-remote areas (16.6%).

- **Community support is an important especially in remote areas.** Indigenous peoples in remote areas are more likely to provide support to their relatives living outside of the household than Indigenous peoples in non-remote areas. In 2012-2014, 59.9% of Indigenous peoples in remote-areas reported that they take care of their relatives outside of their households.

- **Indigenous peoples in remote areas have much more face-to-face contacts with their family and friends than their counterparts in non-remote areas**. More than half of the Indigenous peoples in remote areas had every day face-to-face contact with family or friends outside the household whereas the share was 36.5% in non-remote areas.

- **Trust in other people divides Indigenous Australians.** 38.5% of Indigenous peoples in remote areas strongly agreed that other peoples can be trusted, however, the share of Indigenous peoples who strongly disagreed was 45.7%. Similar trend is observed in non-remote areas, where Indigenous peoples who felt that people could be trusted was 31.8% and about 40% disagreed.

- **Majority of Indigenous peoples perceive that living conditions in their community either have not changed or the community is a better place to live**. 30.7% thinks that their community is a better place to live whereas only 16.4% of Indigenous peoples thought that their community is a worse place to live than 12 months ago.

- **Indigenous peoples living in remote areas face difficulties accessing to services.** Especially Indigenous peoples living in very remote areas reported difficulties accessing services such as family assistance office (14.2%), dental care (17.2%), financial institutions (13.4%) and housing services (10%). The most common reason for accessibility was that there are no services in the area (20.7%) or they are inadequate services (17%). Moreover, less than half of the Indigenous peoples (46.9%) in very remote areas did not access internet in last 12 months.

Source: Australian Bureau of Statistics (2016[70]) National Aboriginal and Torres Strait Islander Social Survey (NATSISS), cat. No. 4714.0, viewed January 2019,
https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4714.0~2014-15~Main%20Features~Key%20findings~1AustralianBureauofStatistics.

Current stage of well-being of Australia's Indigenous peoples at a regional level

Moving beyond national averages and focussing on the sub-national level helps to better understand the nature of Indigenous well-being and inequalities. This is an incomplete picture because issues which matter to Indigenous peoples (cultural identity, discrimination, and kinship relations) are not available in a sufficiently disaggregated form. Other indicators related to access to land and waters and the role of subsistence economies are not available at a sub-national level. The indicators that are available are those which apply to the population as a whole, and this enables analysis of inequalities between Indigenous and non-Indigenous populations.

The range of inequalities at a State and Territory (TL2) level across multiple indicators are significant. For example, the rate of Indigenous unemployment in the ACT is 9% whereas in the Northern Territory it is 27%. In the case of the employment rate, it ranges from 65% in the ACT to 29% in the Northern Territory. These outcomes are influenced by the socio-economic status, industry mix, and the geography of each jurisdiction. Examining the gaps between the Indigenous and non-Indigenous population is a way of better accounting for these place-based characteristics. The analysis in this section showed these gaps were large and they vary by jurisdiction. The largest gaps are evident in the States and Territories, which are resource based and have relatively lower population densities (Queensland, the Northern Territory and Western Australia) (Table 2.16).

Table 2.16. Gaps in key economic indicators, Indigenous and non-Indigenous population, by State and Territory, 2016

	Median weekly household income	Employment rate	Unemployment rate
New South Wales	-17	-24	9
Northern Territory	-15	-57	23
Victoria	-14	-21	7
Australia	**-14**	**-28**	**12**
Tasmania	-14	-17	6
South Australia	-13	-32	13
Queensland	-12	-28	13
Western Australia	-11	-37	15
Australian Capital Territory	-7	-15	4

Note: Percentage point difference between Indigenous and non-Indigenous outcomes.
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Indigenous peoples in predominantly urban regions have on average higher performance in well-being than Indigenous peoples in intermediate and rural regions. Indigenous peoples in predominantly rural regions have the most disadvantage position based on the five indicators considered in the analysis. For example, the unemployment rate of Indigenous peoples in rural regions is 6 percentage points higher than in urban regions, and the difference in terms of upper secondary school education attainment for 25-64 years olds between urban and rural Indigenous peoples is -16 percentage points. Gaps between Indigenous and non-Indigenous peoples tend to be higher in rural regions (Table 2.17). Indigenous peoples in rural areas tend to be less economically active, have poorer access to services, are engaged in lower skilled occupations, and are more vulnerable to technological and structural economic change.

Table 2.17. Gaps in well-being indicators, Indigenous and non-Indigenous population, by type of region, 2016

	Urban	Intermediate	Rural
Employment rate gap	-20	-27	-32
Unemployment rate gap	8	12	15
Self-employment rate	-6	-9	-10
Educational attainment	-31	-31	-31
Household Internet access	-5	-9	-11

Note: Percentage point difference between Indigenous and non-Indigenous outcomes.
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Australia also confronts similar challenges to other comparable jurisdictions (Canada, New Zealand, and the United States) but the challenges are greater. For example, the gap in educational attainment between Indigenous and non-Indigenous peoples in predominantly rural areas is -37 percentage points in Australia compared with -18 percentage points in Canada. In terms of the employment rate, the gap is -35 percentage points in Australia compared to -15 percentage points in Canada, and -17 percentage points in the United States. These findings emphasise the importance of different jurisdictions sharing lessons, policies and good practices about how to improve Indigenous well-being, particularly in rural and regional areas.

However, this analysis cannot be just reduced to a simple urban and rural divide, and a place-based nuance is required. There are higher variations in well-being outcomes within urban, intermediate and rural regions for Indigenous peoples than the non-Indigenous population. This indicates that endogenous place-based characteristics play an important role in shaping the well-being outcomes of Indigenous peoples.

Factor analysis

The analysis in the previous section demonstrated inequalities in key economic and educational outcomes between Indigenous and non-Indigenous peoples across different regions within Australia, particularly in the case of rural areas. Regional differences in development outcomes evidenced in wider OECD work are the result of a combination of interconnected factors such as demographics, access to markets and services, physical and human capital, infrastructure and the regions capacity to innovate (OECD, 2009[71]; 2012[72]).

This section examines factors associated with different levels of labour force participation for Indigenous peoples across different types of regions. This indicator was chosen as it reflects the economically active population within a region. The factors examined in this analysis are: median travel time to the closest city, the employment rate, share of Indigenous households with an access to broadband, the unemployment rate, and the proportion of the population aged 25-64 with a post-secondary education. There are multiple factors that might influence Indigenous labour force participation. However, the analysis is limited by data availability and the exclusion of relevant factors such as community leadership, sectoral specialisation, infrastructure, the quality of institutions, and innovative capacity.

Overall, Indigenous peoples in predominantly urban regions have a greater likelihood to be in the labour force than Indigenous peoples in intermediate and rural regions as well as the average Indigenous person (see Table 2.18). The gaps in the labour force participation rate between Indigenous and non-Indigenous peoples is much higher in rural (-30 percentage points) and intermediate regions (-23 percentage points), than in urban regions (-16 per percentage points). This demonstrates the relative benefits of being located in thick labour markets with diverse job opportunities. The variation of outcomes (measured by the standard

deviation) is relatively higher for Indigenous peoples across all regions, which again indicates the importance of policies that are tailored to the nuances of different places.

Table 2.18. Labour force participation by type of regions, 2016

	Predominantly urban		Intermediate		Predominantly rural	
	(%)	Standard deviation	(%)	Standard deviation	(%)	Standard deviation
Indigenous	63	0.07	58	0.07	50	0.08
Non-Indigenous	79	0.02	81	0.03	80	0.05

Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

Figure 2.27 compares factors associated with the top 20% of labour force participation rates of Indigenous peoples and the bottom 20% of labour force rates of Indigenous peoples in 2016 across urban and rural regions. In predominantly rural regions, the top performers have a higher employment rate, educational attainment rate, household internet access, and are closer to cities. Rural regions which face the greatest challenges are those which are remote and have weak job markets, poor access to services, and lower rates of educational achievement. In urban regions, the top performers also have healthier labour markets, higher education levels, and better access to services.

Figure 2.27. Labour force participation rate - top and bottom performers, urban-rural regions
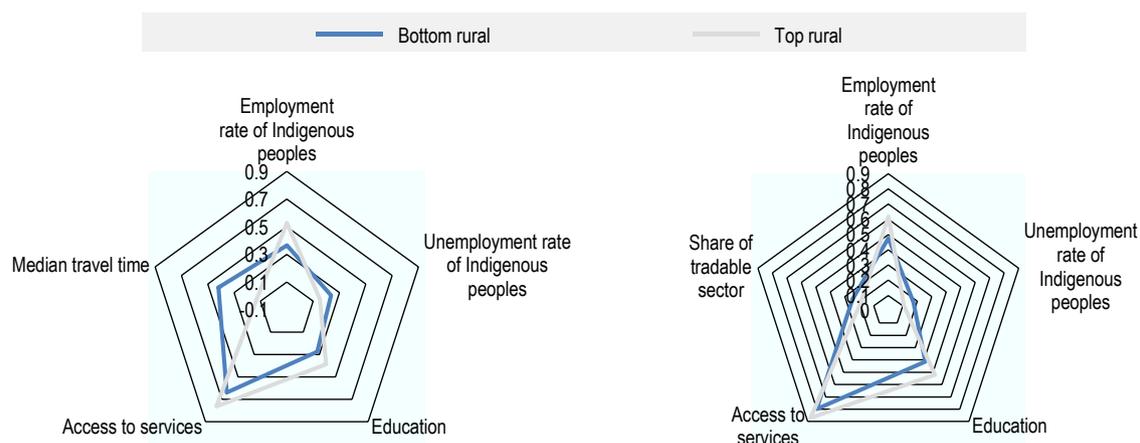
Note: All indicators represent shares; the scale goes from 0 to 1. Median travel time is been standardised using minimum and maximum methodology. Top refers to urban regions in the top 20% of labour force participation rates of Indigenous peoples and the bottom refers to urban regions in the 20% of labour force rates of Indigenous peoples in 2016.
Source: Calculations based on data drawn from ABS Census of Population and Housing, 2016, TableBuilder for Australia, in Australian Bureau of Statistics (n.d.[29]), *Census TableBuilder*, https://www.abs.gov.au/websitedbs/D3310114.nsf/home/About+TableBuilder.

This analysis reinforces the point about some of the structural challenges faced by Indigenous peoples in rural remote areas. Low-density economies are generally characterised by: small populations and labour forces, weak connectivity to external markets, local markets that offer a limited set of goods and services, a high dependence on primary sectors and first stage processing, a workforce dominated by lower skill workers, higher unit costs to deliver public services, dispersed settlements that lead to fractured local government systems and disconnected local labour markets, and a small local tax base (OECD, 2017[66]).

By contrast, urban regions enjoy agglomeration benefits, which arise due to sharing facilities, inputs and gains from specialisation; thicker labour markets that result in better matching and lower search costs; and knowledge spillovers between firms (Rosenthal and Strange, 2004[73]; Puga, 2010[74]; Duranton and Puga, 2004[75]).

A policy agenda for Indigenous Australians needs to include a focus on how to improve well-being across different types of regions. This includes how Indigenous peoples in low-density economies can overcome the disadvantages that result from a lack of economic concentration. For instance, how to leverage areas of absolute advantage (resource endowments and amenities) and ensuring there is a business eco-system (premises, networks and mentors, technical advice and capital) that can support entrepreneurs and small business. Investments in broadband and high-speed Internet connections in remote areas can enhance connectivity, offer opportunities for new ways to deliver services and enhance the spread of new ideas. These issues will be discussed further in Chapters 2 and 3.

Improving Indigenous statistics and data governance

The objective of this section of the chapter is to assess whether current practices related to Indigenous statistics and data governance support a place-based approach to economic development. The assessment framework draws from the *OECD Linking Indigenous Communities to Regional Development* global report (OECD, 2019[45]). The first section begins by discussing lessons, leading practices and challenges related to Indigenous statistical frameworks. This includes how a definition of Indigenous peoples is operationalised in the statistical framework, the incorporation of Indigenous geographies into the territorial classification, and specific survey instruments that can provide tailored statistical outputs for Indigenous peoples. The second section addresses issues related to the governance of data. This includes how Indigenous peoples are included in the governance of national statistical agencies, linking data to increase availability, and supporting Indigenous data sovereignty.

Indigenous statistical frameworks

This sub-section of the chapter discusses lessons, leading practices and challenges related to the following points:

- Developing an agreed national definition that is consistent with the principles of the International Labour Organization (ILO) Indigenous and Tribal Peoples Convention 169 (self-identification, descent and belonging to a group).

- Applying the agreed national definition consistently across different government agencies, and between levels of government.

- Including Indigenous territories in the standard geographic classification for the collection and reporting of statistics.

- Providing regular reporting of Indigenous well-being outcomes (economic, social and environmental dimensions) at national and sub-national levels (disaggregated by urban, rural and remote regions), and by gender and age dimensions (that are internationally comparable and in line with the SDGs).

- Implementing specific population-based surveys on issues that are important to Indigenous peoples and can address gaps in the statistical framework (e.g. subsistence, health, business, and leadership and governance).

Defining and collecting statistics about Indigenous peoples

Historically, governments defined who was Indigenous by applying criteria about ancestry, which was used to exclude Indigenous Australians, and justify policies such as the removal of children from families (Dodson, 1994[76]). In 1978, the Australian Government adopted the following definition of Indigenous Australians: "*An Aboriginal or Torres Strait Islander is a person of Aboriginal and Torres Strait Islander descent who identifies as an Aboriginal or Torres Strait Islander and is accepted as such by the community in which he or she lives*". This definition is consistent with international norms embedded in the International Labour Organisation's Indigenous and Tribal Peoples Convention 169 (1989), and the United Nations Declaration of the Rights of Indigenous Peoples (2007) that define Indigenous peoples on the basis of self-identification, descent, and belonging to a group. This is a formal government definition for the purposes of collecting statistics and accessibility to government programs and support. Many Indigenous people prefer to be referred to by a local or regional name specific to an Indigenous ethno-linguistic group, or by the collective terms 'First Nations' or 'First Peoples' and reserve the right to determine who is "Indigenous" (Dodson, 1994[76]; Jordan, Markham and Altman, 2019[22]).

The Australian Bureau of Statistics (ABS) adopted a Standard Indigenous Question (SIQ) in 1996. The SIQ is based on self-identification and origin: "*Are you of Aboriginal or Torres Strait Islander origin?*" The method is based upon respondents self-identifying (there is no requirement for proof of their Indigenous status). The SIQ does not enable the collection of information related to belonging i.e. "*accepted as such by the community in which he or she lives*". It is noted by the Australian Government that it is usually not practical to collect information on community acceptance in a survey or administrative data collection setting (Department of the Prime Minister and Cabinet, 2018[24]). The Registration of Indigenous to specific institutions - e.g. Tribes in the United States, First Nations in Canada, or *Sameby* in Sweden – is not a contemporary practice in Australia.

The SIQ provides the basis for the ABS and other agencies to collect consistent Aboriginal and Torres Strait Islander statistics and is used in the five yearly Census, and in all ABS collections that ask respondents for their Aboriginal and Torres Strait Islander status. The SIQ is also used in the health, education, crime and justice sectors in most Australian state and territory government departments and agencies, and in many non-government sector collections. These improvements have been supported by the National Indigenous Reform Agreement developed under the framework of the Council of Australian Governments (Council of Australian Governments, 2012[77]). It committed with the ABS and the Australian Institute of Health Welfare (AIHW) to work with States and Territories to adopt the standard Indigenous status question and recording categories on data collection and information systems for key data sets (Department of the Prime Minister and Cabinet, 2018[24]).

Indigenous peoples and the territorial classification

Statistics about Indigenous peoples collected by the ABS can be organised into the standard territorial classification of Australia (the Australian Standard Geography Standard or ASGS). In relation to the OECD classification this is at the State and Territory level (TL2), and the Statistical Area (SA) Level 4 (TL3) (Australian Bureau of Statistics, 2016[78]). The latter corresponds to a local labour market adjusted to population sizes that enable an appropriate sample size for the labour force survey (minimum of 100,000 people). There are 4 territorial levels below the SA 4. SA 3 corresponds to a smaller functional area (e.g. a regional city) while the SA 2 correspond to a suburb or locality and have an average population of 10,000. SA 1 is an area within a locality that has an average population of 400, and below this are mesh blocks that contain 30 to 60 dwellings.

Statistics can also be organised into a specific Indigenous Structure within the ASGS, which is used to release data from the Census of Population and Housing (Australian Bureau of Statistics, 2016[79]). The structure comprises three territorial levels, which are all aggregated from the SA 1. The first level is Indigenous Locations (ILOCs) that represent a spatial community of Indigenous peoples with a minimum

resident population of 90 (this may be a single SA 1 or an aggregation). The second are Indigenous Areas (IAREs) that are aggregates of the ILOC at a scale that enables more detailed socio-economic data (there are 430 of these across Australia). The third are Indigenous regions (IREGs) that correspond loosely to the former Aboriginal and Torres Strait Islander Commission (ATSIC) boundaries. There are 58 of these across Australia, they are aggregations of the IAREs, and they do not cut across State and Territory boundaries.

The nature and boundaries of this territorial classification is embedded within broader policies related to Indigenous peoples in Australia and related to the overall purpose of data and who is using it (Biddle, 2014[80]). Historically, there have been different phases of public policies toward Indigenous Australians based upon protection and assimilation from European settlement until the 1960s (Rowse, 2006[27]). In this period, enumeration was limited and based on the classification of Indigenous peoples into "full blood" and "half-caste" individuals. From the 1970s (after the 1967 referendum) interest shifted toward equality of socio-economic outcomes between Indigenous and non-Indigenous Australians. Therefore, focus also shifted to how Indigenous peoples could be better enumerated and incorporated into mainstream statistical frameworks and data collection through the census (Taylor, 2011[81]; Jelfs, 2016[82]).

Although there is a specific Indigenous Structure within the ASGS, it does not reflect traditional Indigenous territories, or contemporary local and regional Indigenous-led institutions. A simple way of indicating this is that the Indigenous Structure within the ASGS does not cut across State and Territory boundaries (for example, the Yorta Yorta Nation cuts across what is now northern Victoria and southern New South Wales). The organisation of statistics for traditional Indigenous territories may be challenging because boundaries are not clearly demarcated. It would be technically possible to undertake such a task based on the aggregation of smaller geographies, and would need to be based on negotiation with Indigenous peoples and institutions. This also relates to the critical point about the purpose of statistics and who is using them. If the use and analysis of statistics is demanded and led by local Indigenous-led institutions then the geographies may be different to those currently prescribed by governments. However, this is not common practice at the moment (Taylor, 2011[81]).

Box 2.10. Considering Indigenous territories in standard statistical geography

Statistical agencies also tend not to consider how Indigenous peoples understand territory or geography. National statistical agencies work within their standard statistical geography, which provides them a framework for survey design, sample selection and data collection that has a geographical dimension. The boundaries, determined in the standard statistical geography, reflect how countries are divided into administrative units and in some cases functional economic areas. They tend not to consider how territorial lands of Indigenous peoples are formed.

Indigenous geography can exist within, or cut across the borders of the standard statistical geographies. Without this geography statistics are not going to be as useful as they could be for Indigenous peoples. The United States has sought to address this problem by introducing a Hierarchy of American Indian, Alaska Native, and Native Hawaiian Areas which works as a tool for data agents to collect more useful and accurate data for Indigenous peoples (U.S. Census Bureau, 2019[83]).

This includes, for example:

- Hawaiian home lands (HHLs). Areas held in trust for Native Hawaiians by the state of Hawaii, pursuant to the Hawaiian Homes Commission Act of 1920, as amended. The Census Bureau obtains the names and boundaries for HHLs from state officials. The names of the home lands are based on the traditional *ahupua'a* names of the Crown and government lands of the Kingdom of Hawaii from which the lands were designated or from the local name for an area.

Being lands held in trust, HHLs are treated as equivalent to off-reservation trust land areas with the American Indian Trust Land/Hawaiian Home Land Indicator coded as "T."

- Joint-use areas. These are applied to any American Indian area by the Census Bureau, means an area that is administered jointly and/or claimed by two or more American Indian tribes. The Census Bureau designates legal joint-use areas as unique geographic entities equivalent to a reservation for the purpose of presenting statistical data.

- Off-reservation trust lands: These are areas for which the United States holds title in trust for the benefit of a tribe (tribal trust land) or for an individual American Indian (individual trust land). Trust lands can be alienated or encumbered only by the owner with the approval of the Secretary of the Interior or his/her authorized representative. Trust lands may be located on or off a reservation; however, the Census Bureau tabulates data only for off-reservation trust lands with the off-reservation trust lands always associated with a specific federally recognized reservation and/or tribal government.

Source: U.S. Census Bureau (2019[83]), *2010 Geographic Terms and Concepts - American Indian, Alaska Native and Hawaiian Native Areas*.

Indigenous business data

Across OECD countries, there are generally inconsistent practices or gaps regarding identifying Indigenous businesses and producing statistics about them (OECD, 2019[45]). Fragmented and inconsistent Indigenous business data makes it more difficult to target policies, monitor and evaluate programmes, and track progress. This is the case in Australia where data is limited, and there is no systemic way to self-identify business owners in the national statistical system. The ABS has developed a definition of an Indigenous owned business – but it has not been operationalised in the statistical system (Australian Bureau of Statistics, 2012[84]). Indigenous-owned enterprises are defined in various ways across different levels of government and the private sector due to different percentages of Aboriginal ownership being applied (100%, 51%, 50%, and 25%). Different private and public sector entities may also add criteria related to the proportion of Indigenous people employed in the enterprise.

Data about Indigenous businesses is currently located in different government, not for profit and private sector organisations. The most comprehensive and up-to-date database is operated by Supply Nation. Supply Nation is a not-for-profit entity established in 2009 to link Indigenous business owners with private and public procurement opportunities (Supply Nation, 2019[85]). Business owners need to register with Supply Nation which then undertake a 5-step verification process that involves cross checking with the Australian Business Registry and the Australian Securities and Investment Commission, verifying ownership documentation and Indigenous identity, and conducting audits and spot checks to ensure continued Indigenous ownership. The threshold is at least 50% Aboriginal and/or Torres Strait Islander ownership. These verification processes are critical to avoid the problem of business owners fraudulently claiming Indigenous identity and/or using silent partners to access preferential procurement programs (OECD Interviews – fact-finding mission, Australia July 2018). Indigenous Chambers of Commerce at a State and Territory level also have business databases that apply verification standards that are overseen by the First Australians Chamber of Commerce and Industry (New South Wales Indigenous Chamber of Commerce, 2019[86]). Again, this is designed to facilitate access for Indigenous owned businesses into public procurement programs. Within the Australian Government, Indigenous Business Australia (IBA) also has a database which is based on the support it provides through business development and loan programmes (Indigenous Business Australia, n.d.[87]).

There are two key problems inherent in the current approach. The first is that the lack of an agreed universal definition of what constitutes an Indigenous business. This not only makes it difficult to make

accurate statements about the size, composition and performance of the Indigenous business sector – it also increases regulatory compliance for Indigenous business owners. This could be resolved by introducing a standard question into the Australian business registry systems, the tax office, and business surveys undertaken by the ABS. Additional verification processes could then be employed based on this common database to access government support programmes. The second is that current databases are not linked, which would enable cross-checking and the creation of a larger pool of data to facilitate analysis and better targeting of programming and support. It would also reduce burdens on Indigenous businesses, as they would not have to go through multiple verification and registration procedures with different criteria. Current databases are also skewed toward accessing private and public procurement markets. This introduces a number of biases including sectoral (e.g. construction, food and hospitality, office supplies), size and capability to bid for procurement contracts, and location (most likely favouring urban centres where there is a greater density of public procurement opportunities). The current approach may marginalise micro and small businesses, those in sectors outside of procurement markets such as tourism, and in rural and remote locations. This lack of data also makes them less visible and more marginal in policy debates.

Box 2.11. Indigenous business statistics: Practices in other jurisdictions

The Swedish Government collects data about Sámi Reindeer Herding; however, there is no ethnic identifier in their statistical system, which means Sámi engaged in other business activities are not captured in formal statistics. In New Zealand, there is a Māori tax code but it only relates to trusts or authorities, and it is voluntary. The Business Register in New Zealand also collects information about "economically significant enterprises" so also excludes a proportion of the business population. It is also possible in some jurisdictions (Canada and New Zealand) to collect information on owner-managers who self-identify as Indigenous. However, this also has shortcomings such as leading to an undercount because some individuals may own multiple businesses. The United States Census Bureau Survey of Business Owners and Self-Employed Persons (SBO) includes a standard question on race which is based on self-identification of having origins to the original peoples of North America and maintaining tribal affiliation or community attachment. This approach in the United States enables a more comprehensive and granular analysis of the Indigenous business sector.

Source: OECD (2019[45]), *Linking Indigenous Communities with Regional Development*, https://dx.doi.org/10.1787/3203c082-en.

Reporting on well-being outcomes

Closing the Gap was set-up by the Council of Australian Governments' (COAG) in 2008, and represents a joint effort between the Commonwealth and all Australian governments. It also provides a broader framework for Indigenous economic development and business policies. *Closing the Gap* is organised around seven themes, which cover aspects such as early childhood and school education, employment and health, and economic development. Targets and indicators are established across these different policy themes, and reported upon at a national and State and Territory level (Department of the Prime Minister and Cabinet, 2018[88]). Some of these indicators – on employment, health care, and early childhood education and schooling - are also disaggregated by Australia's territorial classification (Major Cities, Inner Regional, Outer Regional, Remote and Very Remote). These descriptive statistics reveal poorer outcomes and larger gaps between Indigenous and non-Indigenous peoples in remote areas. The *Closing the Gap* framework has been criticised for being too deficit focused, and not developing an understanding of how to capitalise on Indigenous assets and opportunities. After ten years, only three out of seven targets on track.

Box 2.12. Closing the Gap: Strategic framework

Priority Outcomes (*interlinked*)

Safe healthy and supportive family environments with strong communities and cultural identity

Positive child development and prevention of violence, crime and self-harm

Improved wealth creation and economic sustainability for individuals, families and communities

COAG targets and headline indicators

COAG targets ('Closing the Gap' targets)	Headline indicators
Life expectancy	Post-secondary education – participation and attainment
Young child mortality	Disability and chronic disease
Early childhood education	Household and individual income
Reading, writing and numeracy	Substantiated child abuse and neglect
Year 1 to 10 attendance	Family and community violence
Year 12 attainment	Imprisonment and juvenile detention
Employment	

Strategic Areas for action

Governance, leadership and culture

Early child development

Education and training

Healthy lives

Economic participation

Home environment

Safe and supportive communities

Source: Survey response – Australian Government.

In December 2016, COAG agreed to refresh the *Closing the Gap* strategy. One of the weaknesses identified in relation to the initial framework was the limited involvement of Aboriginal and Torres Straight Islanders in the design, development and implementation of it, as well as not accounting for geographical variance. The Refresh included the release of a discussion paper, call for submissions, and a series of workshops with stakeholders and experts. In December 2018, COAG released draft targets, which largely refine the existing architecture of *Closing the Gap* (Council of Australian Governments, 2018[89]). The employment indicators will include a stronger focus on young people, education will include a focus on pathways into post-secondary education, and there is a commitment to develop a target related to Indigenous people's access to, management and ownership of land. The Australian Productivity Commission will take a lead role in evaluating progress against the final targets, which will also take account of differences across urban, regional and remote areas.

Statistics about Indigenous peoples are produced on an annual basis by the ABS and the Australian Institute of Health and Welfare (AIHW) that cover demographics, health and welfare, and the use of government services. These Indigenous statistics are then used in the annual report produced by the Productivity Commission on the effectiveness and efficiency of government services (Productivity Commission, 2019[90]). They also utilised in the biennial *Overcoming Indigenous Disadvantage Key Indicators Report*, which is also produced by the Productivity Commission. This report provides assessment of Indigenous well-being across 52 indicators in areas such as governance, leadership and culture, early childhood, education, health, home and safe and supportive communities. As with the *Closing the Gap* report, these service delivery outcomes are disaggregated by remoteness.

These statistical frameworks and reporting mechanisms have resulted in greatly improved depth and coverage of Indigenous data compared with the situation when Indigenous peoples were first included in the census in 1971 (Rowse, 2006[27]). Despite this progress there are still a number of shortcomings in the data which was summarised in a 2014 paper for the Closing the Gap clearing house (Biddle, 2014[80]). The needs of governments and researchers are generally well provided for whilst the needs of local Indigenous organisations are not as well met and resourced. Other gaps and challenges include: changes in self-identification; no longitudinal data across the life course; 5-year gap in the census; and lack of data for the right concepts that are useful to Indigenous communities and organisations. A key challenge is related to statistics for remote communities. This may be methodological (e.g. too small for the minimum threshold for the labour force survey), challenges related to the registration of births and deaths, costs of data collection, and language barriers.

Data is often not available at the right geographic scale that is useful for Indigenous peoples (Biddle, 2014[80]). Overall, Indigenous statistical reporting by Australian Government agencies takes a sectoral approach (health, early childhood, school education, employment, housing etc.) and it is not complemented by a spatial approach to the analysis of well-being. This spatial approach would need to start with the region and Indigenous territory as the unit of analysis. For example, assessing economic, social and service delivery outcomes across different remote areas, identifying variances in levels and rates of performance, and identifying regions that have made progress (or not). This could then provide the basis for deeper case study analysis to identify institutional and geographic factors associated with changes in outcomes, and a basis for working with local Indigenous communities on strategies to address priorities. However, this geographic lens is missing at the moment. In addition, the statistical framework is also primarily designed within a framework designed by non-Indigenous peoples, and as such, may miss aspects of well-being that are important to Indigenous peoples.

Box 2.13. Community-based Indigenous data: Canada and the United States

Canada: Community well-being index

Indigenous Services Canada (ISC) has developed a Community Well-Being Index that measures the well-being of Indigenous (namely First Nations and Inuit) and non-Indigenous communities across Canada. It is based on the United Nations Development Programme's Human Development Index (HDI) and it encompasses indicators such as education, labour force activity, income and housing, leaving out indicators measuring the level of social capital or environmental factors. Communities are scored based on how they perform in these socio-economic indicators for years 1981-2016 (5-year periods). Prior to its first release, there was no method in place to track the level and development/ progress of Indigenous community socio-economic well-being. The community well-being index is the first attempt to measure systematically Indigenous well-being at a community level in Canada.

United States: My Tribal Data Tool

In 2017, the US Census Bureau launched the "My Tribal Data Tool". The My Tribal Area Tool is designed to give easy access to select statistics from the American Community Survey (ASC). The ASC provides disaggregated data on demographic, social, economic and housing statistics on an annual basis. For each tribal area, the tool provides maps, and data profiles. The Census bureau held a range of consultations with tribal leaders across the United States that identified the demand for easier access to statistics about tribal areas and reservations.

Source: Indigenous Services Canada (2019[91]), *The Community Well-Being Index*, https://www.sac-isc.gc.ca/eng/1100100016579/1557319653695 (accessed on 9 October 2019); U.S. Census Bureau (2019[92]), *My Tribal Area*, https://www.census.gov/tribal/ (accessed on 29 March 2019).

Inclusion of Indigenous values and perspectives in well-being indicator frameworks

As outlined earlier in this chapter, statistics are shaped by power-relations and are framed and collected for particular purposes. Over the past 50 years, the overall concern of Australian Governments (with variations in prioritisation and approach) is about how to achieve greater equity between Indigenous and non-Indigenous Australians. As a result, Indigenous Australians have been co-opted into the existing statistical frameworks designed by non-Indigenous Australians. This approach means that issues which are important to Indigenous peoples may not be prioritised or included. For example, roundtables and engagement with Indigenous Australians during the *Closing the Gap Refresh* revealed priorities in regards to culture, racism and discrimination, trauma and healing, disability and social inclusion. However, it is not clear how these priorities will be reflected or reported upon in the final framework.

The OECD has developed a way of assessing how dominant well-being frameworks can be adapted to include Indigenous values and perspectives (Table 2.19). Some of these issues are addressed by specific survey instruments through Australian Government agencies. The best example is the National Aboriginal and Torres Strait Islander Social Survey (NATISS) that is undertaken every 6 years (alternating on a three yearly basis with a population specific health survey) (Australian Bureau of Statistics, 2016[69]). The NATISS does include indicators related to Indigenous languages, participation in cultural ceremonies and events, and racism and discrimination. It also provides Indigenous-specific reporting on measures of social capital, employment, community safety, justice, and health. This could potentially fill a gap in the indicator framework for initiatives such as *Closing the Gap*, but the survey is only undertaken every 6 years which means it is not reported on regularly making it difficult for its use in policy development and to inform planning and implementation. Sample sizes also do not permit the disaggregation of data to small geographic units.

There are also important gaps in the statistical framework. In terms of material well-being these activities that may be located outside of the market including hunting and subsistence and the role it plays in food security and community well-being, and traditional knowledge and livelihoods. There are also gaps in terms of indicators related to ownership and control over the use of land and waters for economic development (noting there is a commitment to address this in the refreshed *Closing the Gap* and Geosciences Australia and the CSIRO are undertaking work with local communities to map natural resources and culturally significant sites on country). In terms of quality of life, there are a number of gaps in the statistical framework. This includes specific social capital measures related to kinship, spiritual and cultural practices related to land and waters, consultation and engagement in decision-making, and the use of traditional knowledge in decision-making processes.

Table 2.19. Considerations for incorporating Indigenous perspectives into well-being frameworks

Dimensions	Description	Considerations for Indigenous peoples to measure well-being
Material conditions	Money, access to credit, equity	Indigenous-owned businesses, collective forms of asset ownership, and customary activities and subsistence (imputed income)
	Work skills, leadership, educational attainment, health	Customary activities and traditional knowledge
	Built infrastructure – roads, buildings, houses	Access to basic services, Indigenous ownership of assets
Quality of life	Social connections	Kinship and family relations (e.g. contact with elders), discrimination, language
	Air, water, land, flora and fauna	Land stewardship, control over access and use of land, spiritual and cultural values of land
	Civic participation and governance	Self-determination, duty to consult, legitimacy and cultural match of representative institutions
	Cultural aspects	Incorporation of traditional knowledge into decision-making, protection of cultural artefacts and sites

Source: OECD (2019[45]), *Linking Indigenous Communities with Regional Development*, https://dx.doi.org/10.1787/3203c082-en.

These data gaps have significant consequences for the design and implementation of public policies. They mean that certain domains of Indigenous well-being are not visible, and by implication, valued. So for example, that role that customary hunting and gathering of food plays in the livelihoods of Indigenous Australians in remote areas is not reflected in economic development and employment policies for these communities (Altman, 2007[93]). The lack of consistent data about Indigenous land use makes it more difficult to plan and mobilise land and water resources for economic development in a way that balances with the cultural and spiritual values. These data gaps also relate to how Indigenous peoples are included in the governance of data, who frames these debates, how statistical collections are conducted and resourced, and how and by whom statistics are used.

Indigenous data governance

This sub-section of the chapter discusses lessons, leading practices and challenges related to the following points:

- Including Indigenous representatives in the governance of national statistical agencies to provide advice on strategic and operational issues impacting on Indigenous peoples (e.g. definitions for statistical purposes, the design of well-being indicators and data collection methods).

- Implementing protocols and agreements to enable the pooling of data between different agencies to increase sample sizes and the availability of data.

- Adapting data collection methods to the needs of Indigenous peoples through interview-administered surveys in Indigenous languages that include communities in the data collection process.

- Providing tools and capabilities for Indigenous organisations to collect their own data on issues that are important to their communities, and support more informed decision-making about development.

Inclusion in governance decision-making

The ABS has two main governance mechanisms to include Indigenous peoples in the development data, methodological issues, and the release, dissemination and use of data. The first is an advisory body - the Roundtable on Aboriginal and Torres Strait Islander Statistics – that was established in 2013 (Australian Bureau of Statistics, 2017[94]). This advisory body provides advice on operational issues related to the enumeration of Indigenous Australians and improving data quality. Its membership is made up of Indigenous peoples who have experience of working with Indigenous communities on data issues. The second are Engagement Managers and Engagement Officers located in various State and Territories offices throughout Australia. These staff engage directly with Indigenous communities and institutions to increase understanding of ABS data and tools, provide statistical training, and improve the quality and relevance of statistics for Indigenous peoples (Jelfs, 2016[82]). The work by the ABS on Indigenous issues is coordinated by the Centre of Excellence for Aboriginal and Torres Strait Islander Statistics. Its functions include informing and engaging with Indigenous peoples and institutions, assessing and identifying improvements to the statistical framework, improving enumeration, and assisting Indigenous institutions in the use of statistics (Australian Bureau of Statistics, 2019[95]). This approach is similar to existing practices in Canada and the United States (Box 2.14).

Linking and sharing data

The pooling of data between different agencies can help overcome the challenge of gaps in the statistical framework, and poor quality of data. It can enhance the identification of Indigenous peoples and enable new forms of analysis that would not be possible with single data sets (Dugbaza, Scott and McKeown, 2012[98]). Data sharing between Australian Governments and agencies is recognised as a complex issue, particularly where there are barriers to data sharing (Survey response – Australian Government). Data is also held by State and Territory Governments, particularly departments and agencies responsible for health, school education, and justice. Schedule F (Agreed data quality improvements) of the National Indigenous Reform Agreement identifies a number of actions to link and share data, and improve its quality (Council of Australian Governments, 2012[77]). The first is linking ABS census records (Commonwealth responsibility) with death registration records (State responsibility) to assess under-identification of Indigenous mortality and compile more accurate life expectancy estimates. The other is for the ABS and the AIHW (Commonwealth agencies) to work in partnership with all jurisdictions to implement guidelines for linking data that covers linkage methods, protocols, privacy protocols, quality standards and procedures (Box 2.15). However, there is no ongoing mechanism to monitor progress in regards to linking Indigenous data sets between levels of government.

> **Box 2.15. National best practice guidelines for data linkage activities relating to Aboriginal and Torres Strait Islander People, 2012**
>
> The best practice guidelines for data linkage activities related to Indigenous peoples covers six principles:
>
> - Principle 1: Values and ethics in Aboriginal and Torres Strait Islander research: the conception, design and conduct of all Aboriginal and Torres Strait Islander data linkage activities for statistical purposes should be guided by the core values and ethics of Aboriginal and Torres Strait Islander human research.
> - Principle 2: Quality of Indigenous status information in data collections: the quality of Indigenous status information within data sets included in the linkage study should be considered before analysis.
> - Principle 3: Quality of linkage variables: Linkage variables should be assessed before linkage to gauge their accuracy, completeness and comparability, and to ensure they are of sufficient quality to support the purposes of the linkage study.
> - Principle 4: Assessment of quality of data linkage: the quality of data linkage should be assessed and understood. Any limitations arising from the quality of the data linkage should be taken into account in the analysis of the linked data.
> - Principle 5: Methods for deriving Indigenous status: analysts should investigate multiple methods for deriving Indigenous status and select those that best fit the purpose of the analysis. Where possible, analysts should also explore and report the impact of using various methods to derive Indigenous status on health and wellbeing measures and indicators.
> - Principle 6: Transparency: all relevant aspects of the data linkage activity, including data linkage quality assessment, analysis of the linked data, and methods for deriving Indigenous status, should be fully documented and publicly reported.
>
> Source: Dugbaza, T., B. Scott and S. McKeown (2012[98]), *National Best Practice Guidelines for Data Linkage Activities Relating to Aboriginal and Torres Strait Islander People*, https://www.aihw.gov.au/reports/indigenous-australians/national-best-practice-guidelines-for-data-linkage/contents/table-of-contents (accessed on 20 March 2019).

The other aspect of this issue is sharing analysis that has been undertaken by Government agencies. The Closing the Gap Clearinghouse was established as a single point for sharing government commission research and analysis related to improving Indigenous outcomes. The Australian Institute of Health and Welfare in collaboration with the Australian Institute of Family Studies was funded from 2009 to 2014 to deliver this Clearinghouse. It included briefs and papers prepared for policy makers that provided a systematic review of the current research and evaluation evidence from Australia and elsewhere. These reports are currently located on the website of the AIHW (Australian Institute of Health and Welfare, 2019[99]). The website includes over 300 reports and papers related to research about Indigenous Australians. Of these, only one deals specifically with Indigenous entrepreneurship and four engage with labour market issues. The vast majority deal with health issues, and some of school education and housing issues, which indicates the social policy research and evaluation focus of Commonwealth Government agencies on Indigenous issues.

Adapting data collection methods

The ABS has an Indigenous Community Engagement Strategy that includes a focus on how to improve the enumeration of Indigenous peoples and to ensure culturally appropriate engagement (Jelfs, 2016[82]). This strategy is delivered by Engagement Managers and Engagement Officers within the ABS (discussed

earlier in the chapter). These staff also deliver cross-cultural training to ABS staff working with Aboriginal and Torres Strait Islander peoples. They have also produced internal protocols and procedures to guide the work of staff with Indigenous peoples. A recent review of these protocols resulted in a streamlining of the ABS's approach to engagement, which also recognises the risk of engagement and respondent burden (Jelfs, 2016[82]; Department of the Prime Minister and Cabinet, 2018[24]).

There are also specific strategies put in place to increase census response rates. This includes use of peer-to-peer platforms, designing specific messages and communications material for different communities, and engaging with communities to identify people to undertake interviewing and promote a particular survey or the census. Particular methodological challenges associated with the different circumstances of Indigenous peoples living in remote communities are also addressed by the ABS. These issues are taken into account in the six yearly NATSISS. In this case ABS interviewers are accompanied by local Indigenous facilitators to conduct interviews. A high proportion of respondents in remote areas use pen and paper (face-to-face) interviews while in non-remote areas interviews are computer assisted (Webster, Rogers and Black, 2006[100]).

Providing tools and capabilities to collect data and support informed decision-making

There is a large amount of administration data related to services and programs delivered for Indigenous peoples. Some of these services are delivered by Indigenous organisations. These organisations are required to provide data on the implementation and outcomes on government funded programs, which will vary between departments and agencies, and levels of government. In the health sector, there are examples of where Indigenous organisations have been funded by governments to collect information that is both for programming and service purposes, and to improve local planning, evaluation and monitoring (Australian Government – survey response). One example is the National Key Performance Indicators for Aboriginal and Torres Strait Islander Primary Health Care (Australian Institute of Health and Welfare, 2018[101]). Indigenous organisations are engaged in the development of these indicators. Although there is a range of administrative data sets linked to government services - there is no systematic ways of providing data and tools to support local Indigenous community and economic development efforts.

This would require a different orientation for the use of data, from one that is government-led, to one that is led by Indigenous peoples. This orientation connects to global debates about Indigenous data sovereignty, which is defined as the right of Indigenous peoples to govern the creation, collection, ownership and use of their data (Kukutai and Taylor, 2016[102]). It means developing social and economic indicators in a way that blends traditional and modern knowledge (Taylor, 2007[103]) conceptualises this as a 'recognition space' that is based on meaningful engagement and creating indicators that reflect Indigenous values and perspectives (Figure 2.28). There are a few examples of one-off projects where Indigenous organisations have applied these principles to collect and organise data in a way that tells a story about their own communities.

Figure 2.28. The recognition space for indicators of Indigenous well-being

Indigenous culture –
values and practices
concerning individual
and community well-being

Government reporting
frameworks and
notions of well-being

Translation in the recognition space: from
'culture' and 'well-being' to 'appropriate social indicators'
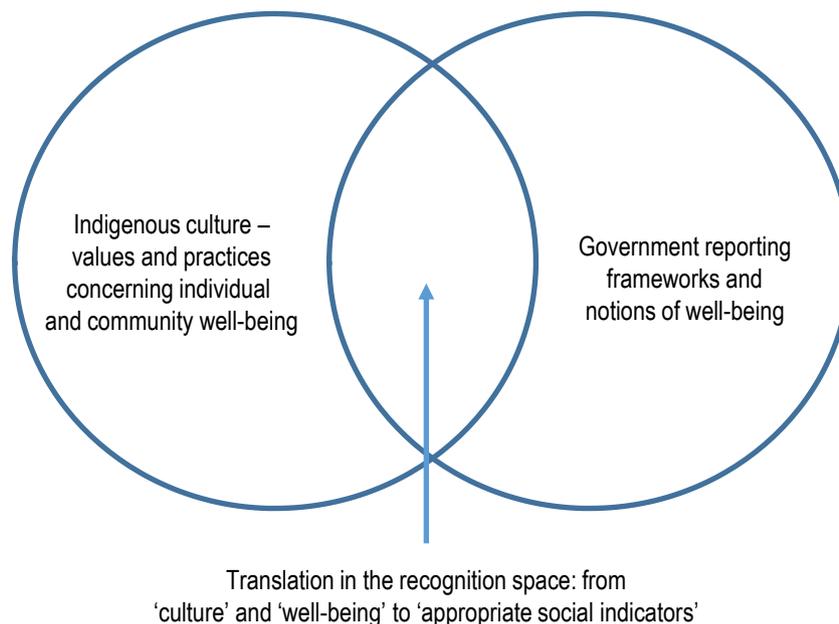
Source: Taylor, J. (2007[103]), "Indigenous peoples and indicators of well-being: Australian perspectives on United Nations Global Frameworks",
http://dx.doi.org/10.1007/s11205-007-9161-z.

The Yawuru people of Broome are one First Nation that has taken a leadership role in creating their own indicator framework and undertaking a survey to guide community and economic development (Yap and Yu, 2016[104]). The aim of undertaking this survey and publishing the results were to (i) better understand the community, its characteristics and well-being; and, (ii) generate data to guide community strategies and policies for Yawuru people. The well-being framework is grounded in the concepts of *bugarringarrn* (traditional knowledge and practices of time immemorial) and *mabu liyan* (Yawuru idea of the good life based on interconnectedness between country, people and culture) and finding an appropriate balance between them and the modern world. The framework is organised around seven dimensions: Family and well-being; Community and well-being; Strong culture, strong country, strong identity, Self-determination, rights and autonomy; Health and well-being; Material well-being; and, Subjective well-being. The indicators have a strong focus on issues such as connections to family and community, Indigenous languages, access to country, freedom from discrimination, the acquisition of cultural knowledge, hunting and fishing, and sharing catch and kill (Table 2.20). They survey findings were released in 2016 and now provide a baseline to understand community preferences, and strengths and weaknesses.

The creation of this recognition space for the Yawuru required strong local institutions, supportive institutional relationships that give access to resources and expertise, and an inclusive and participatory research methodology. The basis for this was the settlement of native title (Indigenous property rights) in 2010, which gave the community the clarification, resources and institutional structures to undertake this work. In 2011, the board of Nyamba Buru Yawuru (NBY) Ltd (the Prescribed Body Corporate for the Native Title Settlement) made a resolution to undertake a comprehensive local population survey to provide a basis for its community planning and social housing strategies. A key motivation was that high quality and fine-grained data on the Yawuru was not available from the census, and the 2006 census findings revealed an under-count of the resident Indigenous population in Broome. Funding was provided by the Commonwealth and State governments to undertake the survey, advice and support was provided by the Australia National University (ANU), a local not-for-profit was engaged to do it (the Kimberley Institute), and 20 local Aboriginal people were recruited as part of the team to undertake the survey. The survey enabled detailed assessment about the size, age structure, permanency, housing status, location, and

language groups of local Indigenous peoples. Importantly, it also put data in the hands of NBY and the Yawuru to support informed decision-making.

Table 2.20. Yawuru wellbeing survey: framework and indicators

Domain	Indicators
Family and wellbeing	• Frequency of family connection • Ability to get help from family and friends all or most of the time • Most pressing issue facing the community (e.g. access to fishing and hunting sites, health services, management of natural resources, jobs) • Type of community participation • Acquisition of cultural knowledge • Access to country for fishing and hunting and practicing traditional culture • Languages learnt during childhood • Language abilities (listening, reading, writing, speaking)
Self-determination, rights and autonomy	• Feeling respected and opinions valued • Feelings of vulnerability to being discriminated • Sense control over different life domains (own life, family, community, country) • Opportunities to have a say over the management of land and sea
Health and well-being	• Self-reported health status • Chronic health conditions • Positive and negative feelings about yourself • Feelings of belonging, connectedness, identity and purpose
Material well-being	• Housing • Access to transportation • Employment status • Educational attainment • Income sufficiency • Main sources of income
Subjective well-being	• Overall life satisfaction

Source: Yap, M. and E. Yu (2016[104]), *Community Wellbeing from the Ground Up: A Yawuru Example*, Curtin University, https://www.curtin.edu.au/local/docs/bcec-community-wellbeing-from-the-ground-up-a-yawuru-example.pdf.

With this baseline in place, in 2013, the Yawuru commenced their wellbeing project that culminated in the survey in 2015. Two women led the work, Mandy Yap from the Central for Aboriginal Economic Policy Research (CAEPR) at the ANU, and Eunice Yu, a Yawuru woman working at the local Kimberley Institute who oversaw the research team. Again, institutional relationships and Indigenous oversight of the process was very important. The project was undertaken as a collaboration between the CAEPR, the Kimberley Institute, Curtin University, and other local partners, and was informed by a Yawuru Wellbeing Project Reference and Guidance Committee. A participatory research methodology was employed which had three stages:

1. Face to face semi-structured interviews to conceptualise Yawuru's ideas of a good life and *mabu liyan*.
2. Focus group activities to select relevant indicators of wellbeing generated from the themes arising from the interviews.
3. Presentation of potential indicators back to the community for discussion, refinement and validation.

The Yawuru case shows how Indigenous data sovereignty can work in practice. There were a number of elements that can together in this case. The first was the clarification of Indigenous property rights and the

establishment of a local institution NBY Ltd. that oversee and drive the process. The second were institutional relationships (with governments, universities, and local organisations) that enabled the community to access resources and expertise to undertake the work. The third was a collaborative and participatory process to develop the indicators, conduct the field work, and produce the findings. The Yawuru now have a body of knowledge that is owned by them and is guiding community planning and economic development efforts. This framework is based on a balance between traditional knowledge and values and non-Indigenous notions of well-being.

However, this case is not the norm across Australia where institutional discussions about Indigenous data sovereignty are just starting (Kukutai and Taylor, 2016[102]; Australian Indigenous Governance Institute, 2018[105]). At a very basic level, data is essential to the provision of public goods and high-quality local area data is essential to implementing place-based approaches to Indigenous economic development. The quality of local area data for Indigenous peoples is poor and fragmented. Indigenous data sovereignty can be a vehicle to improve it and there are a number of elements that need to be place to realise its potential:

- Support for Indigenous-led institutions to develop data governance models, research ethnics guidelines, and protocols for data use and sharing.
- Platforms for Indigenous communities to disseminate these tools, build capacity, and share lessons and good practices.
- Prioritising support for higher education research into Indigenous data and community and economic development.
- Providing seed funding for Indigenous-led data projects and development of local indicators, data analytics and GIS capabilities (and promoting philanthropic and private sector co-investment in these efforts).

Elements of these principles are being applied across OECD member countries (Box 2.16) (Lovett et al., 2018[106]).

Box 2.16. Indigenous data sovereignty

'Indigenous Data sovereignty' is the management of information in a way that aligns with the laws, practices and customs of a nation-state in which it is located. Articles 18 and 19 of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) have reinforced the importance of Indigenous data sovereignty, stipulating that specifies that "Indigenous peoples have the right to participate in decision-making in matters which affect their rights", and that "states are required to 'consult and cooperate in good faith with Indigenous peoples through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them". In answer to this call, there have been a proliferation of guidelines how to deliver on these principles.

Table 2.21. IDS principles in the Asia Pacific and North American States

	Organisation(s)	Principles
New Zealand	Aotearoa/NZ. Te Mana Raraunga, the Maori Data Sovereignty Network	- Whakapapa and whanaungatanga: Recognising the connectedness between the material, natural and spiritual worlds - Rangatiratanga: Iwi(tribal)/Maori rights to own, access, control and possess data from them or about them and their environs - Kotahitanga: Collective vision and unity of purpose - Manaakitanga: Ethical data use to progress iwi/Maori aspirations for wellbeing - Kaitiakitanga: Sustainable data stewardship

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United States	US Indigenous Data Sovereignty Network (USIDSN)	• The USIDSN is in the principle's development phase. Draft principles include recognition of inherent sovereignty; protection of Indigenous data; a commitment to aligning with Indigenous values for intergenerational collective wellbeing; a focus on relationships between Indigenous nations and other stakeholders; for Indigenous Data Governance; and the honouring of Indigenous knowledge.
Canada	First Nations Information Governance Center OCAP®	• Ownership of data; • Control - First Nations hold on how the data are collected, used and disclosed; • Access - whereby First Nations have access to any data about them; and • Possession - whereby all First Nations data fall within First Nations jurisdiction.
Australia	Maiam nayri Wingara	• Exercise control of the data ecosystem including creation, development, stewardship, analysis, dissemination and infrastructure. • Data that is contextual and disaggregated (available and accessible at individual, community and First Nations levels). • Data that is relevant and empowers sustainable self-determination and effective self-governance. • Data structures that are accountable to Indigenous peoples and First Nations. • Data that is protective and respects our individual and collective interests.

Source: Lovett, R. et al. (2018[106]), *Good Data Practices for Indigenous Data Sovereignty and Governance*, https://static1.squarespace.com/static/5b3043afb40b9d20411f3512/ (accessed on 21 March 2019).

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Annex 2.A. TL3 Regions in Australia

REG_ID	REG_NAME	TL	ISO_3	TYPOLOGY
AU101	Capital Region	3	AUS	PR
AU103	Central West	3	AUS	PR
AU104	Coffs Harbour - Grafton	3	AUS	PR
AU105	Far West and Orana	3	AUS	PR
AU106	Hunter Valley Exc Newcastle	3	AUS	IN
AU107	Illawarra	3	AUS	PU
AU108	Mid North Coast	3	AUS	PR
AU109	Murray	3	AUS	PR
AU110	New England and North West	3	AUS	PR
AU111	Newcastle and Lake Macquarie	3	AUS	PU
AU112	Richmond - Tweed	3	AUS	IN
AU113	Riverina	3	AUS	PR
AU114	Southern Highlands and Shoalhaven	3	AUS	IN
AU1GS	Sydney	3	AUS	PU
AU201	Ballarat	3	AUS	IN
AU202	Bendigo	3	AUS	IN
AU203	Geelong	3	AUS	IN
AU204	Hume	3	AUS	PR
AU205	Latrobe - Gippsland	3	AUS	PR
AU215	North West	3	AUS	PR
AU216	Shepparton	3	AUS	PR
AU217	Warrnambool and South West	3	AUS	PR
AU2GM	Melbourne	3	AUS	PU
AU306	Cairns	3	AUS	IN
AU307	Darling Downs - Maranoa	3	AUS	PR
AU308	Fitzroy	3	AUS	IN
AU309	Gold Coast	3	AUS	PU
AU312	Mackay	3	AUS	PR
AU315	Queensland - Outback	3	AUS	PR
AU316	Sunshine Coast	3	AUS	IN
AU317	Toowoomba	3	AUS	IN
AU318	Townsville	3	AUS	IN
AU319	Wide Bay	3	AUS	PR
AU3GB	Brisbane	3	AUS	PU
AU405	Barossa - Yorke - Mid North	3	AUS	PR
AU406	South Australia - Outback	3	AUS	PR
AU407	South Australia - South East	3	AUS	PR
AU4GA	Adelaide	3	AUS	PU

AU501	Bunbury	3	AUS	PR
AU508	Western Australia - Outback	3	AUS	PR
AU509	Western Australia - Wheat Belt	3	AUS	PR
AU5GP	Perth	3	AUS	PU
AU601	Hobart	3	AUS	IN
AU602	Launceston and North East	3	AUS	IN
AU603	South East	3	AUS	PR
AU604	West and North West	3	AUS	PR
AU701	Darwin	3	AUS	IN
AU702	Northern Territory - Outback	3	AUS	PR
AU801	Australian Capital Territory	3	AUS	PU
AUZZZ	Australia, not regionalised	3	AUS	NULL

Note: Predominantly urban (PU); Intermediate (IN); Predominantly Rural (PR)

3 Creating an enabling environment for Indigenous entrepreneurs and small business

The objective of this chapter is to provide recommendations to improve the enabling environment for Indigenous economies at a regional and local level. The chapter begins by defining Indigenous entrepreneurship and discusses why geography is important in shaping the possibilities and opportunities for community economic development. It introduces the communities that the OECD engaged with on its fact-finding mission illustrating how Indigenous economic development is understood and prioritised by different local and regional actors. Following, the chapter assesses the main government policies that support Indigenous entrepreneurship and economic development and ends by examining some of the key policy levers that can communities can use to improve access to finance, build business skills and capabilities, and access public procurement markets.

Assessment and Recommendations

Assessment

- Entrepreneurship presents Indigenous peoples the opportunity to use assets and resources in ways that align with their objectives for development and generate opportunities to build wealth and create jobs.

- Geography is an important factor in shaping the economic development opportunities available to Indigenous communities. Rural areas have thin markets, lower levels of human capital, and productivity and growth depend upon specialising in tradeable activities. Cities offer a greater diversity of opportunities due to the scale and density of economic activity – for example in the public procurement market.

- Over the past 50 years, the amount of land with Indigenous ownership and interests has increased significantly in Australia. Current arrangements for managing and regulating Indigenous lands create barriers to economic development.

- The chapter includes a focus on six case study communities across a diversity of locations that share a common set of values that integrates economic development with the strengthening of connections to country and traditional culture. However, this vision for development is not strongly reflected in policy frameworks and decision-making between levels of government.

- Over the past decade, the focus of policies to support Indigenous economic participation has shifted from reforming employment services toward increasing demand for Indigenous business through preferential procurement. Further enhancements are needed in this policy framework to better incorporate Indigenous values and perspectives, integrate support for business with other measures such as reforms to land use regulation, and to provide better support for community economic development.

- The Joint Council on Closing the Gap provides a platform to drive this reform across a number of key areas including supply-side support in the public procurement market, supporting economic participation in remote areas, and improving financial intermediation and business support services.

Recommendations

Ensure that the **Joint Council on Closing the Gap Framework and associated implementation arrangements** include the following policy design and implementation principles related to Indigenous business and community economic development:

- Inclusion of Indigenous values and perspectives about development, and the unique economic contribution and strengths of Indigenous Australians.

- Integration of the broad range of policy settings that support Indigenous business and economic development (business support, land use regulation and administration, infrastructure, employment and skills, and local institutions).

- Identification of different forms of Indigenous business (individual entrepreneurs, community-based enterprises, and social enterprises) and the challenges and opportunities they face.

- Alignment of policy outcomes across levels of government and sectors for Indigenous business and economic development, and articulation of differences in development challenges and opportunities for Indigenous peoples in urban, regional and remote regions.

- Clarification of roles and responsibilities across different levels of government in supporting business and community economic development (including local government).

- Need for mechanisms and tools that support a place-based approach to community economic development.
- Ensuring that evaluation frameworks enable the disaggregation of outcomes across different types of regions to facilitate evaluation, learning and feedback with local Indigenous communities.

Increase opportunities for **Indigenous-owned businesses in the public procurement market** by:

- Harmonising Indigenous procurement rules across jurisdictions (e.g. setting a common target and timeframe, thresholds for direct negotiation/ set asides, and requirements for suppliers related to sub-contracting and employment, and reporting).
- Providing more effective capacity building support for entrepreneurs and small businesses to participate in public procurement markets (e.g. pre-establishment and establishment phases to access finance, insurance and required certifications, cash flow management and business strategy).
- Providing information about the future scheduling of future public works between different levels of government at the regional level to provide greater certainty for Indigenous-owned businesses.

Improve opportunities for **Indigenous-led economic development on traditional lands and in remote areas** by:

- Prioritising implementation of recommendations identified in the 2014 investigation by COAG regarding how to reform Indigenous land administration and use to enable traditional owners to generate economic development opportunities (within the framework of the Joint Council).
- Strengthening the Remote Indigenous Business Incubation model, currently delivered in Community Development Program (CDP) regions, by ensuring this pilot has the elements in place to support entrepreneurial ecosystem in remote areas (appropriate physical space, business expertise, digital technologies, mentors and peer support, and access to financial intermediation).
- Increasing strategic planning, capacity building and economic development support for local Indigenous institutions (Prescribed Body Corporates, local Indigenous corporations and other such entities).
- Considering the establishment of a loan instrument that would enable equity participation by Indigenous groups in mining and resource projects.

Consider support for the establishment of **Indigenous-owned local financial institutions**, which would include:

- An initial capital injection from government.
- Ongoing funding to cover a proportion of operational costs.
- Re-orientating some of the loan and grant functions of IBA to these local institutions, and focusing IBA on capacity building, networking, and technical support.
- Developing partnerships with mainstream financial institution and philanthropic foundations to increase the potential pool of capital available to Indigenous financial institutions.

Introduction

The objective of this chapter is to identify recommendations to improve the enabling environment for Indigenous economies at a regional and local level. It begins by setting a conceptual framework for the chapter that defines Indigenous entrepreneurship and discusses why geography is important in shaping the possibilities and opportunities for community economic development. The communities that the OECD engaged with on its fact-finding mission in July 2018 are then introduced, which includes a discussion about how Indigenous economic development is understood and prioritised by different local and regional actors. An assessment of how the current Commonwealth policy framework for Indigenous economic development incorporates this place-based approach, is then undertaken. The final sections of the chapter assess different policy instruments that are available for local communities to improve access to finance, build business skills and capabilities, and access public procurement markets.

Indigenous entrepreneurship and place

Indigenous entrepreneurship

Entrepreneurship describes an attempt to start a new enterprise or expand an existing business by a single person or group of individuals (OECD, 2009[1]; OECD, 2017[2]). These businesses generally exist to create financial wealth. However, entrepreneurial strategies and forms of organisation can also generate other forms of value with objectives such as job creation, tackling inequalities and environmental issues that deliver benefits for the common good of a community (Peredo and Chrisman, 2006[3]; Noya and Clarence, 2013[4]; OECD, 2017[2]). These different forms of entrepreneurship are important to Indigenous peoples for three reasons:

1. Supports self-determination because it can reduce dependency relationships and increase decision-making autonomy (Cornell, 2006[5]). Processes of colonisation and policies of assimilation have resulted in a lack of entrepreneurial activity and higher rates of individual dependency (in the form of welfare), and collective forms of dependency (in the form of government programs and subsidies) for Indigenous peoples in some countries (Cornell, 2006[5]).

2. Indigenous entrepreneurs and business leaders also provide important role models for other Indigenous people (Ombudsman of NSW, 2016[6]).

3. Retains economic activity on traditional lands and promotes rural development. Indigenous businesses also reduce income leakage from local communities and travel costs for residents, and if they can penetrate external markets also generate multiplier effects (Cornell, 2006[5]).

This provides a strong justification for supporting Indigenous entrepreneurship, in addition to the traditional arguments regarding public policy support for entrepreneurs and small businesses due to market failures such as asymmetric information and the inefficient allocation of credit.

Indigenous entrepreneurship also tends to be shaped by a set of distinct norms and values. A primary aspiration for Indigenous peoples is how business activities can respect and support the strengthening of Indigenous language and culture, and contribute to a community's development (Reavley, Lvina and Abraira, 2006[7]). This can include balancing and incorporating values and obligations related to the stewardship of the environment, ceremonies and traditional hunting and food gathering, and local kinship relations and decision-making processes, to business activities (Curry, Donker and Michel, 2016[8]). From this second perspective Indigenous entrepreneurship can be defined as a new venture in a specific territory that is linked to a collective form of self-determination and community-based economic development (Peredo and Anderson, 2006[9]). This includes sustaining Indigenous language and culture, improving socio-economic conditions on traditional lands, and forms of enterprise that are closely related to community representative and political structures (Taylor, 2008[10]).

Legal and administrative framework related to Indigenous lands and waters

A key characteristic of the Indigenous economy is rights over the use of land, water and sub-surface resources. Over the past 50 years, the amount of land with Indigenous ownership and interests has increased significantly in Australia. As set out in Chapter 1, land rights legislation has existed in Australia since the 1960s for States and Territories, and since the 1990s under the Commonwealth *Native Title Act (1993)*. Statutory land rights at the State and Territory level essentially comes in two forms. The first is where the State has the power to creation of reserves, freehold title and leases and it is held in trust for the benefit of Indigenous peoples (e.g. Western Australia). However, Indigenous peoples do not have the power to lease or dispose of the land. The second is where traditional owners are granted inalienable freehold title to land with authority to make decisions about the use of land. Native Title determinations are made under the jurisdiction of the Federal Court and recognise a set of rights and interests over land or waters where Aboriginal and Torres Strait Islander groups have practiced and continue to practice, traditional laws and customs. This can include access and use of traditional country, participating in decisions about how others use traditional lands and waters, and making decisions about the future use of lands and waters (Department of the Prime Minister and Cabinet, 2018[11]). Two categories of rights are conferred: the right to exclude others from using land and waters (exclusive Native Title rights), and rights to share traditional lands and waters with other non-Indigenous groups (non-exclusive Native Title rights). As at 31 December 2017, Native Title Determinations covered a total area of about 2,605,983 sq. km or 36.5% of the land mass of Australia. A further 28.1% of Australian land was also presently subject to a claimant application for Native Title. Statutory land rights cover approximately 12% of Australia's land mass, including 50% of the Northern Territory (Department of the Prime Minister and Cabinet, 2018[11]; Jordan, Markham and Altman, 2019[12]). In total, close to 50% of Australia's land mass currently has some form of Indigenous property rights and may increase in future.

These Indigenous property rights have important economic development implications (OECD, 2019[13]). It is important to acknowledge that Native Title is a bundle of rights related to traditional use and as with the statutory regimes are not transferable. Although the primary purpose of these property rights is to protect activities that is essentially outside the formal market economy (Indigenous traditional use of land, and waters that existed prior to European settlement) they also have commercial value. Indigenous peoples may claim compensated for loss of traditional use of land, and may articulate objectives to lead and participate in the commercial development of land, sub-surface resources and waters (Mccabe, 2016[14]). Legislative frameworks also give the right and mechanisms for Indigenous peoples to contest or negotiate with project proponents. As such, there is also an important economic dimension to Indigenous property rights in Australia, and this dimension is important to Indigenous self-determination. However, these Indigenous property rights have only had a limited flow on impact for mainstream economic development. In general, those living on Indigenous-held land are among the most economically disadvantaged among the Indigenous population when mainstream indicators such as employment and income are considered. This is partly explained by the location and quality of land that was not alienated from the Crown by the 1960s, which was generally far from population centres and labour markets and with low agricultural productivity (Altman, 1994[15]). Aspirations for development may also be different with higher levels of participation in non-market economic activity. For example, the National Aboriginal and Torres Strait Islander Social Survey (NATISS) of 2014/15 reported that 85% of Indigenous adults in Very Remote areas participated in customary food harvesting activities in the previous 12 months (Jordan, Markham and Altman, 2019[12]).

The lack of flow-on benefits is also a function of the regulatory, governance and administrative arrangements related to Indigenous land rights, which shape incentives and transaction costs related to economic and community development. Engagement with stakeholders on the study mission identified a range of governance and administrative challenges to realising these opportunities, which made it difficult to use land to achieve economic and community development objectives. This included complex and lengthy procedures to secure land and leasing of it, dependency on multiple local, state and

Commonwealth agencies to secure approvals, weak links with local municipalities in terms of land use regulation, infrastructure and services, and lack of authority and capacity to map land and identify areas for development potential. Overall, local Indigenous institutions lack effective control of land. Effective control means having a vision for future land development, clarifying rules about land use and conflict resolution, instruments such as leasing and certificates of possession to confer ownership, and having the capacity to make decisions about land use (OECD, 2019[13]). Lack of effective control lowers incentives to engage in development processes and increases transaction costs when action is taken. Many of these issues have already been canvassed by governments and different stakeholders (Council of Australian Governments, 2015[16]; National Native Title Council, 2019[17]; KPMG, 2016[18]). Box 3.1 provides a summary of the key findings and recommendations of a 2014 investigation by COAG that focussed on how to reform Indigenous land administration and use to enable traditional owners to generate economic development. Addressing some of these challenges will take time because they relate to inter-governmental relations and building the capability of local Indigenous institutions. However, they are critical to creating an enabling environment for economic development on traditional lands.

Box 3.1. COAG Investigation in Indigenous Land Administration and Use

The 2014 COAG report – Investigation into Indigenous Land Administration and Use – identified a range of issues and recommendations to improve the enabling environment for economic development on traditional lands. Importantly, this work was informed by an Expert Indigenous Working Group that emphasised the importance of working with Indigenous peoples as partners in development, and consistent with the principle of free, prior and informed consent. The Expert Working Group identified a set of guiding principles for governments, which the report recommends adhering too:

- Indigenous land owners and native title holders should be involved in the development of reforms that affect their ability to use their rights in land and waters.
- Indigenous land owners and native title holders should have the choice to strike a balance between economic and cultural uses of their rights in land and waters.
- Indigenous land owners and native title holders should have the opportunity to be partners in development on their land and waters.
- Reducing red tape and simplifying administrative processes can reduce the time and cost associated with doing business on Indigenous land, and land and waters subject to native title.
- Maximising economic development on Indigenous land, and land and waters subject to native title is critical to the Closing the Gap agenda and strengthens the Australian economy.

The report sets out five key recommendations:

- Recommendation 1 relates to improving the efficiency and effectiveness of the claims process under the Native Title Act and statutory land rights regimes. This includes issues such as mandatory notifications, flexibility in how claims groups reach consensus, and limiting the scope of involvement for parties to where interests are directly affected.
- Recommendation 2 relates to enabling Indigenous landowners and native holders to raise capital. This includes removing legal barriers to leases on all Indigenous land, removing barriers to creating bankable interests on exclusive possession native title, and facilitating connections with the banking sector.
- Recommendation 3 relates to improving processes for doing business on Indigenous lands. This includes developing template agreements, improving the provision of information related to land use agreements, delegating decision-making, and addressing issues between State

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natural resource management activities and future act requirements under the Commonwealth Native Title Act.

- Recommendation 4 relates to improving land administration. This includes integrating Indigenous land and native title interests into titling systems, working with local governments to ensuring land use regulations do not unreasonable restrict development, and reducing overlapping legislative responsibilities.
- Recommendation 5 relates to building and capability of Indigenous land holding and representative bodies. This includes access to expert advice and capacity building services, and establishing partnerships and regular dialogue with the Commonwealth and State and Territory governments.

Source: Council of Australian Governments (2015[16]), *Investigation into Indigenous Land Administration and Use Report to the Council of Australian Governments Senior Officers Working Group*, https://www.pmc.gov.au/sites/default/files/files/COAG_Investigation_into_Indigenous_Land_Administration_and_Use.pdf (accessed on 28 August 2019).

Business structures and economic institutions

Indigenous peoples use different enterprise structures depending on individual and community objectives and legal frameworks that govern Indigenous territories. These structures can include for-profit corporations, partnerships and joint ventures, mutual and co-operatives, and unincorporated enterprises. Individuals and groups have established corporations in areas such as construction, accommodation and food services, and tourism. Unincorporated enterprises can also be set up, for example, as sole traders in the construction or tourism sectors. Partnerships and joint ventures can also be used to access capital and expertise from outside of the community, for example in the case of eco-tourism businesses or mining and resource operations. Not-for-profit corporations have also been used by Indigenous peoples to meet social needs such as overseeing housing assets, and the delivery social services. These not-for-profit structures enable Indigenous peoples to take control of local assets, reduce income leakage from the community, and provide a mechanism to recycle profits back into the community's physical, socio-cultural and human capital.

The institutions governing Indigenous economies are also different because of the legal recognition of their rights to lands and waters. Land rights legislation was enacted in the 1970s and 1980s at a State and Territory level, and the Commonwealth enacted the Native Title Act in 1993. The collective ownership of land rights creates a different institutional environment for economic development. For example, a characteristic of the Indigenous economy is the use of trusts to govern land and water assets on behalf of a community. When Native Title is established, traditional owners are required to nominate or establish a Prescribed Body Corporate (PBC) to manage their rights and interests. These rights and interests can then be monetised through Indigenous Land Use Agreements (ILUA) (voluntary agreement between a native title group and another party). For example, a State Government or a private company wishing to develop and use the land (e.g. revenues associated with the extraction of natural resources, leases, and fees related to rights of access). The community may then establish a corporate structure that includes the PBC, local Aboriginal corporations, trusts and companies to manage these assets and generate revenues from them. This may include the establishment of enterprises, investments in community skills and infrastructure, and disbursement of dividends to individuals.

There are a number of important governance issues associated with these community economic institutions. A primary issue is by whom and how objectives are set for the trust. Governments and corporations can place conditions on how Indigenous trusts are structured and funds disbursed from them. This can privilege certain economic development objectives (e.g. linking Indigenous peoples to the mining and resources sector) over cultural or customary economic activities. Different community governance

models can also be utilised. On the one hand, a community board or council can make decisions, or alternatively communities can vote on resolutions. In a reality a mix of these choices about objectives, investment strategies, and governance may be used and they will vary within and across jurisdictions due to negotiating parties and community preferences. Important considerations for evaluating these approaches is the degree to which Indigenous peoples are involved in setting these framework conditions and development objectives, the cost and complexity imposed upon communities of establishing and operating these structures, and how effective they are at delivering better (self-determined) outcomes for Indigenous peoples.

Indigenous economies in a regional context

Indigenous economies are also embedded in a particular geographic context. The economic development opportunities of any community are shaped by its population size, proximity to other places, resource endowments, and the strength of local institutions. The population of a local community establishes the size of the local labour force, its skill composition, and the size of the market available to local businesses. Proximity to large markets generates benefits by lowering transportation costs, and enabling governments to realise economies of scale in the provision of public services. Remote places can also prosper due to proximity to natural resources, which can be minerals, hydrocarbons, water and fertile soil, fish stocks, or a high value tourist amenity. In the absence of high value resources and amenities or access to large markets small and remote communities have limited opportunities for economic development, but even in these cases some local firms can exist to service the local population. Regardless of location, the capacity for local communities to take advantage of these factors depends on the quality of local institutions. That is, how well development strategies are defined and implemented by local actors.

The size of the local labour market (LLM) is a key determining factor. An Indigenous community located in a metropolitan area will be presented with a wider range of economic development opportunities than one located in a small isolated township. There are additional issues to consider for Indigenous peoples living on traditional lands (that may be defined as reserves, trust lands, native title lands etc.). These peoples have certain rights, obligations and constraints placed on them through legislation and treaties that govern how land can and cannot be used that shapes economic development opportunities. For example, land is most likely owned collectively (and indivisible) making it more difficult to raise finance or Indigenous peoples may have use rights over land but do not have ownership rights. Together with differences in culture and values these institutional arrangements this can result in Indigenous communities operating as social and economic islands within a wider region whether it is a large city, small town or remote area. However, it is difficult for such small groups of people to support a diversified range of economic activities and opportunities for employment. This means looking at ways in which they can leverage locational assets to create economic development opportunities for community members.

Leveraging locational assets can happen in one of two ways. For more remote Indigenous communities the presence of a high-quality resource, such as a mine, can provide more local employment opportunity and payments to the local community than would be the case if only national transfer payments were available. The resource endowment may also be related to fishing and hunting rights, landscapes and natural amenities, and water and soil resources that enable food production. Alternatively, Indigenous communities that are located closer to metropolitan areas can become wealthy by integrating with the surrounding region. Typically, this will involve cooperation with nearby non-indigenous communities to develop their niche offer within a regional economy. Indigenous peoples within a large metropolitan region can take advantage of the wider array of business and employment opportunities. For example, in connection with large-scale public infrastructure projects.

Opportunities in the tradeable sector for Indigenous communities in rural areas

The tradeable sector includes goods and services that are mainly produced for sale to other than local buyers (OECD, 2016[19]). Given their small home market, rural regions are more dependent on the tradeable sector for productivity growth. In order for the people in a rural community to remain employed, local firms must be competitive in either local or export markets. That is, they must be able to match the prices and quality of competing firms. The growth of the tradeable sector enables rural economies to grow beyond their home market, attract new investment and absorb technologies, and generate a multiplier effect as income flows into the region. Although rural areas provide traditional resources such as forestry, mining, oil and gas, electricity production, fishing and agriculture, they are increasingly providing vital new functions that use their resource base in novel ways. These include rural manufacturing, various types of rural tourism, the preservation of wildlife and cultural heritage sites, the production of renewable energy, and the recognition of the key role that the rural environment plays in ecosystem services, such as carbon capture or filtering contaminants from air and water. These are all areas where Indigenous communities can take advantage of context-specific immobile assets that can represent areas of absolute advantage. Whether this is a natural park, the presence of natural resources and/or cultural heritage, these assets if well managed can produce a unique good or service to external markets and consumers. These opportunities for Indigenous communities are outlined in Table 3.1.

Table 3.1. Opportunities in the tradeable sector for Indigenous groups in rural areas

Sector	Enabling factors	Examples
Food and agriculture	Tenure security over land, capital for large scale pastoral activities, marketing support for niche bush foods, linkages with retail and tourism, digital connectivity, managerial and customer service skills	Kungkas Can Cook - Aboriginal owned catering, tourism and restaurant business in Alice Springs, Australia
Mining and extractive industries	Tenure security over land, capital for investment/equity participation, benefit-sharing mechanisms (procurement and employment), digital connectivity, managerial and technical skills	Gulkula, Indigenous owned Bauxite mine in East Arnhem Land, Northern Territory
Land management and environmental services	Tenure security over land, direct payments and market mechanisms for ecosystem services, digital connectivity	Indigenous Protected Areas (IPA) programme
Nature based and cultural tourism	Tenure security of land, capital (accommodation and equipment), digital connectivity, customer service and managerial skills	Ayres Rock Resort at Yulara, Northern Territory
Culture and traditional knowledge	Arts and culture facilities, linkages with galleries, performing arts centres etc., digital connectivity, managerial skills	Yirrkala Arts Centre, Northern Territory
Renewable energy	Tenure security over land, capital for investment/equity participation, benefit-sharing mechanisms, connecting infrastructure (transmission, transport, digital), technical skills	MW Northam Solar Farm, Western Australia

> **Box 3.2. Economic development strategies in remote regions**
>
> Remote regions lack economies of agglomeration and as a result miss the productivity benefits that are generated by scale and density of economic activity. For remote regions, the tradeable sector is critical to generating increases in productivity (OECD, 2016[4]). Three main options can be pursued by remote rural regions to influence these drivers of productivity growth:
>
> - Specialise in natural resource exploitation and stewardship, which includes mining, forestry, food production, renewable energy, tourism, and ecosystem services.
> - Be integrated in Global Value Chains (GVCs). Forward and backward linkages (re-bundling) are critical to maximize value-added of natural resource industries and foreign direct investment (FDI) through the creation of a network of local suppliers.
> - Develop territorially differentiated products and services through mobilisation of local assets, and leveraging consumer preferences for local or tradeable products.
>
> In order to foster economic development, Indigenous communities in remote rural areas must take advantage of context-specific assets that are immobile and that are areas of absolute advantage.

Typology to understand development opportunities for Indigenous communities in rural areas

As discussed in Chapter 1 a relatively higher proportion of the Indigenous population in Australia lives in rural regions. The gaps in socio-economic outcomes between Indigenous and non-Indigenous populations are larger in these areas, than in urban and intermediate regions. Both population size and locational assets condition the range of potential economic opportunities available to Indigenous communities in urban and rural places (just as they condition non-indigenous communities in a similar manner). This suggests that the extent to which Indigenous communities are successful or unsuccessful relative to non-indigenous communities should be judged by comparing communities in similar circumstances. As such, communities located in metropolitan regions should be compared to similar geographic communities in terms of size and location. Likewise, Indigenous communities in rural areas should also be compared to similar geographic communities. Because many are small and located in remote areas, their members' level of income, employment and access to services will inevitably be lower than is the case for the average citizen who is located in an urban area. Part of this difference is the inevitable penalty of a rural location, but part may be a specific economic development penalty due to being Indigenous. The only way to identify the relative role of the two elements is to compare geographic communities of similar size and location. In terms of Indigenous communities in rural areas the two key locational factors that shape economic development opportunities (proximity to cities and access to natural resources and amenities) can be represented in a matrix (Figure 3.1).

Figure 3.1. Typology for Indigenous economic development in rural areas

The matrix presented in Figure 3.1 outlines four basic developmental trajectories for Indigenous communities in rural areas. They are:

1. *Remote Indigenous communities with abundant natural resources and amenities* – these places are further than a 60-minute drive from a population centre of 50 000 people or more, and have opportunities for commercial development related to minerals, hydrocarbons, renewable energy, fishing and aquaculture, food production, and nature based tourism. A key issue for these communities will be how to invest own-source revenues in ways that support economic value adding and diversification, and building/attracting the necessary skills to support business growth.

2. *Remote Indigenous communities where natural resources and amenities are limited or absent* – these places lack natural resources available for commercial use, and consequently economic development is largely limited to the internal market and some tourist opportunities (e.g. handicrafts). In these places, government transfers, subsistence hunting and fishing, and local bartering and sharing will play a greater role in supporting community well-being. A key issue for these communities will be ensuring access to public services that offer a sufficient quality of life to retain younger people, and maintain community sustainability, culture and language.

3. *Indigenous communities close to cities with abundant natural resources and amenities* – these places are within a 60-minute drive of a population centre of 50 000 people or more with sufficient land and resources available to develop commercial opportunities related to renewable energy, food production, and tourism. A key issue for these communities will be integrating with the wider urban/regional economy and developing governance arrangements to maximise the benefit of their resource base.

4. *Indigenous communities close to cities where natural resources and amenities are limited or absent* – these places are close to cities but do not have sufficient land size or the natural resources that enable commercial scale resource-development opportunities. However, even where land parcels are small, this may still present opportunities for retail and industrial land development, and collaboration with local municipalities on planning and infrastructure is important to activating these opportunities.

This typology can help inform decision-making and dialogue about the development potential of different Indigenous communities in rural areas. Crucially the typology does not consider three important factors – variations in Indigenous rights over land and resources, the quality of the community institutions, and the development objectives of the community. It is clear that two similar size places with equivalent geographic conditions can have very different economic outcomes. Indigenous communities may have rights over sub-surface resources or fishing grounds (e.g. in the Northern Territory), and in others rights may be limited to

the use of land (e.g. non-exclusive Native Title determinations). This shapes the limits and possibilities for Indigenous economic development. Differences in the quality of local institutions – the ability to identify and implement a development strategy, and or, differences in objectives – also influences development outcomes. Typically, local economic development analysis assumes that all communities have similar objectives and focus on differences in the quality of institutions. However, when considering Indigenous communities, it is important to recognize that the objectives of the community may differ significantly from those assumed to hold in non-Indigenous society. In turn, this affects how standard measures (household income, employment rates, and educational attainment) are utilised for comparative purposes.

Case study communities

During the fact-finding mission to Australia in July 2018 the OECD team had the opportunity to engage with Indigenous peoples across six different regions. These engagements revealed the differences in development priorities, challenges and opportunities of Indigenous peoples, and the diversity of socio-economic and market conditions they face. This section will discuss these issues and identify the importance of a place-based approach to Indigenous economic development. The six regions cover a number of different categories within the typology outlined above:

- Aṉangu Pitjantjatjara Yankunytjatjara (APY) and Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) lands covering the Northern Territory, South Australia and Western Australia (remote with limited resources and amenities).
- Broome and the Dampier Peninsula (remote with abundant resources and amenities).
- East Arnhem Land in the Northern Territory (remote with abundant resources and amenities).
- Ntari/ Hermannsburg in the Northern Territory (remote with limited resources and amenities).
- Shepparton/ Goulburn Valley (close to city with limited resources and amenities).
- Western Sydney (metropolitan region).

Figure 3.2. Case Study communities
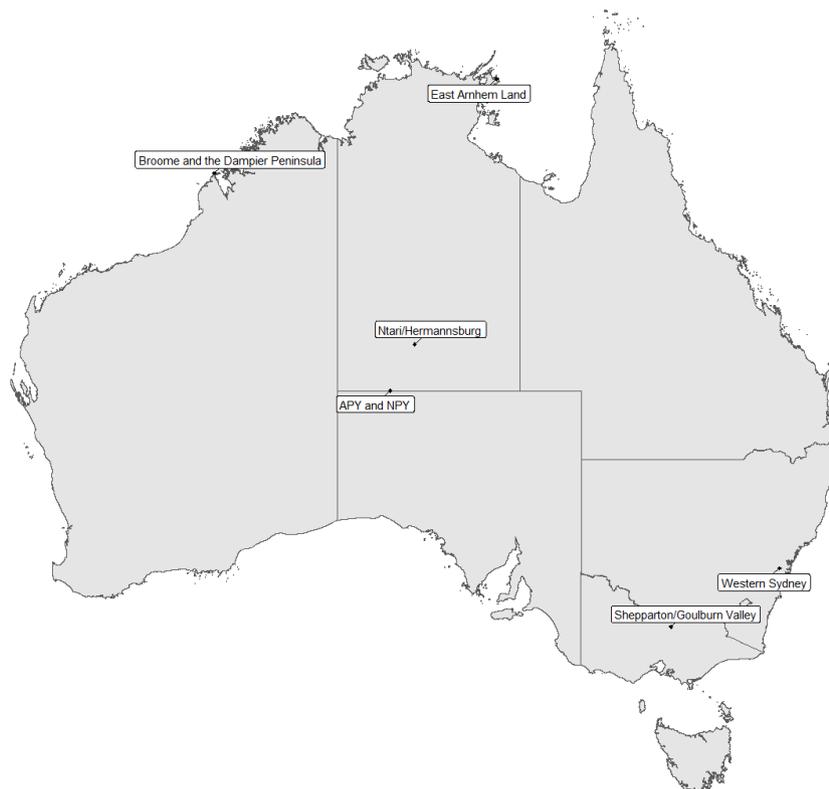
Socio-economic profile

The demographic profile reveals differences in the relative importance of Indigenous populations. There are a number of key differences in the rural remote regions. The first is that Indigenous peoples make up a much larger proportion of the regional population, and this population is much more likely to speak one or more Indigenous languages (Table 3.2). This is an indication about some the socio-cultural differences that are a characteristic of these regions, and the need for local and regional governance, policies and programs to incorporate and reflect these differences. The younger population profile of the Indigenous population also matters more in rural areas that tend to face the challenge of population ageing. The Indigenous populations in these regions are important source of labour supply and therefore the future competitiveness and well-being of these regions.

The economic structure of these regions varies according to their population size and density, location and resource endowments. This shapes the opportunities for Indigenous entrepreneurship and labour force participation. Blacktown is located in the western suburbs of Sydney with a labour force specialised in manufacturing and distributive services due to its advantageous location within a functional urban area of 4.9 million people. On the other hand, remote areas have fewer and less diverse opportunities for economic participation. In a remote region such as Alice Springs with limited mining and resource developments the main opportunities relate to social services (health, education, safety and public administration), and personal services (particularly tourism-related). Regions such as East Arnhem and the Kimberley do present opportunities for relatively well-paid jobs and business opportunities in primary sectors (mining, energy, forestry, fisheries and agriculture).

Table 3.2. Indigenous demographic indicators, select regions

	Indigenous peoples (%)	Speak Indigenous language (%)	Median age Indigenous	Median age non-Indigenous
Alice Springs	36.2	20	26	36
Blacktown	2.1	0	23	35
East Arnhem	68.1	59.5	24	34
Kimberley	41.6	10.6	25	36
Shepparton	3.4	0.1	22	40
Australia	2.8	0.3	23	38

Note: Language calculated based on the number of residents who speak English and another language nominating an Indigenous language, divided by the total number of usual residents.
Source: Australian Bureau of Statistics (2019[20]), *Community Profiles*, https://www.abs.gov.au/websitedbs/censushome.nsf/home/communityprofiles?opendocument&navpos=230 (accessed on 10 May 2019).

Table 3.3. Industry of employment, select regions, in percentage

	Alice Springs	Blacktown	East Arnhem	Kimberley	Shepparton	**Australia**
Construction	10	13	9	13	14	**14**
Distributive services	16	**28**	12	16	19	**20**
Manufacturing	2	**10**	3	2	**14**	**9**
Personal Services	**17**	10	**13**	**17**	10	**11**
Producer Services	10	15	4	7	8	**16**
Primary sector	6	2	**26**	**13**	**15**	**8**
Social services	**35**	15	**27**	**26**	14	**17**

Note: This table is based on place of usual residence.
Source: Australian Bureau of Statistics (2019[20]), *Community Profiles*, https://www.abs.gov.au/websitedbs/censushome.nsf/home/communityprofiles?opendocument&navpos=230 (accessed on 10 May 2019).

Within this small number of regions, the data suggests that Indigenous peoples are not taking full advantage of these economic opportunities (as shown in Chapter 1). Differences in economic participation between Indigenous and non-Indigenous peoples are significant in rural remote areas. Levels of personal income are much lower with significantly larger gaps with non-Indigenous peoples in rural remote areas (e.g. -83.3 percentage points in East Arnhem and -69.6 percentage points in the Kimberley) (Table 3.4). The same pattern is evident for labour market indicators. For example, unemployment rates in the rural remote regions are much higher than the national level and the gaps are larger (e.g. 36.4 percentage points in Alice Springs for Indigenous peoples with a percentage point gap of 34) (Table 3.5). Similarly, levels of employment in rural remote areas are also much lower (Table 3.6).

The analysis in Chapter 1 and in this section demonstrates the diversity of conditions for Indigenous peoples and economic development at the regional and local level. There are also important considerations, which are specific to Indigenous economies. This includes: special legal rights that regulate access and use to land and water resources, distinct values and development objectives, formal and informal institutions that govern community decision-making, and the role of subsistence hunting and fishing in remote areas. These differences highlight the importance of a context specific understanding of Indigenous economies, and empowering Indigenous peoples to set their own development strategy because have the best knowledge of what they want and are best positioned to know how to go about achieving it. The following section examines the priorities each Indigenous community has set for its vision and priorities development, and how other actors (local municipalities, State and Territory Governments, and Regional Development Australia Committee) organise and respond to that.

Table 3.4 Personal weekly income, Indigenous and non-Indigenous, select regions, 2016

	Indigenous (AUD)	Non-Indigenous (AUD)	Percentage point gap
East Arnhem	235	1404	-83.3
Alice Springs	281	1080	-74.0
Kimberley	331	1088	-69.6
Australia	**441**	**668**	**-34.0**
Shepparton	450	593	-27.1
Blacktown	478	656	-24.1

Source: Australian Bureau of Statistics (2019[20]), *Community Profiles*, https://www.abs.gov.au/websitedbs/censushome.nsf/home/communityprofiles?opendocument&navpos=230 (accessed on 10 May 2019).

Table 3.5. Indigenous and non-Indigenous unemployment, select regions, 2016

	Indigenous (%)	Non-Indigenous (%)	Percentage point gap
Alice Springs	36.4	2.2	34
Australia	**18.2**	**6.6**	**12**
Blacktown	15.6	7.1	9
East Arnhem	28.9	2	27
Kimberley	26.7	2.9	24
Shepparton	17.9	6.2	12

Source: Australian Bureau of Statistics (2019[20]), *Community Profiles*, https://www.abs.gov.au/websitedbs/censushome.nsf/home/communityprofiles?opendocument&navpos=230 (accessed on 10 May 2019).

Table 3.6. Employment to population percentage, select regions, 2016

	Indigenous (%)	Non-Indigenous (%)	Percentage point gap
Alice Springs	24.9	80.6	-56
Australia	**42.5**	**59.9**	**-17**
Blacktown	44.1	60	-16
East Arnhem	20.4	85.1	-65
Kimberley	27.3	80.1	-53
Shepparton	40.5	57.4	-17

Source: Australian Bureau of Statistics (2019[20]), *Community Profiles*, https://www.abs.gov.au/websitedbs/censushome.nsf/home/communityprofiles?opendocument&navpos=230 (accessed on 10 May 2019).

Northern Territory: Ntari/ Hermannsburg, APY/NPY Lands and East Arnhem Land

Ntari/ Hermannsburg

Ntari started as a Lutheran mission in 1877 and in 1982, it was handed back to the traditional owners (Western Arrernte people). The township has a population of 625 and also has 37 homeland communities (regional outstations) which are made up of close kinship groups and have small and fluctuating populations. The area is remote but lacking significant resources and amenities. As a result, opportunities for economic development are limited and there are high levels of dependency upon government benefits and payments, which is typical similar communities in other parts of Australia (Sanders and Morphy,

2004[21]). For example, according to the 2016 Census, in the West MacDonnell region, 34% of the 3,842 Aboriginal persons are unemployed, in comparison with 1% of non-Indigenous, out of 634 people. Tourism in Central Australia gravitates around Alice Springs, dominated by whites with high levels of literacy and personnel management skills, whereas small businesses in rural desert areas are particularly lacking (Sanders and Morphy, 2004[21]). Ntaria has a tradition of arts and crafts, notably watercolour painting and pottery. The Hermannsburg potters have developed a distinctive ceramic art practice that has gained international recognition (Nicholls, 2013[22]).

There is no local institution in Ntaria that takes a lead role in coordinating community economic development. The main Indigenous-led institution is the Tjuwanpa Outstation Resource Centre (est. 1984) that provides services to the area, notably maintenance of access roads, power centres, water catchment, houses and other shelters. It also develops programmes of arts and crafts, alcohol rehabilitation, park rangers and *Safe Communities for Children*. In 2012, it received ten-year funding from the Australian Government to deliver local services. The Ntaria Aboriginal Land Trust holds the land title for the benefit of all traditional landowners, and has powers to acquire, hold and dispose of property. However, decision-making authority still resides with the Central Land Council after informed consent is obtained from traditional owners. Through the 1980s and 1990s, the Community *Development Employment Projects* (CDEP) played an important role by supporting local employment, skills development and essential municipal services, via block funding and subsidies. It was abolished in 2007 with the advent of the Northern Territory Emergency Response (NTER), and now services are provided by Centrelink. At the time of the NTER, Ntari was defined as a Remote Service Delivery site (RSD) and a Local Reference Group (LRP) was set up to guide the development of the Local Implementation Plan (LIP) to deliver better community development and service delivery outcomes. Social issues of recent concern in the community include domestic violence, substance abuse, child education and work opportunities.

APY/NPY Lands

APY/NPY lands are an example of a remote Indigenous community where natural resources and amenities are limited or absent. These communities are very remote in a desert environment and this geographical context affects opportunities for economic development e.g. limited water and opportunities for pastoral activities, difficulties in providing services, and higher costs for construction and infrastructure. This places significant limitations on the nature and scope of economic activities that are possible. The Indigenous Peoples of the APY/NPY lands have a very strong cultural identity bounded by their own language, care for country, and traditional obligations. These traditional obligations mean that standard business and work practices may not necessarily match local needs and requirements. There is a desire for meaningful work and financial independence but in ways that balances with traditional life (OECD Fact Finding Mission, July 2018). Economic activities have primarily been developed in arts and culture, and social enterprise to meet local needs. The local Anangu people of the APY lands have set up the Regional Anangu Services Aboriginal Corporation which delivers State and Commonwealth services on APY lands under a local ownership model (RASAC, 2019[23]). The Corporation uses a casual employment model so people can balance work with traditional obligations, and combine work with on-the-job training.

There is no single Indigenous-led institution representing the interests of the different communities, setting priorities, or coordinating investments. Investment in the capabilities of people working in existing institutions (financial literacy, managerial skills) is ad-hoc and changes over time. There have been some recent efforts to build this institutional capacity so local people have a voice and can have an influence of planning and resource allocation decisions through Empowered Communities. This initiative is still maturing and in regards to economic development, efforts are focussed on institution building, data, and pathways into training and employment (Empowered Communities, 2017[24]). The NPY Women's Council has been set up to provide a collective voice and agency for women in the area and has focused on social enterprise development linked to arts and cultural activities (NPY Women's Council, 2019[25]). At a higher level, Aboriginal people in the southern area of the Northern Territory are represented by the Central Land

Council, which has identified priorities related to community development, caring for country, benefit sharing with the mining industry, partnerships with the pastoral industry, and Aboriginal cultural tourism (Central Land Council, 2019[26]).

East Arnhem Land

East Arnhem Land is an example of a remote Indigenous area that is endowed with resources and amenities. It is located in the north-eastern corner of the Northern Territory and had a population of 16,000, 12,000 of whom are traditional owners. Yolngu have lived in the region for more than 50,000 years and are the oldest continuous civilisation on earth. There are 13 Yolngu nations which each have their own territory, leadership and kinship relations with small homeland settlements scattered across the region. All of Arnhem Land was proclaimed as an Aboriginal reserve in 1931, and missionaries arrived at this time. Bauxite deposits were identified on the Gove Peninsula in North-East Arnhem Land after World War 2 with leases granted in 1969 with operations commencing in 1970 (Rio Tinto, 2019[27]). This resulted in the growth of the township of Gove and the arrival of more white settlers. After the passage of the Aboriginal Land Rights (Northern Territory) Act in 1976 the whole of North-east Arnhem Land, including the Gove Peninsula, has been held under inalienable freehold title by the Northern Land Council on behalf of the traditional land owners. The Yolngu people continue have a strong attachment to country and engage in traditional livelihoods (hunting, fishing, food gathering, arts and culture). The key economic unit in this economy is the kinship group that provides the basis for the division of labour and distribution of resources. On the fact-finding mission local leaders articulated the need to find ways to balance this traditional economy with the white settler economy (OECD fact finding mission – July 2018). Data shows that there are broadly two economies currently operating in East Arnhem Land: the Balanda (white) formal economy based on mining, public and tourism related services; and, the Yolgnu economy based on traditional livelihoods, government transfers, and small-scale enterprise.

Each of the 13 Yolngu groups have their own institutional structures that set priorities and implement development strategies. There are three basic strategies employed:

1. connecting with the Balanda economy and in particular the Rio Tinto operations;
2. smaller scale enterprises tapping into external markets (e.g. timber, pastoral, and tourism-related); and,
3. enterprises that address local needs (e.g. retail).

Local Aboriginal Corporations have been established to hold assets and develop businesses and programs for local communities. For example, the Gumatj Corporation near Gove has developed a portfolio of small enterprises (food production, timber mill, retail shop) and a mining operation that supplies Bauxite to Rio Tinto. These local institutions play a very important role in the organisation and distribution of resources within the Yolgnu economy. The 13 Clan nations have also come together to form the Dilak Authority (comprising Yolngu elders – one man, one woman and one young leader each of the clan nations). This traditional system of governance seeks Indigenous policy reform by government, requesting responsibility to determine their own future. Their development vision for north-east Arnhem Land is based on education to end the welfare cycle, job creation opportunities customised for each community, and appropriate utilisation of land for economic development. The Authority also argues for long-term bipartisan commitment to a policy approach that achieve these goals in partnership with traditional owners. The Dilak Authority has now been recognised by the Northern Land Council as the region's preferred governance model.

In recent years, the Northern Land Council (NLC) has begun to look at ways to proactively support local traditional owners to drive their own development outcomes. In 2016, the NLC initiated a Community Planning and Development Program (CP&D) to further support Aboriginal people to drive their own development and secure benefits from their land, waters and seas. Like the Central Land Council (CLC), which has been running a successful Community Development Program since 2005, the NLC provides

support to Aboriginal groups to translate their land and native title rights into social, cultural, environmental and economic development outcomes. This includes supporting Aboriginal groups to use royalty and rent monies from land use agreements for broad and lasting community benefit. The program works with Aboriginal land-owning groups to help them use their money from land use agreements, such as royalties or lease money, to plan and do projects that create 'lasting community benefit'. Each group of Traditional Owners decides whether they want to use the CP&D process with their income, what projects they want to do, and how they should be run.

Government policy frameworks

Two of these local communities are located in the Northern Territory (East Arnhem Land, and Ntaria/Hermannsburg), and APY/NPY lands cut across Western Australia, South Australia and the Northern Territory. Across the three jurisdictions, there is a shared focus on procurement as a lever to promote Indigenous economic participation, and Western Australia and the Northern Territory have a particular focus on land and resource based economic opportunities. The policy framework for Indigenous economic development in the Northern Territory is based on the recognition that Indigenous peoples make up a large share of the population (30%) and own a significant amount of land (50%) (Northern Territory Government, 2017[28]). As landowners and custodians' economic opportunities are identified in creative industries and tourism, community-based land management, and the pastoral industry. Procurement is identified as a key lever to facilitate economic participation and support Indigenous entrepreneurship. The Western Australian Government focuses on Aboriginal people as land owners and enterprises in the primary sector (pastoral industry, agri-food and fisheries and aquaculture), and creating opportunities through local procurement linked to these sectors and housing (Department of Communities and Housing, 2019[29]; Department of Primary Industries and Regional Development, 2019[30]). The South Australian Governments Aboriginal economic development strategy is focused on creating opportunities through public procurement, and engagement with employers to promote employment in 10 strategic industries (South Australian Department of Premier and Cabinet, 2019[31]; Department of State Development, 2018[32]). These sectors include some that are present in remote areas (community services, energy, water and resources, and the South Australian public sector).

Priorities for investment are also mediated through Commonwealth Regional Development Australia (RDA) Committees, and in the case of Western Australia, Regional Development Commissions (Department of Primary Industries and Regional Development, 2019[33]). These institutions set regional development priorities, provide information and advice to local stakeholders, and coordinate policy and investment. The Northern Territory Regional Development Committee (RDA) does not articulate the opportunities related to land and water ownership and has a focus on arts and creative industries. Improving transport and communications infrastructure is identified as a priority for Indigenous development (Regional Development Australia - Northern Territory, 2018[34]). The RDA Far North in South Australia provides business advisory and economic development project services, which includes a specific focus on Indigenous enterprise. Recent work with the RDA has identified the pastoral industry, mining and the visitor economy has key development opportunities (SC Lennon and Associates, 2019[35]). APY/NPY lands also fall within the Goldfields–Esperance Regional Development Commission. It has a general focus on promoting industry strengths and investment in infrastructure, and a specific Aboriginal Leadership Program that provides leadership mentoring, network formation and opportunities for knowledge-sharing and learning (GEDC, 2019[36]).

Local Governments also have an important role to play in rural and Indigenous economic development, as they are a significant local employer with responsibility for local infrastructure and services. MacDonnell Shire Council includes two of the remote communities (Ntaria/Hermannsburg and the APY/NPY lands) engaged with in this study. Both are examples of remote communities with limited resources and amenities. The Council has a strong focus on Indigenous employment in the Council and supporting Aboriginal enterprise development particularly in the area of tourism (MacDonnell Regional Council, 2018[37]).

APY/NPY Lands are also covered by the Shire of Ngaanyatjarraku. This is a very remote community of 1,427 people with employment opportunities linked to Council services and land management (Shire of Ngaanyatjarraku, 2018[38]). The Council has identified a priority to provide employment and training pathways for people in these areas, and to help prepare the region for future mining and resource extraction projects (currently under exploration). The East Arnhem Shire Council has a focus on increasing Aboriginal employment, and supporting business development (East Arnhem Regional Council, 2018[39]). Government and industry stakeholders in East Arnhem Land are currently preparing a strategy to support economic transition due to the future closure of Rio Tinto Ltd. operations in the region. Developing East Arnhem Land (DEAL) has been set up as a not-for-profit entity to support this transition and provides advocacy advice and support for Indigenous entrepreneurs in areas such as tourism, housing development, mining, fishing and aquaculture (Developing East Arnhem, 2019[40]).

Discussion

The data shows there are significant differences between the Indigenous and a non-Indigenous economies in remote regions. The Indigenous economy has characteristics of a hybrid economy that mixes subsistence with wage labour and other forms of income including government transfers (Altman, 2004[41]). Subsistence is not only about meeting basic nutritional needs, but also relates to bartering and trading within and between kinship groups, and has an important cultural and relational component as well (Southcott and Natcher, 2018[42]). Indigenous peoples in these regions seek to balance traditional culture and obligations with formal economic participation. This has taken the form of small-scale entrepreneurship linked to traditional knowledge and culture (arts, music, environmental services, and tourism), and flexible work arrangements in these sectors and in the provision of local services. Some partnerships and benefit-sharing mechanisms have been established but this is dependent upon resource endowments that enable mining and pastoral activities. Local Indigenous communities can use these resources to facilitate economic diversification and deliver community programs.

Strengthening Indigenous economies requires coherence and alignment in setting economic development priorities at a community level and across different levels of government. Across these regions, local Indigenous institutions that could set priorities for future community and economic development are generally weak and fragmented. Where local Indigenous institutions do exist, there is limited power to influence decision-making. Decision-making authority rests with government agencies. There are some good examples of where communities have sought to address this issue and build capacity (e.g. NPY Women's Council and Empowered Communities). Building this economy also requires the recognition of Indigenous aspirations for development in policy frameworks across different levels of government. The idea of building an economy that strengthens Indigenous language and culture and enables balancing with traditional culture and obligations, is not visible. Policies are focussed on preferential procurement and industry development opportunities which are not necessarily suited, in particular, to more remote areas. There are some good practices going on across RDAs and Regional Development Commissions (e.g. the Aboriginal Leadership Program Goldfields–Esperance) but a consistent view about the potential of the Indigenous economy, and particular challenges and opportunities in remote areas, is lacking. Local municipalities can play an important role in terms of local planning and direct employment but this is not acknowledged in State, Territory and Commonwealth policy frameworks.

Local and regional development priorities: Western Sydney, New South Wales

Local and regional Indigenous institutions

In NSW, the main local Indigenous institutions are Aboriginal Land Councils that operate under the 1983 Aboriginal Land Rights Act. Unused crown land can be claimed by a Land Council and once it is approved it is held in communal title. Land assets can then be used to develop different activities such as affordable housing and accommodation services for Indigenous people. Land councils also have a role in the

preservation of Aboriginal cultural heritage. The Tharawal Local Aboriginal Land Council in south-west Sydney undertakes these core land management activities along with support for local employment and training, and Aboriginal enterprises (Tharawal Local Aboriginal Land Council, 2019[43]). These cover three main areas: culture (tourism and education awareness), community (advocacy and advice), and country (money-making part, competitive tender for landscaping, bush management, nursery) (OECD fact finding mission – July 2018). The community perceives significant opportunities from the Western Sydney City Deal that sets a framework for delivering a new airport for Sydney, rail and road links, and housing and commercial developments over the next 10 – 20 years. However, implementation challenges were noted in terms of complexities generated by different procurement rules between the Commonwealth and State Governments, lack of business capability and gaps in terms of support for start-ups, and local government not prioritising Indigenous economic development (OECD fact finding mission – July 2018).

Government policy frameworks

Western Sydney is located within the metropolitan area of Greater Sydney, which has an overall population of approximately 5 million people. The New South Wales (NSW) Government identifies the need to overcome historical disadvantage and close the gap in employment participation between Indigenous and non-Indigenous peoples (Aboriginal Affairs NSW, 2018[44]; Aboriginal Affairs NSW, 2019[45]). Unlike the Northern Territory and Western Australia, Indigenous peoples are relatively concentrated and close to cities, which is identified as an advantage. Again, the Governments purchasing and hiring power (public procurement and public service employment) are identified as levers to increase Indigenous economic participation. Similar to South Australia, NSW also has a specific initiative (Industry Based Agreements) to engage private sector employers in hiring Aboriginal people (Aboriginal Affairs NSW, 2019[45]).

At the regional and local level, there are a number of different entities involved in local economic development. The RDA for Sydney undertakes research, advocacy, events and project coordination (RDA Sydney, 2019[46]). However, the RDA does not identify any specific priorities or activities related to Indigenous economic and community development. The Local Government of Blacktown is one municipality within Western Sydney. Its Indigenous well-being strategy focuses on social services and community development issues (housing, early childhood and school education, cultural awareness, health, safety and social interaction) (Blacktown City Council, 2016[47]). The neighbouring City of Penrith's economic development strategy does not include any mention of Indigenous issues (City of Penrith, 2017[48]) In March 2018, the Australian Government, the New South Wales Government and eight local municipalities signed a "City Deal" for Western Sydney. This agreement sets out a framework for infrastructure investment in the region. The aim is to leverage investment in the new Western Sydney Airport, and associated to infrastructure, to improve urban development and well-being outcomes. This includes linking these investments with opportunities to increase Indigenous economic participation. The Western Sydney City Deal includes an Indigenous Business Hub to deliver support services and space for entrepreneurs, enterprise support services, and social procurement (Department of Infrastructure, Regional Development and Cities, 2019[49]).

Discussion

The case of Western Sydney is illustrative of challenges related to alignment and coherence between different levels of government in relation to Indigenous community and economic development. In the case of NSW, the Land Councils play a role in terms of articulating local priorities for community and economic development. Similar to rural and remote areas, the Indigenous community of Western Sydney prioritises economic activities linked to culture, community and country. These small-scale entrepreneurial opportunities are not strongly reflected in the State policy framework that focuses on public procurement and partnerships with industry to lift Indigenous employment outcomes. These areas also present opportunities for the local Indigenous community. However, there is a risk these opportunities will not be realised if business and skill capability gaps are not addressed. The Australian Government has sought to

address this by implementing an Indigenous Hub to build capabilities and support matching. The RDA and Local Government are not prioritising Indigenous economic development. The Indigenous economy is absent from the priorities and projects of the RDA for Sydney. The RDA could play a role, for example, in terms of mapping the Indigenous economy across different parts of metropolitan Sydney, and articulating priorities of Land Councils at this scale. Local governments could also be using their convening power to engage Land Councils and other local Indigenous institutions on economic development issues, but again this is lacking.

Local and regional development priorities: Goulburn Valley and Shepparton, Victoria

Local and regional Indigenous institutions

The Yorta Yorta people, like many Indigenous peoples, have experienced a difficult history of dispossession and relocation onto missions. This put the community in a defensive and crisis response mode and when they established their own institutions, they focused on the survival of Aboriginal families, addressing inter-generational trauma, and social welfare issues (OECD Fact Finding Mission – July 2018). This historical exclusion has resulted in Indigenous people being absent from the main centres of power in the region (local and state government, industry, and community associations). In recent decades, there have been efforts to re-build community institutions and focus them on creating opportunities for local Indigenous people. This has been a slow process of trying to overcome divisions within the community between families. The Yorta Yorta National Aboriginal Corporation was established to represent the interests of the 16 Yorta Yorta family groups, and act as a representative body to make agreements with governments or other authorities (Yorta Yorta Nation Aboriginal Corporation, 2019[50]). It owns an enterprise, Woka Walla, which provides environmental services (land and water management, and cultural heritage), and has Yenbena, a registered training organisation. The Kaiela Institute is another local Aboriginal owned organisation that provides employment and training initiatives and supports the local Empowered Communities' project (Kaiela Institute, 2019[51]). This includes the provision of work placements for local Aboriginal people in the 20-40 age group. The Empowered Communities initiative in the Goulburn Valley has identified priorities related to local institution building to give people a voice, improving data and increasing employment participation (Empowered Communities, 2017[24]).

The vision for the community's development is based on cultural well-being, the restoration of language, and practicing spiritual beliefs. This cultural framework becomes the basis of having a conversation about strengths and building economic aspirations. There is a history in the community of social welfare dependency, which has framed the discussion about government services and support. The community is seeking to move beyond this toward a strengths-based approach. A good example of this new approach is a scorecard that has been developed as part of the Empowered Communities Initiative that has constructed 50-60 indicators covering issues such as social inclusion, strong families, strong culture, economic prosperity, challenges and barriers, education, well-being and demographics. This has enabled the community to take ownership of data and tell their story (which they feel "Closing the Gap" does not) (OECD Fact Finding Mission – July 2018). There is a sense in the community that an understanding and recognition of this approach ("or cultural competency") is missing within mainstream institutions and it is difficult to get traction on (OECD Fact Finding Mission – July 2018). It is hoped that over time, the focus on data and institution building will be able to create a regional community and economy that is more inclusive of this world-view.

Government policy frameworks

Like NSW, the Victorian Government policy framework for Indigenous economic development focuses on addressing the gap between Indigenous and non-Indigenous Victorians, particularly in business (Department of Economic Development, Jobs, Transport and Resources, 2017[52]). The strengths of the Indigenous economy are identified in tourism, creative arts, and natural resource management with a

distinction made between land-based enterprises and other businesses. Policy priorities include partnerships with industry to stimulate Indigenous employment, participation in overseas trade missions to leverage opportunities in Asia, and public procurement (Department of Economic Development, Jobs, Transport and Resources, 2017[52]). Commitments are set out to work with Kinaway (Victoria's Indigenous Chamber of Commerce), Traditional Owner Groups, and the Commonwealth government in the implementation of the Strategy (Department of Economic Development, Jobs, Transport and Resources, 2017[52]). RDA – Hume is the regional development body for the Goulburn Valley and Shepparton region. It identifies the challenges faced by local Indigenous peoples in terms of socio-economic exclusion, notes cultural strengths, and the need for targeted employment and training initiatives (Victorian Government, 2010[53]). The City of Greater Shepparton identifies Indigenous cultural heritage and tourism as strengths of the local economy. The Council has played the role of a convener, bringing local industry stakeholders together with Indigenous institutions, to identify opportunities and employment pathways for the local Indigenous population (Greater Shepparton City Council, 2019[54]).

Discussion

As with other Indigenous communities in this study, the development vision for the Yorta Yorta people is based on strengthening cultural well-being. This is based on the idea of 'restoration' and moving beyond a past which has been characterised by dispossession and dependency on government. The community has built institutions which are able to articulate these priorities, develop indicators and data to measure progress, coordinate with government, and establish enterprises and employment initiatives. Victoria's Indigenous Business Strategy identifies the importance of working with Indigenous institutions but does not identify the importance of their role in community economic development, nor any specific initiatives to build their capacity. The Indigenous economy is visible in regional and local planning frameworks. The City of Greater Shepparton is a good example of a local municipality taking a proactive role in terms of convening different stakeholders to support Indigenous economic participation.

Local and regional development priorities: Broome and the Dampier Peninsula, Western Australia

Local and regional Indigenous institutions

Across Broome and the Dampier Peninsula, there are different traditional owner groups and Indigenous institutions. On the Dampier Peninsula there are a number of different local Aboriginal Corporations, within Broome there is Nyamba Buru Yawuru representing the Native Title holders in Broome, and the Kimberley Land Council. Underpinning these institutional arrangements are kinship systems that create formal and informal roles in decision-making about economic and community development. Sometimes this can result in very localised (and fragmented) forms of economic development based around individual outstation communities. These different institutions have similar philosophies based around economic and community development that supports traditional care for country, language, and cultural practices (Lombadina Aboriginal Corporation, 2019[55]; Nyamba Buru Yawuru, 2019[56]; Kimberley Land Council, 2019[57]). Land and water are key to creating economic opportunity and the focus is on development that balances with traditional values and obligations. Priority business opportunities are in the areas of tourism, food production, pastoral activities, and environmental management. For example, eco-tourism and the ranger program were identified as two areas that strike an appropriate balance. Nyamba Buru Yawuru (a corporation owned by the local Native Title holders) has also been able to leverage its assets to undertake land and property development, and develop expertise in technology and data management linked to environmental management. These efforts have been based on a community planning approach, which is informed by local data and analysis (See Chapter 1).

This economy has been able to develop in part due to recent settlements on Native Title in the region. However, there a set of legacy costs - inter-generational trauma and weak institutions, and a complex land management framework - that constrains the potential of this Indigenous economy. Local Aboriginal Corporations and Prescribed Body Corporates mostly lack capacity to drive a community and economic development agenda, and lack mechanisms to co-operate. For example, communities across the Peninsula did not have a coordinated response to the construction of a new road, which meant there was not a collective response to addressing positive and negative impacts of it. Regulatory frameworks related to land and water were described by local Indigenous leaders as paternalistic and complex (OECD Fact Finding Mission, July 2018). Obtaining a lease over parcels of land is lengthy with multiple agencies and levels of government involved in development approvals that do not coordinate effectively. Land development planning arrangements do not provide sufficient clarity for development and basic mapping and data about land is absent or incomplete. Local Indigenous institutions are not involved adequately in land planning, or have the authority to make or participate in decisions about development. Coupled with poor infrastructure (transport, communications and energy) in more remote areas this creates a difficult environment to start and grow a business.

Government policy frameworks

As mentioned earlier, the Western Australian Government's governments policy framework for Indigenous economic development as a strong focus on supporting business opportunities linked to land and water assets (pastoral industry, agri-food and fisheries and aquaculture) (Department of Primary Industries and Regional Development, 2019[30]). This includes through business support and agricultural outreach services, and divestment of Aboriginal Trust lands. The Kimberley Development Commission (Broome and Dampier Peninsula area) identifies that the regions Indigenous population is a source of future growth and development. This includes because it is a young population that can meet future labour needs, and unique business opportunities linked to traditional knowledge and land assets. It identifies the need to better engage with traditional owner groups on economic development, build capability and productivity in the pastoral industry, tourism entrepreneurship opportunities, and address remote economic participation challenges (Kimberley Development Commission, 2019[58]). The Broome Shire Council positions itself as advocate for local Aboriginal development outcomes with other levels of government and the private sector (Shire of Broome, 2019[59]).

Discussion

The common thread linking the Indigenous economy in the Kimberley is the focus on development that supports traditional care for country, language, and cultural practices. There are a number of small Aboriginal Corporations representing local Indigenous people. Although this gives people an identity and a voice, it can also lead to fragmentation and lack of coordination in relation to community and economic development efforts. The key for Indigenous groups in the Kimberley is secure tenure over land and water, which enables them to leverage these assets. The case of Nyamba Buru Yawuru is illustrative in this point and the Yawuru people have been able to use the proceeds of a land settlement to develop a community planning framework, invest in social infrastructure and create new business opportunities. State, regional and local government agencies recognise the strength of the Indigenous economy relates to land and water assets. However, the cultural embeddedness of this economy and the need for it to strengthen cultural well-being is not visible. The role of local Indigenous institutions in terms of planning and coordinating community economic development is also not recognised.

Comparing experiences across case study communities

The common development philosophy linking these Indigenous communities is the focus on development that supports traditional care for country, language, and cultural practices. This form of community

economic development (manifested in activities such as arts, culture, environmental and tourism related services) enables Indigenous peoples to strengthen kinship ties and Indigenous language and identity. A key aspect of this is connection to country that may be formalised in different ways (Native Title, and State and Territory land regimes). When title is formalised, it gives communities the basis to leverage land and water assets to create economic opportunities. This is also determined by the presence of resource endowments, amenities, and access to markets. When resource endowments and amenities are present it broadens the scope of economic development possibilities, and the opportunity to develop partnerships with corporations that can deliver local business and employment benefits. Key differences exist in remote areas which are characterised by a 'hybrid economy' that mixes subsistence with wage labour and other forms of income including government transfers (Altman, 2004[41]). In these communities, small scale entrepreneurial activities that are linked to traditional knowledge, and locally driven employment and training initiatives, enables better matching of economic activities with traditional values and obligations. Some examples of these activities are outlined in Box 3.3.

Box 3.3. Examples of remote Indigenous economic development

Cultural production may, in certain circumstances, be partially commodified and sold as a good or service on the market. Emblematic of this is the example of visual arts. Customary knowledge may be embedded in paintings and other forms of art, the sales of which can amount to a significant income stream, often with some government support. For example, at Yuendumu, a mid-sized remote community, art sales and copyright payments generated revenue from the private market of over $2.5 million dollars in 2017, with the art centre leveraging a further $460,000 in government grants. According to the Warlukurlangu Art Aboriginal Corporation's audited financial statements for 2016-17 around half of revenue was dispersed directly to artists as cash income, providing mean personal cash income of over $2,000 per adult resident of the community (noting that this income is unevenly distributed between community members) and further income being dispersed locally as wages to art centre employees. According to the 2014/15 NATSISS, 13% of Indigenous adults in remote Australia received cash income from cultural activities in the previous 12 months.

While visual arts may trade upon returned land indirectly, more direct commodification of land-based resources also takes place. Carbon farming is one example of this. The Arnhem Land Fire Abatement (ALFA) project, for example, is generating both public benefit and economic activity by reducing greenhouse gas emissions. ALFA had its origin in the West Arnhem Land Fire Abatement (WALFA) project which began in 1997. WALFA took many years to gain funding, support and recognition, initially undertaking burning that was funded by private interests. ALFA now receives support from the Commonwealth through the Emissions Reduction Fund. ALFA's primary abatement strategy relies on fire management of Aboriginal-owned land. According to their 2017 financial report, ALFA abated over 700,000 tonnes of CO_2e in that year, in the process generating both employment and over $6.8 million in revenue.

Source: Jordan, K., F. Markham and J. Altman (2019[12]), *Linking Indigenous Communities with Regional Development*.

Building this economy is a complex process that requires alignment in priorities and coordinated effort from local institutions and different levels of government. In terms of alignment of priorities, a development philosophy based on culture and care for country is not articulated strongly in Indigenous business or regional development policy frameworks. The focus is predominantly on addressing the gap in terms of entrepreneurship between Indigenous and non-Indigenous populations through procurement and industry development opportunities. This is an important part of the picture but it does not respond to local aspirations for development. At the local level, Indigenous institutions can play an effective role if they have

the capacity to build community consensus about priorities for future development, have indicators and data to measure progress, coordinate with government agencies, and establish enterprises and employment initiatives. However, this is generally not the case. Local Indigenous institutions were generally established to hold and protect Indigenous land rights, not to promote community and economic development. Some of them do play this role but with limited resources and capabilities, and proactive support for these institutions to play a role in economic development is not evident at a local or State and Territory level. Often there are multiple Indigenous institutions within a single region that do not necessarily coordinate effectively, and as a result, opportunities for Indigenous economic development are missed. Entities that could provide a convening function such as RDAs and Local Governments are generally not playing this role. There are some good practices but there is not a systemic approach to supporting community economic development that is led by local Indigenous institutions.

Another key factor is the provision of enabling funding from governments. While Indigenous people are able to leverage their returned land for economic development, this is most successful when supplemented by state support. However, these initiatives do not originate within Commonwealth or State and Territory agencies. Rather, they all originate in grassroots Indigenous initiatives that governments later came to assist financially in various ways. This can be in the form of direct support of particular industries, as in the case of visual arts, much like industry policy more generally seeks to provide strategic support for economic development. However, locally-directed financial subsidies in the form of Community Development Employment Projects (CDEP) has historically played a crucial role in the development of these activities in their early decades (Jordan, Markham and Altman, 2019[12]). The provision of state support in a manner that is flexible, locally directed and with flexibility to agree on outcomes is likely to be crucial to the success of any future economic development on Indigenous land.

National policy framework for Indigenous economic development

The Commonwealth Government plays a critical role in strengthening local Indigenous economies through its responsibility for Native Title, Indigenous Affairs policy and regional services, and key agencies (Indigenous Business Australia and the Indigenous Land and Sea Corporation). The following section will assess how the variety of local Indigenous economies, linked by a shared development approach that supports traditional care for country, language, and cultural practices, are reflected in policy frameworks. Drawing from the framework articulated in the global study for this project it will focus on how the national policy framework:

- Incorporates Indigenous values and perspectives about development into policy frameworks.
- Aligns policy outcomes across levels of government and sectors and articulate differences in development challenges and opportunities for Indigenous peoples in urban, rural and remote regions.
- Incentivises the use of mechanisms and tools that support the implementation of a place-based approach and better link Indigenous peoples with regional development efforts (e.g. local area data, community brokers and participation in existing regional governance structures).
- Defines short-, medium- and long-term outcomes that can be measured (and disaggregated across different types of regions) to enable evaluation, learning and feedback (OECD, 2019[13]).

Commonwealth – State and Territory Co-operation on "Closing the Gap"

The contemporary policy approach in Australia to Indigenous economic development is based upon achieving greater equity between Indigenous and non-Indigenous Australians. This equity objective is defined as closing the gap in living standards between Indigenous and non-Indigenous populations, which has been a characteristic of policies since the 1970s (Taylor, 2011[60]). The overarching policy framework

for Indigenous affairs during the last decade has been 'Closing the Gap on Indigenous disadvantage' which was launched in 2008. This framework, developed by the Council of Australian Governments (COAG), set targets for federal, state and territory governments to:

- Halve the gap in child mortality between Indigenous peoples and other Australians by 2018.
- Have 95% of all Indigenous four-year-olds enrolled in early childhood education by 2025.
- Close the gap in school attendance between 2014 and 2018.
- Halve the gap in reading and numeracy by 2018.
- Halve the gap in Year 12 attainment by 2020.
- Halve the gap in employment rates by 2018.
- Close the gap in life expectancy by 2031.

There was very little meaningful consultation with Indigenous peoples to develop the Closing the Gap architecture. It drew on an emerging 'Close the Gap' health campaign that had been launched by a coalition of non-governmental organisations (NGOs) in 2006. The principle goal of that campaign – supported by more than 40 Indigenous and non-Indigenous health and human rights organisations – was to close the gap in life expectancy between Indigenous and non-Indigenous Australians by 2030 (Australian Human Rights Commission, 2019[61]). Although this informed one of the headline targets for the Closing the Gap framework, there is no public evidence of consultation with Indigenous communities or organisations on the remaining Closing the Gap targets.

The 2008 *National Indigenous Reform Agreement (Closing the Gap)* identifies economic participation as a key building block and this issue is framed in terms of facilitating opportunities in the "real economy" in terms of jobs, business and wealth creation (Council of Australian Governments, 2008, p. 7[62]). A strong focus is on integrating Indigenous peoples into the labour market and recognises the differences in outcomes between urban and rural locations (Council of Australian Governments, 2008[63]). The dimension on economic participation focuses on halving the gap in employment outcomes within a decade (by 2018), which is measured by the level of workforce participation, unemployment, and the labour force participate rate. The result of this strategy was envisaged to be reduced welfare dependency, increased employment, and improved balance in the representation of Indigenous peoples in different industry sectors and occupations.

The companion *National Partnership Agreement on Indigenous Economic Participation* sets out the detailed commitments for different levels of government on Indigenous economic development (Council of Australian Governments, 2008[63]). There are a number of key policy changes focusing on increasing labour force participation. The first was changing assistance to Indigenous peoples who are unemployed through the Community Development Employment Programme (CDEP). The CDEP operated in remote areas and provided job readiness services (training and work experience) and investment in community projects (Department of Families, Housing, Community Services and Indigenous Affairs, 2009[64]). Under these reforms, the CDEP was re-orientated to build pathways into employment often in publicly funded service providers operating in remote areas. The second was to utilise the collective purchasing power of Australian governments through preferential procurement with a particular focus on improving employment and training outcomes for Indigenous peoples. Likewise, any reforms developed through COAG also had to develop an Indigenous workforce strategy (for example in relation to infrastructure). Lastly, the agreement also set out commitments for all Australian governments to lift the proportion of Indigenous peoples employed in the public service to their share of population (2.6% by 2015) (Council of Australian Governments, 2008[62]).

The national reform and partnership agreements create a common architecture to guide the policies of Commonwealth, State and Territory governments in relation to closing the gap in socio-economic outcomes between Indigenous and non-Indigenous Australians. Because Indigenous outcomes are a shared responsibility between governments, the agreement commits the parties to work co-operatively to

realise the objectives and commitments (Council of Australian Governments, 2008, p. 8[62]). This includes a common process for monitoring outcomes through reports on closing the gap, and analysis by the Australian Productivity Commission on Indigenous service delivery outcomes, and overcoming Indigenous disadvantage (Box 3.4). The *National Partnership Agreement on Indigenous Economic Participation* set out more detailed allocation of responsibilities. It recognises the Commonwealth responsibility for employment assistance and welfare benefits whilst there is shared responsibility with the States and Territories for industry and business development (Council of Australian Governments, 2008, p. 8[63]). This includes coordinating efforts to deal with transitional issues arising from changes to the CDEP programme through the States creating paid positions for local Indigenous people in remote areas to move in too.

Box 3.4. Australian Productivity Commission – Overcoming Indigenous Disadvantage

The Australian Productivity Commission is an advisory and research body that undertakes reviews and ongoing work at the direction of the Australian Government. The Overcoming Indigenous Disadvantage (OID) Reports are released every two years by the Commission and measure the well-being and disadvantage experienced by Indigenous Australians. It is designed to inform the design of better policies.

The OID Reports are produced by a Steering Committee made up of representatives of the Australian Government and all State and Territory governments, and observers from the Australian Bureau of Statistics and the Australian Institute of Health and Welfare. Aboriginal and Torres Strait Islander organisations are also involved in the production of the report. The National Congress of Australia's First Peoples is part of a working group that advises the Steering Committee and Indigenous groups are involved in consultation sessions.

The logic for the indicator framework is developed from Closing the Gap. After a review in 2011, and feedback from Indigenous Australians, it was recognised that there was a need to develop a more 'strengths-based' approach. As a result, the 2016 edition of the report shifted its focus to improving wellbeing and away from addressing disadvantage. This includes adding a dimension related to governance, leadership and culture.

The report provides analysis of trends in relation to each indicator, its relationship to the COAG target, and the identification of leading policy practices. The economic participation chapter of the report focuses on four indicators: Employment (full time/part time status, sector and occupation), Indigenous owned or controlled land and business, Home ownership, and Income support. Where available, the report provides disaggregation of indicators by age and location, but the vast majority of the report is providing aggregate reporting at the national level.

Source: Australian Productivity Commission (2016[65]), *Overcoming Indigenous Disadvantage: Key Indicators 2016*, https://www.pc.gov.au/research/ongoing/overcoming-indigenous-disadvantage/2016 (accessed on 5 April 2019).

Closing the Gap refresh

According to the Australian Government, by 2018, three of the seven Closing the Gap targets are on track to be met (child mortality, early childhood education, and Year 12 attainment) (Department of the Prime Minister and Cabinet, 2018[66]). The positive aspects of "Closing the Gap" is the articulation of shared targets and outcomes and long-term commitments to coordinate policy reforms that lift Indigenous employment participation. This is a genuine move forward because it drives a focus on addressing Indigenous disadvantage that is bipartisan and long-term. However, there are a number of shortcomings that are evident. The first is that the initiative was government led and not developed in collaboration with

Indigenous peoples. This is reflected in the logic of "closing the gap", which is not framed or organised around an Indigenous view of well-being that incorporates issues such as culture, the transmission of traditional knowledge and practices, language, kinship relations, and access to land and waters. It is defined on non-Indigenous terms and as a deficit focus (i.e. the gap between Indigenous and non-Indigenous Australians). The framework also does not acknowledge issues around political rights and decision-making (Altman, 2009[67]). Second, economic development is defined as a narrow way with a primary focus on integrating Indigenous peoples into the labour force through changes to welfare and employment services. There is not a focus on how to facilitate Indigenous-led community economic development, and in particular how to mobilise community assets (e.g. land, water and traditional knowledge). Entrepreneurship and business ownership are not addressed (except through the lens of procurement). Third, the framework is largely a-spatial and does not articulate any mechanisms to work with place-based Indigenous communities, or vary measures and strategies between urban, regional and remote areas.

In 2016, COAG agreed to refresh Closing the Gap ahead of its tenth anniversary. The refresh was informed by a public submission process, 29 national roundtables, and two technical workshops (Department of the Prime Minister and Cabinet, 2019[68]). The Congress of Australia's First Peoples called for additional targets related to social policy challenges (family violence, access to justice, child safety and well-being, and access to disability services), and to negotiate formal governance mechanisms going forward (National Congress of Australia's First Peoples, 2018[69]). In February 2018, a special gathering of prominent Australians presented COAG with a statement setting out priorities for a new Closing the Gap agenda (Box 3.5). The Special Gathering Statement addresses some of the shortcomings in the 2008 Closing the Gap strategy such as the inclusion of Indigenous peoples, and taking an asset-based approach that incorporates Indigenous values and perspectives. In December 2018, COAG agreed to establish a Joint Council to oversee the finalisation of the refreshed Closing the Gap Strategy and its implementation. The Joint Council includes Ministers, 12 members of the National Coalition of Aboriginal and Torres Strait Islander Peak Organisations, and one representative of the Australian Local Government Association (ALGA). Draft targets and indicators have been released. In terms of economic development there is a continued focus on employment participation with a new focus on young people participating in employment, education or training (COAG, 2019[70]). Importantly, a target has also been added to realise the land, water and cultural rights of Indigenous peoples and an indicator will be developed in 2019 to measure it. Racism, discrimination and social inclusion, healing and trauma and the promotion of language and culture have been identified as "cross system priorities" but it is not clear how these areas will be prioritised through policy reform and how progress will be monitored.

Box 3.5. Special Gathering statement – Closing the Gap Refresh

A Special Gathering of prominent Aboriginal and Torres Strait Islanders occurred to coincide with the first Council of Australian Governments (COAG) meeting of 2018. Forty-five participants (up to six from each jurisdiction) were selected by State and Territory governments. The remaining 19 were selected by the Commonwealth government.

Participants were asked to come together to provide advice on future policy priorities, and how all governments can be held to account for driving change. This information was used to inform further community consultation and give a signal to Ministers about issues important to Indigenous Australians.

The Statement from the Special Gathering set out three key principles to inform the refresh and future work with Indigenous peoples. The first was that the overall approach had to be community-led and strengths based. Indigenous peoples needed to be included from the ground-up in terms of policy

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design and implementation. Accountability for results also needed to be clarified and Indigenous peoples included in these mechanisms.

The special gathering articulated that additional targets and indicators were needed related to the following themes:

- Families, children and youth.
- Housing.
- Justice, including youth justice.
- Economic development.
- Culture and language.
- Healing.
- Eliminating racism and systemic discrimination.

Source: Council of Australian Governments (2018[71]), *Special Gathering Statement: Closing the Gap Refresh Building Pathways for Future Prosperity*, https://closingthegap.niaa.gov.au/sites/default/files/special-gathering-statement-coag.pdf (accessed on 5 April 2019).

Over the past decade, the policy framework has evolved to create a "recognition space" that institutionalises targets and indicators that reflect Indigenous values and priorities (Taylor, 2008[10]). However, this space is still limited and is located within the dominant policy logic of bringing Indigenous Australians into mainstream society and achieving greater equity for them (Taylor, 2011[60]). Further engagement with Indigenous Australians is required to develop appropriate indicators that can provide measures of themes such as language, culture and traditional knowledge, racism and discrimination. *Closing the Gap* has also been useful in creating shared outcomes for all Australian governments to prioritise Indigenous policies and report progress on them. The framework is largely a-spatial and focuses on aggregate outcomes. This is a missed opportunity as there is a great diversity in outcomes by location as shown in Chapter 1 and acknowledged by the Productivity Commission (Australian Productivity Commission, 2016[65]). This spatial issue is identified as a high-level implementation principle in the *Closing the Gap* refresh (COAG, 2019[72]). The implementation framework should articulate how development challenges and opportunities vary by location, and develop guidance and tools for the adaptation of policies to different places. This will also need to be supported by better local data and monitoring of outcomes at a regional and local level.

Policy frameworks for Indigenous entrepreneurs and business

In 2011, the Australian (Gillard) Government released its *Indigenous Economic Development Strategy 2011 – 2018* which notes the need to leverage the unique assets and traditional knowledge of Indigenous peoples and adapt policies to the needs of different places (Australian Government, 2011[73]). Overall, the Strategy had a strong social policy focus with priorities related to housing, community infrastructure, school education, employment and training, entrepreneurship, and financial security. The employment and skills priority mainly identified mainstream initiatives related to workforce development, skills and apprenticeships which will also benefit Indigenous Australians (Australian Government, 2011[73]). The Strategy noted the importance of mobilising the economic potential of land (particularly benefit-sharing arrangements with mining companies) but did not identify any priority actions to address this issue. The Indigenous Land Corporation (ILC) was identified as a key stakeholder but no additional directions were provided for it. Priority actions related to entrepreneurship and business focus on improve access to government programs (entrepreneurial capabilities and finance), developing partnerships with the private sector, and increasing access to procurement opportunities (Table 3.7).

In 2014, the newly elected Abbott Government released the *Indigenous Advancement Strategy*. This strategy consolidated existing Indigenous specific programs into five programs to make it easier for local organisations to deliver them. The five themes were: Jobs, Land and Economy; Children and Schooling;

Safety and Wellbeing; Culture and Capability; and, Remote Australia Strategies (Department of the Prime Minister and Cabinet, 2016[74]). Importantly, the program framework links together employment, entrepreneurship and land assets which is an improvement from the Closing the Gap, and *Indigenous Economic Development Strategy 2011 – 2018*. Under the Jobs, Land and Economy theme activities can be funded which foster employment, entrepreneurship, and enable Indigenous communities to mobilise land and water assets for economic development.

Table 3.7. Indigenous Economic Development Strategy 2011-18 – Business and entrepreneurship priority

Strategies	Actions
Objective 4.1: Support the growth of the Indigenous business sector	
Seek advice from key stakeholders on strategies for the sector	• Establish an Indigenous Business Policy Advisory Group
Improve support and advisory services for Indigenous enterprises	• Support national, state and regional Indigenous business networks to provide leadership, advice and networking opportunities
Encourage skills development	• Promote participation in business administration and business management training through vocational and tertiary education courses • Support critical skills training and capacity development including business financial literacy, business planning and marketing planning for Indigenous entrepreneurs
Build our knowledge base of the Indigenous business sector	• Work with the ABS to design better ways to capture data on the Indigenous private sector.
Objective 4.2: Improve access to finance and business support	
Ensure government support to Indigenous business owners meets their needs	• Realign Indigenous business support programs so that they are more client-centred and service business development from start-up to growth • Ensure mainstream business support programs are accessible to Indigenous clients and business networks • Assist eligible Indigenous Australians to establish, acquire and grow small-to-medium businesses
Remove barriers to accessing finance	• Work with business leaders, the financial sector and Indigenous entrepreneurs to improve access to finance
Objective 4.3: Encourage private-sector partnership	
Increase private-sector commercial engagement with the Indigenous business sector	• Encourage the private sector to include Indigenous businesses in their supply chains • Explore new sector-specific initiatives and industry opportunities to promote sustainable Indigenous business growth • Promote and support the Australian Indigenous Minority Supplier Council • Trial ways to integrate small-to-medium sized Indigenous contracting businesses into major project supply chains • Provide seed and growth funding for social enterprises through the Social Enterprise Development and Investment Funds initiative
Support private-sector partnerships	• Support partnerships between Indigenous communities, the mining industry and regional communities for improved Indigenous economic outcomes • Continue to support wealth-creating joint venture investment partnerships through Indigenous Business Australia • Facilitate partnerships between Indigenous and non-Indigenous businesses in the tourism sector
Objective 4.4: Increase economic outcomes from government investment	
Increase the use of Indigenous businesses through government procurement	• Apply the Indigenous Opportunities Policy to major Australian Government procurement activities from 1 July 2011 • Support the use of the Commonwealth Procurement Guidelines exemption for agencies contracting with Indigenous businesses

Note: Actions have been edited to fit within the table.
Source: Australian Government (2011[73]), *Indigenous Economic Development Strategy 2011-2018*, https://www.ilo.org/dyn/youthpol/en/equest.fileutils.dochandle?p_uploaded_file_id=500.

The *Indigenous Business Sector Strategy* was released in 2018 as a ten-year strategy that aims to maximise the potential of entrepreneurship and business growth to close the gap between Indigenous and non-Indigenous Australians (Australian Government, 2018[75]). The Strategy focuses on how to bring Indigenous peoples into the mainstream economy, and does not define the unique assets of Indigenous peoples (land, water, culture and traditional knowledge), or values about development. It identifies that levels of entrepreneurship are lower in Australia's Indigenous population and Indigenous entrepreneurs face challenges related to accessing finance, inter-generational wealth transfer, and remoteness. Action is needed on the demand side (through procurement and Reconciliation Action Plans), and on supply side constraints (finance, entrepreneurship skills, and networks). Four areas of priority action are identified: (i) better business support; (ii) improved access to finance; (iii) stronger connections and relationships; and, (iv) harnessing the power of knowledge (Table 3.8).

Table 3.8. Indigenous Business Sector Strategy, 2018 – Priorities and actions

Priorities	Actions
Better business support	• Establishing National Indigenous Business Hubs • Establishing project hubs • Increasing self-employment through the Community Development Programme • Stronger joint ventures
Improved access to finance	• Finance and capital support from Indigenous Business Australia • Expanding microfinance and grants for business assets • Indigenous Entrepreneurs Capital Scheme
Stronger connections and relationships	• Expanding Partnerships • Accessing Networks • Aboriginal and Torres Strait Islander women in business
Harnessing the power of knowledge	• Digital Launch Pad • Better data collection

Source: Australian Government (2018[75]), *The Indigenous Business Sector Strategy*, https://www.pmc.gov.au/sites/default/files/publications/ibss_strategy.pdf.

Similar challenges to the *Indigenous Economic Development Strategy 2011 – 2018* are identified in terms of improving accessibility for Indigenous peoples to business support programs. The 2018 strategy introduces the concept of business and project hubs to provide a "one stop shop" for Indigenous entrepreneurs to access government support. There are more specific interventions related to improving access to finance both at the pre start-up and growth phases in order to get Indigenous businesses to a point where they are ready for mainstream financial services. A broader scope is also outlined in relation to building networks for Indigenous entrepreneurs and business, which is also connected with the maturity of the governments approach to preferential procurement. Finally, Indigenous business data is also identified as a challenge and commits the government to improving collection and reporting.

Over the past decade, economic development policies for Indigenous Australians have moved away from a sole focus on labour force participation toward entrepreneurship. The prioritisation of labour force participation reflects the historical legacy of social and welfare policies in Indigenous Affairs. The Government has started to formally engage with the sector (through advisory bodies and consultations with Indigenous business associations), and recognises the need to develop better knowledge and data about the Indigenous business sector. Neither strategy provides a clear picture about the competitive advantages and strengths of the Indigenous economy beyond identifying growth in some sectors (e.g. construction and mining), and a focus on developing partnerships and joint ventures linked to Indigenous lands. Common problems prioritised on the supply side are access to finance and entrepreneurial skills and networks. There has been increasing focus over the past decade in using preferential procurement as a means of developing reliable demand for the Indigenous business sector. Both strategies identify the

need to improve accessibility and a more client centred approach to programme delivery, which has culminated in the idea of business hubs in the 2018 *Indigenous Business Sector Strategy*.

State and Territory governments are also implementing Indigenous business and economic development strategies. These take a similar approach to the Australian Government. For example, Victoria, New South Wales and Western Australia all share a focus on public procurement linked to construction and improving accessibility to business support advisory services (Aboriginal Affairs NSW, 2018[44]; Department of Economic Development, Jobs, Transport and Resources, 2017[52]; Department of Primary Industries and Regional Development, 2019[30]). There are opportunities to enhance co-operation and improve national consistency on these issues. For example, there are different targets related to Aboriginal procurement. A national approach would simplify the "rules of the game" for Aboriginal businesses and improve the scope for participating in construction projects across different levels of government. The State of Victoria includes a focus on improving data about the Indigenous business sector. Again, this is an area where national co-operation would be beneficial. Western Australia and Victoria differentiate support for land-based enterprises and Victoria recognises the important role of the social enterprise sector for Indigenous economic development and the need to focus on entrepreneurial training and network development. The Australian Government's policy framework would benefit from incorporating these elements. The clear area of differentiation between the Australian Government and the State and Territory governments is the provision of finance undertaken by Indigenous Business Australia. However, policy frameworks at a national or sub-national level do not outline respective roles, responsibilities and complementarities (except for Victoria). This collaboration could help improve the coherence of economic development policies and support for Indigenous entrepreneurs and communities.

Assessment of Australian Government Indigenous business policy frameworks

Policy frameworks at a Commonwealth level have a strong focus on how to develop Indigenous business through public and private procurement initiatives. For example, the demand-side levers identified in the 2018 *Indigenous Business Sector Strategy* are: Commonwealth Indigenous Procurement Policy, State and Territory Procurement, Major Infrastructure, Northern Australia White Paper, City Deals, Major Service Delivery (NDIS), Private Sector Initiatives, BCA Procurement Policy, and Reconciliation Action Plans (Department of the Prime Minister and Cabinet, 2018, p. 9[76]). This creates a sectoral bias (favouring industries such as mining, energy, and construction), and also tends to favour urban areas where there is a greater density of opportunities related to public procurement. Future policy frameworks would benefit from:

- Articulating different forms of entrepreneurship and community economic development (individual entrepreneurship, social enterprise, land and water-based enterprises, and community owned enterprises).
- Economic development opportunities and challenges between urban, regional and remote areas.
- How future trends such as digitalisation and the growth of the Asian middle class create new opportunities for Indigenous entrepreneurs.
- The unique cultural value, assets and opportunities embedded in the Indigenous economy.

The 2011 and 2018 national strategies have relatively weak integration of Indigenous values and perspectives about economic development. The *Indigenous Economic Development Strategy 2011 – 2018* does include a brief discussion about the role of traditional knowledge and culture, and land as an asset for economic development. However, these issues are absent in the *Indigenous Business Sector Strategy* (2018). Neither strategy outlines any specific initiatives to leverage traditional knowledge, culture or lands besides partnerships and joint ventures with the private sector. For example, there is no discussion or initiatives related to Indigenous cultural and intellectual property protections, reforms to the Indigenous land tenure system and participation in natural resource management, or economic opportunities that may flow from traditional knowledge and culture (e.g. arts and performance, tourism, health and well-being, or

food). These land and water issues are partially identified in the Indigenous Advancement Strategy (AIS) but they are not reflected in the 2018 strategy. There also is not any discussion about the unique nature of Indigenous entrepreneurship in terms of the connection to land and notions of community-based economic development (Peredo and Anderson, 2006[9]). The lack of focus on the unique assets of Indigenous peoples is a missed opportunity in terms of creating unique businesses, and to link entrepreneurship and business with strengthening Indigenous languages and culture.

The 2011 and 2018 national strategies articulate a set of priority objectives for the development of the Indigenous business sector; however, linkages to other levels of government are weak, and distinction between issues in urban, regional and remote areas are not strongly articulated. There is no discussion about the roles and responsibilities between different levels of government, complementarities between them, and how policies are aligned and coordinated for place-based Indigenous communities. Future strategies would benefit from articulating these roles and responsibilities, particularly in regards to regional development initiatives at the State and Territory level, and the role of local government. The *Indigenous Economic Development Strategy 2011 – 2018* outlines the different challenges and opportunities across cities and larger regional centres, smaller regional and rural areas, and remote areas (Australian Government, 2011, p. 16[73]). Accessibility and capability challenges for remote areas are noted in the 2018 strategy (Australian Government, 2018, p. 4[75]). This analysis also flows into some adjustments to adapt business support in rural and remote locations. This includes shifting the Community Development Programme (CDP) toward supporting entrepreneurship, dedicated Indigenous business advisors for remote areas, micro-finance and direct financial contributions through the Indigenous Entrepreneurs Fund (IEF), and the use of digital platforms to build business networks.

The 2011 or the 2018 strategies do not set out incentives, governance mechanisms or tools to implement a place-based approach to Indigenous economic development. The policy framework is largely based upon connecting individual Indigenous entrepreneurs to business support programs (direct grants, business networks, finance, and procurement) through the PM&C Regional Network. There is some discussion in the AIS about regional network staff collaborating with Indigenous communities to identify local needs and priorities. However, the institutions or tools that will be used to develop these priorities are not outlined. There is no discussion about how entrepreneurship and economic development can be a collective endeavour organised at the community level (OECD, 2019[13]). This is a missed opportunity because kinship, clan and language groups connected to a particular territory is an important unit of social organisation for Indigenous peoples. In many cases, there are Indigenous-led institutions (Prescribed Body Corporates, Aboriginal Corporations, and Traditional Owner Groups) that make decisions on behalf of Indigenous peoples and govern these territories. Supporting and clarifying the role of these institutions in economic development would help support better outcomes, particularly in rural areas. This includes how these institutions can act as partners in economic development with other local and regional institutions (local municipalities, Land Councils, and regional development organisations). Implementing a place-based approach also requires different tools (local area planning, partnership agreements, local area data, community brokers, and pooled funding arrangements). However, discussion and identification of these tools and who is responsible for them is also missing. These issues will be discussed further in Chapter 3.

Some of these issues have been addressed in the national Indigenous economic development strategy for New Zealand *He kai kei aku ringa* (HKKAR). HKKAR is based on Maori culture and values, and incorporates a place-based approach (Box 3.6). This policy identifies the need to increase Māori participation in regional economies. It encourages regional and sectoral leadership to facilitate local ownership of actions and introduces a measurement of Māori participation in regional economies. HKKAR defines Indigenous economic development along the lines of Māori culture. It recognises *whānau* (extended family or community) as the foundation of the Māori economy and the essential unit of interaction. Despite being established through a Crown-Māori panel, the strategy was lacking local and regional input during its first years. Since, 2014, the strategy acknowledges the need for a more direct approach to engaging with regional Māori through *iwi*, *hapū* and *whānau*, particularly at a regional level,

as well as with Māori enterprises. Further, it set up the Māori Economic Development Advisory Board to provide guidance, stewardship and monitoring. Regarding integration, the strategy covers topics like childcare, education and skills, in consultation with a range of ministries. Its action plan clearly defines which government or non-governmental actor is responsible for delivering on each action of the plan.

Box 3.6. *He kai kei aku ringa* – The Crown Māori Economic Growth Partnership

In 2012, New Zealand set-up *He kai kei aku ringa*, the Crown Māori Economic Growth Partnership and national Māori Economic Development Strategy, which provides a vision on growing a productive, innovative and internationally connected Māori economy. The name literally means, "to provide the food you need with your own hands", highlighting the economic self-determination of Māori people and the fact that this development programme is especially oriented at Māori and driven by *whānau*. The strategy defines 6 goals to achieve by 2040 and defined 26 recommendations in a 2012-27 action plan to achieve these goals. The six goals are:

- Greater educational participation and performance.
- Skilled and successful workforce.
- Increased financial literacy and savings.
- Government in partnership with Māori enabling growth.
- Active discussion about the development of natural resources.
- Māori Inc. as a driver of economic growth.

The strategy government as an enabler, empowering *whānau* and Māori Inc. to economic growth by creating a favourable business environment and providing better public services. For instance, one of the actions involves the creation of an information-sharing platform between Māori entities and the government to better match mainstream programmes to Māori needs.

The strategy is also informed by a place-based approach to economic development. For instance, communities that have specific needs are identified and public services targets disaggregated according to regional conditions. Further *iwi* and collectives are requested to determine their own skill needs, using existing government services or developing their own tools.

Outcomes of the strategy were evaluated in 2017 and highlighted that 42 000 more Māori people were in work since 2012 and unemployment rate had decreased by 2.3% – while still being more than double the national rate of 5.2. Many government agencies have grown their own Māori capabilities and embedded Māori approaches in their programmes, through co-design, collaboration, leadership and networks, to increase Māori participation.

Targets and indicators development following the refresh, titled *E RERE* ("to leap, run, fly"), are to be completed by 2021. They focus on growing the workforce, growing Māori enterprise, increasing Māori participation in regional economics and upskilling the Māori workforce. It puts even more focus on a place-based development approach, identifying and developing a cross-agency plan to encourage greater Māori participation in regional planning for and implementation of the Regional Growth Programme.

Source: Te Puni Kōkiri (2012[77]), *Action Plan 2012-2017 - Māori Economic Development Panel November 2012*, Government of New Zealand; Te Puni Kōkiri (2017[78]), "Refreshing He Kai Kei Aku Ringa: The Crown-Māori economic growth partnership", http://www.mbie.govt.nz/info-services/infrastructure-growth/maori-economic-development/documents-image-library/hkkar-cab-paper.pdf.

The 2011 and 2018 national strategies, and the AIS articulate a number of priority actions, initiatives and programmes that are organised around objectives and themes. The 2011 and 2018 strategies do not define measurable outcomes and differentiate or disaggregate these indicators across different types of regions (urban, regional and remote). The *Indigenous Economic Development Strategy 2011 – 2018* identifies

evaluation is undertaken at the level of individual programmes (Australian Government, 2011, p. 19[73]). The *Indigenous Business Sector Strategy* (2018) commits to monitoring and evaluation but does not articulate any measures or on what basis the evaluation will occur (Australian Government, 2018, p. 6[75]). The 2014 AIS does articulate program outcomes and commits to program evaluation. However, in 2017, the National Audit Office (NAO) found that evaluation and monitoring systems were not sufficient to effectively verify, analyse or report on program performance under the AIS (National Audit Office, 2017, p. 8[79]).

In 2018, the Australian Department of the Prime Minister and Cabinet published a new Evaluation Framework for their policies and programmes. The framework is based on the principle that each policy intervention should articulate its intended impact, and its effectiveness measured on that basis. This means shifting from measuring inputs (the amount of resources dedicated to Indigenous economic development) and outputs (the amount of infrastructure or services delivered) to outcomes (impacts on agreed outcomes such as income and employment). The department has committed to annually publishing an evaluation work plan and the outcomes of evaluations. An Indigenous Evaluation Advisory Committee and an ethical framework that commits to collaboration and partnerships with Indigenous communities guides research. This framework provides a set of best practice principles for evaluation and mechanisms to make it operational (Figure 3.3). The implementation of this Evaluation Framework will help address the issues raised by the NAO report.

Figure 3.3. Monitoring and evaluation in policy and feedback cycles in the Indigenous Advancement Strategy, Australia

DESIGN	Evidence from prior evaluations informs policy & program design	Theory of change informs program planning	Evaluation questions are developed with Indigenous Australians
DELIVERY	Systems are in place for relevant, robust & credible data collection	All IAS grants are monitored & information used to improve quality	Evaluation findings are useful to communities, organisations & services
MAKING A DIFFERENCE	Evaluations are published & findings shared	Evaluation supports learning	Evaluation is used for decision-making

Source: Australian Government (2018[80]), *Indigenous Advancement Strategy Evaluation Framework*, https://www.niaa.gov.au/sites/default/files/publications/ias-evaluation-framework.pdf (accessed on 19 October 2018).

This assessment has identified a number of issues to address in the design of future Indigenous business and economic development policy frameworks at a Commonwealth level:

1. Developing a way to conceptualise the Indigenous economy and embedding that as an organising principle of the policy framework. This would involve working with Indigenous leaders and organisations to develop a way to conceptualise the Indigenous economy that incorporates

traditional knowledge, culture and kinship relations, and the unique assets that Indigenous Australians can contribute to the Australian economy.

2. Considering how technological and market trends will generate new opportunities for Indigenous entrepreneurs. This includes digitalisation, market mechanisms related to emissions reductions, and the growth of middle-class households in Asia.

3. Ensuring the policy framework is linked to the programme architecture embedded in the AIS. This means having a policy framework that incorporates measures related to entrepreneurship and small business, employment and training, land and water, and strengthening local Indigenous institutions.

4. Including a focus on how to promote community economic development. The current policy framework is too focussed on individual entrepreneurs. This needs to be broadened to include incentives, tools and support for community-based economic development (including land and water-based enterprises). This includes broadening the scope of support to include social entrepreneurship.

5. Articulating the governance arrangements implement economic development for Indigenous communities in urban, regional and remote areas. These arrangements will vary across different States and Territories. Clarifying roles and responsibilities between levels of government will help improve accountability, and alignment between different entities delivering economic development support for Indigenous peoples.

6. Developing and reporting upon indicators of progress that can be disaggregated by urban, regional and remote areas. This will need to align with the Closing the Gap framework, but may also move beyond it, for example in the area of entrepreneurship and small business.

Policy tools to support Indigenous entrepreneurs and SMEs

This section of the chapter will assess the policy tools, which are available at the Commonwealth level to strengthen local Indigenous economies. It also includes some discussion of Indigenous economic development programs at the State and Territory level. This assessment covers three aspects, which draws from the global study of the *Linking Indigenous Communities with Regional Development Project* (Box 3.7). The first is related to access to finance, including the provision of specific equity and loan facilities and support for local intermediaries who can match capital with business that need it. The second is in regards to building entrepreneurial skills and capabilities. These "soft skills" (such as business planning, and financial literacy) are critical, particularly in the context of local communities where there is not a strong history of entrepreneurial activity. The third is related to preferential procurement policies. This is where targets are set or public procurement is ring-fenced for Indigenous businesses and can help build a market by providing a predicable level of demand.

Box 3.7. OECD recommendations to support Indigenous entrepreneurship and small business development

Increase **access to finance** for Indigenous business by:

- Incorporating Indigenous values and perspectives into the design of economic development programmes (e.g. objectives such as the strengthening of Indigenous language and culture, addressing social needs and support for subsistence activities).

- Providing Indigenous-specific equity and loan facilities that address imperfections (such as less competition, lack of collateral and discrimination) in credit markets for Indigenous communities in rural areas (from micro-enterprises to established businesses).

- Ensuring these equity and loan instruments have flexibilities that reflect the characteristics of Indigenous economies in rural areas such as lower levels of collateral, variability in cash flow and substituting wage income with subsistence, and seasonal business activities.

- Increasing the effectiveness of financial intermediation by supporting the formation of locally owned Indigenous institutions that can provide financial and business development support services to local communities (thereby building capacity within communities and better matching business support to local conditions).

- Ensuring these institutions are at the right geographic and population scale to be viable and supporting the creation of mechanisms that enable them to pool risk and resources for larger loans.

- Providing mechanisms and infrastructure, and reducing regulatory barriers to encourage the formation of social impact markets (financing of activities that deliver social and/or environmental outcomes and a return on investment) for Indigenous entrepreneurs.

Build **entrepreneurial skills and capacity** by:

- Providing coaching and mentoring support to develop business plans, and access technical advice for emerging entrepreneurs.

- Promoting success stories of individual and community-owned firms.

- Providing access to resources and tools that can build financial literacy in Indigenous communities.

- Providing targeted business development services that are packaged with grants that contribute to start-up and operational costs for Indigenous entrepreneurs and business owners.

Improve **public procurement policies** targeted for Indigenous businesses (which are already operating in Australia, Canada and the United States) by:

- Using a combination of targets and set-asides to facilitate the inclusion of Indigenous-owned businesses in public procurement markets and provide regular reporting on outcomes.

- Designing procurement packages in a way that reduces barriers to entry for micro and small businesses.

- Providing "wrap around" business development support for Indigenous businesses in the public procurement market (mentoring and joint ventures, certification training, and targeted equity and loan instruments).

- Providing information about the scheduling of future public works between different levels of government at the regional level to provide greater certainty for Indigenous owned businesses.

Indigenous economic development programmes

Why this is important

Market failures such as asymmetric information and the inefficient allocation of credit are apparent in the Indigenous business sector, which contributes to lower rates of entrepreneurship than non-Indigenous populations. Successive Australian Government have put in place specific programmes that are designed to directly invest in resources and networks that can support Indigenous entrepreneurs to activate business ideas. The first is direct contributions to the capital and operating costs of a business, for example, plant and equipment, business planning, participation in cluster initiatives, and marketing and promotional

activities. These direct contributions provide seed capital that can be used to leverage additional capital. The second market failure is in regards to information asymmetries. Support for participation in networks and cluster initiatives as well as marketing and promotional activities can help Indigenous entrepreneurs to build networks and access information to support business growth and innovation. This also generates opportunities for peer-support and mentoring between Indigenous entrepreneurs and with non-Indigenous entrepreneurs.

Indigenous economic development programmes

As discussed earlier, Australian Government Indigenous economic development programmes are articulated within the 2014 IAS. The IAS program outcomes for economic development are outlined in Box 3.8. The benefit of this approach is that it establishes a distinct funding stream to support Indigenous economic participation, which is outcomes-based and relatively flexible. The program outcomes would mostly apply equally to Indigenous and non-Indigenous Australians with the exception of promoting economic and social development linked to land and sea assets. A missing element is a specific outcome related to traditional knowledge, language and culture (although it is implicit in the land and sea related outcomes). Another section of the IAS engages with cultural issues but not on an entrepreneurial basis. It notes the availability of funding for arts and cultural enterprise activities but these are dealt with through the Commonwealth Ministry responsible for the Arts, and the Australia Council for the Arts (Department of the Prime Minister and Cabinet, 2016, p. 47[74]). These initiatives are not part of the IAS, or Indigenous business policy frameworks at the Commonwealth level. This separation reduces the scope to properly describe the Indigenous economy and deliver programmes to support it in a coherent way. The other key player in providing direct support for Indigenous businesses is AusIndustry (the Australian Governments agency that provides support and advice to business) that has played a role in terms of facilitating and matching investment opportunities.

The Indigenous Land and Sea Corporation (ILSC) in Australia provides another vehicle for Indigenous groups to build assets, support business development, and achieve objectives set out in the IAS (Indigenous Land Corporation, 2019[81]). The Aboriginal and Torres Strait Islander Land Account was established by the Australian Government following the Mabo case to provide a mechanism for Indigenous Australians to reclaim land assets, and fund the activities of the ILSC. ILSC is a government entity that runs enterprises through subsidiaries, undertakes joint ventures and also divests or purchases land on behalf of Indigenous groups. Some of the key areas of activity are in agri-business, tourism, environmental services (carbon credits and biodiversity offsets), and renewable energy. In February 2019, the remit of the Indigenous Land Corporation was extended to included water assets. As a result, it was asked to replace its current planning framework with National Indigenous Land and Sea Strategy and Regional Land and Sea Strategies (NILSS and RILSS) (ILSC, 2019[82]).

At the State and Territory level there is less emphasis on Indigenous specific business development programs. Western Australia and the Northern Territory have specific programs for Indigenous economic development with a particular focus on remote areas and land based enterprises (Office of Aboriginal Affairs, 2019[83]; Department of Primary Industries and Regional Development, 2019[30]). The common approach amongst State and Territory Governments is to establish mechanisms to improve accessibility of Indigenous business owners to mainstream programs. For example, in Queensland and Western Australia this is facilitated through Indigenous business service providers (Queensland Department of Aboriginal and Torres Strait Islander Partnerships, 2019[84]; Department of Primary Industries and Regional Development, 2019[30]). Victoria have business brokers who work with Indigenous business owners, provide tailored information, and have an Aboriginal specific business support portal (Department of Economic Development, Jobs, Transport and Resources, 2017[52]). This is also the approach taken in South Australia which has an on-line portal and proactive support to link Indigenous businesses with public and private procurement opportunities (Aboriginal Business Connect, 2019[85]).

> **Box 3.8. Program outcomes and funded activities - Jobs, Land and Economy – Indigenous Advancement Strategy (IAS)**
>
> Within the Jobs, Land and Economy theme of the IAS activities can be funded which support the establishment and growth of Indigenous enterprises, help traditional owners make informed decisions about land development and develop tenure systems to facilitate development, employment transitions and pathways, and build governance capacities. It has a strong focus on how Indigenous Australians can mobilise the economic potential of land and water. The program outcomes are:
>
> - Increase in employment and participation rates for Indigenous Australians.
> - Increase the number of Indigenous Australians participating in activities and work experience that build work-readiness and contribute to community.
> - Increase the number of Indigenous Australians who reach 26 week and/or longer outcomes in employment.
> - Increase the number of participants who remain in employment or training three months after participating in the programme.
> - Increase the number and viability of Indigenous enterprises.
> - Support Indigenous Australians engaged in jobs to engage in jobs relating to land and sea management.
> - Progress land and sea claims and township leases under Commonwealth native title and land rights legislation.
> - Indigenous Australians use their land and sea assets to create economic and social benefits.
>
> Source: Department of the Prime Minister and Cabinet (2016[74]), *Indigenous Advancement Strategy Grant Guidelines*, https://www.pmc.gov.au/sites/default/files/publications/ias-grant-guidelines.pdf (accessed on 11 April 2019).

Assessment and international lessons

The Australian Government provides specific economic development program funding which is relatively flexible and covers employment, training, entrepreneurship and leveraging land and water assets. This is complemented by the role of the ILSC that enables Indigenous communities to build assets. Two elements could be strengthened within this framework. The first is supporting Indigenous peoples to leverage traditional knowledge to create business opportunities (food, medicine, music, art and crafts). This includes broadening the concept of entrepreneurship to include community and social enterprises. As discussed earlier, there is no shared definition of the Indigenous economy that incorporates traditional knowledge, culture and kinship relations, and its unique assets. Therefore, these issues are not visible in Indigenous business and economic development programs. These are all aspects that are more prominent in rural and remote communities. As a result, the current program architecture may present limited opportunities for Indigenous communities to leverage their unique assets in rural and remote areas. The second element is in relation to support for community economic development. This includes how Indigenous institutions are supported to undertake local community economic planning, develop data and indicators, and broker and facilitate solutions. At the moment, Indigenous economic development is framed in relatively narrow terms based on individual entrepreneurs participating in the mainstream economy. This is important but excludes the role of local Indigenous institutions in setting priorities for development, coordinating investment, and running enterprises. Community economic development is a strong focus in Canada's programs for First Nations (Box 3.9).

Box 3.9. First Nation Community Economic Development in Canada

First Nation governments in Canada are governed under the Indian Act (this statute does not apply to Métis or Inuit). This gives rights for status Indians to live on reserve land and acknowledges their membership of a First Nation. Each First Nation elects a band and chief, and this governing council has a range of responsibilities. These self-governing nations hold assets, operate businesses, and invest in community infrastructure. The Canadian Government provides a range of different programmes to support First Nation community economic development. These programmes are of five main types:

1. Support for governance and administration.
2. Community preparedness for economic development opportunity (focus on natural resources).
3. Infrastructure, housing and energy investments.
4. Strategic planning and land management.
5. Indigenous advocacy and rebuilding nations.

Table 3.9. Key federal programmes for Indigenous community economic development

Programme name	Focus	Funding type
Band Support Funding	Helps First Nations with the costs of local government and with administering services	Yearly grant
Community Opportunity Readiness	To address the financial needs of Aboriginal communities when they are in pursuit of, and wish to participate in, an economic opportunity	Project based
First Nation Infrastructure Fund	Supports infrastructure projects for which there are long-standing community needs	Project based
First Nation On-Reserve Housing Program	To provide more and better-quality housing in First Nation communities in Canada (excludes BC)	Annual funding allocation. Does not cover full housing costs.
First Nations Land Management Regime	Assists First Nations in implementing their own land management outside of the Indian Act	i) developmental funding, ii) transition funding; ongoing operational funding
Indigenous Representative Organizations - Basic organizational capacity funding	Basic organizational capacity funding towards the core operations of national, provincial, territorial and/or regional representative Indigenous organizations and national Aboriginal women's organizations representing the interests, issues, and concerns of their members.	Proposal based
Lands and Economic Development Services Program	Supports community economic development planning, capacity development initiatives and proposal development, development of land codes, individual agreements, land management systems and environmental agreements	Operational and project-based funding
Nation Rebuilding Program	Funding support for activities facilitating Indigenous groups' own path to reconstituting their nations.	Five-year contribution agreements
Northern Responsible Energy Approach for Community Heat and Electricity Program	Funds renewable energy and energy efficiency projects, and related capacity building and planning in northern Canada	Project based
Professional and Institutional Development Program	Funds projects that develop the capacity of communities to perform ten core functions of governance	Proposal based
Reserve Lands and Environment Management Program	Provides targeted funding for lands and economic development support services	Project based
Strategic Partnerships Initiative	Provides targeted funding for lands and economic development support services particularly in the natural resource sectors	Led by federal government departments

Remote economic participation

Successive Australian Governments have recognised the unique challenges and opportunities of economic participation in remote areas by having a specific program to support employment participation in these regions. This program is currently called the "Community Development Program" (CDP). The program provides support for job seekers in remote areas to complete 20 hours of work-like activities that benefit them and their local community (Department of the Prime Minister and Cabinet, 2019[86]). Prior to the 2019 Budget the Department of PM&C released a discussion paper and undertook a consultation exercise that identified the desire for greater community control over the way the program works (Department of the Prime Minister and Cabinet, 2017[87]). A set of reforms are being introduced to achieve this objective including Indigenous organisations to deliver the CDP, supporting local engagement mechanisms to provide advice, and the inclusion of community engagement in the performance framework for providers. A Capital Investment Fund has also been created which allows local communities to apply for grants to purchase capital items that can help deliver local projects. PM&C regional services are responsible for supporting the implementation of these reforms.

CDP and its predecessors have also been criticised in the past for not building a "real economy" in remote areas. An element of the 2019 reform was to provide direct wage subsidies for CDP participants to employers with bonuses for retention. The rationale is for government to compensate the employer for low productivity workers until they have reached a point where they can participate fully in the labour market. The 2019 Budget also announced an initiative to pilot a business incubation model and expand microbusiness support for CDP participants, to build pathways for entrepreneurs. Under this model, CDP providers will play a role in terms of linking potential entrepreneurs with support (business advice, capital, government grants) through entities such as Indigenous Business Australia (IBA) and Little Rivers. Remote communities as part of this study identified the lack of continuity and familiarity in services and support provided by entities such as IBA and Little Rivers, let alone mainstream government providers or the private sector, as a problem (OECD Fact-finding mission July 2018). The real challenge in this space will be how to build an entrepreneurial ecosystem in these remote places that can provide an environment for start-ups. This includes packaging together elements such as appropriate physical space, business expertise, digital technologies, mentors and peer support, and access to financial intermediation. Getting these elements in place requires leadership and coordination from local communities, which is supported and enabled by governments. In sum, the success of these reforms will depend upon strengthening remote economies through consistent, long-term partnerships between local Indigenous institutions and relevant government agencies.

Another initiative to support Indigenous economic participate in rural and remote areas is the Australian Government's Indigenous Protected Areas (IPA) programme. This enables land and sea country to be managed according to the wishes of the Traditional Owners. IPAs are voluntary arrangements through which Indigenous communities dedicate their lands or sea country to be set aside formally for conservation purposes. These areas are then recognised by the Australian government as part of the National Reserve System and deliver important Indigenous land management, cultural, social, and economic and employment outcomes. There are currently 75 dedicated IPAs that contribute over 65 million hectares, or more than 44%, of the National Reserve System. These outcomes are also shared, and in many cases strengthened by the government's funding for Indigenous rangers. Through their projects, ranger groups protect, conserve and manage environmental and cultural values. Projects can include, but are not limited to, activities such as the management of threatened species, invasive weeds and feral animal control, biosecurity activities, fire management, management of coastal and marine systems, visitor and information management, community engagement and education. These projects often contribute to economic development opportunities more broadly such as a fee for service work on behalf of government agencies, research and philanthropic organisations and the private sector; tourism enterprises; and carbon initiatives. The Indigenous ranger funding supports 118 ranger groups across the country and together with IPAs, the 2 programmes employ over 2 900 Indigenous Australians to work on land and sea country.

Indigenous specific loan facilities

Why this is important

Access to finance is critical to starting a business and enabling existing businesses to achieve their full potential. Start-ups and small businesses can be at a disadvantage in terms of accessing finance because of factors such as limited collateral and credit history, and lack of expertise with regards to business planning and producing financial statements (OECD/EU, 2017[88]). Businesses in remote areas can face additional challenges because there may be a lack of similar proposals or investments for institutions to benchmark against, returns tend to be smaller than in urban places, and there may be a lack of local financial institutions that have the local knowledge to effectively assess a proposal. With the exception of tourism (where a market is brought to a place), remote rural entrepreneurship also generally takes place outside of the services sector and it often based on natural resources including forestry, minerals, hydrocarbons, renewable energy, fishing and aquaculture. Many of these industries are capital intensive and require large long-term investments before gains are realised. These factors present challenges for Indigenous entrepreneurs and communities. Collateral can be difficult because in some jurisdictions Indigenous peoples living in traditional settlement areas do not own land or typically their home, which is a common way for small business owners to secure financing. Historical dependency on government transfers for housing and income has also resulted in a weak credit history, which makes it difficult for institutions to make an assessment of risks related to investment or finance. As a result, an entrepreneur may have difficulties in securing funding from a non-Indigenous entity and may have to bear a higher rate of interest on loans to offset the higher risk. Discrimination and cultural bias may also be a challenge resulting in lenders or investors being unwilling to even consider funding Indigenous communities or individuals.

Access to financial capital is a pre-condition for any form of economic development. Essentially, there are three distinct sources of funds for either a firm or a community and each has distinct characteristics: retained earnings, equity and debt. Retained earnings are generated from the firm or enterprise from previous profits and are only available once the business is operating. The benefit of retained earnings is that the enterprise, whether owned by an individual or a community, is successful enough to generate surplus funds that can be used for expansion or improvements. Equity financing is a process of raising capital through the sale of shares (e.g. family and friends, and investors). Profits from the firm accrue to the equity investors and if the anticipated profit stream is lower than that provided by alternative investments it will be difficult to attract equity from external investors. Debt funding comes from an outside source, typically a financial intermediary but potentially a private lender or a government. Debt finance must be repaid in a timely manner and carries an interest payment that is proportional to the risk that repayment will not occur. An enterprise with a high risk of failure and with few assets that can be sold to recover funds has little chance of finding a lender unless the firm's owners are able to provide a large share of her total required funds through equity investments. In some circumstances, firms with limited equity and significant risk can obtain debt finance if a third party, usually a government agency, which provides a loan guarantee. This guarantee shifts the default risk form the lender to the guarantor, allowing the lender to offer a loan at a lower interest rate.

While financial markets are relatively efficient and tend to allocate funds based on relative risk and return, they can have imperfections that are important to recognise. In remote economies, there are few financial intermediaries, which reduces competition, and those in rural communities typically focus on routine lending opportunities and lack the capability to assess unusual funding requests. Typically, risks are higher and rates of return are lower for rural enterprises because local markets are smaller and it is hard to penetrate markets that are more distant (OECD, 2017[89]). Indigenous enterprises, whether owned by individuals or by communities, can also face particular challenges in raising financial capital. In particular, the indivisible nature of the Indigenous estate often means that land or water assets cannot be used as a

security for a loan. Lenders may have less knowledge of Indigenous opportunities and conditions, which can reduce their willingness to lend money without adequate collateral.

Indigenous specific equity and loan facilities

The Australian Government has sought to address these market imperfections by providing targeted financial instruments for Indigenous businesses at different sizes and at different points in the business growth lifecycle. This lifecycle has different phases depending upon the size of the business, sector and the regulatory framework. It is generally understood as a start-up phase, a period of growth and financing, succession and disposal. Micro-finance has been used as one strategy because it is able to successfully target micro-enterprises and to support the financial inclusion of disadvantaged groups and in remote areas. This involves the provision of very small loans, support and business advice. Different thresholds are applied in countries regarding what constitutes micro-finance; for example in Australia, it may be loans up to AUD 5 000 (Burkett and Sheehan, 2009[90]). Larger loans in the start-up phase are also provided, which can be useful particularly for purchasing equipment, which is sometimes necessary for participating in public procurement and providing services to the mining industry. This support can also include a mix of grants and loans, which enable entrepreneurs to build their equity share, and if the business is successful, enables them to access further finance. Larger scale loans (direct loans and guarantees) are provided for this growth stage. Some of the design features introduced into these loan facilities include flexible repayment schedules (e.g. accounting for seasonal conditions), no interest loan periods, lower requirements for capital contributions and the direct provision of public capital.

Micro-finance addresses a financing and business support gap for very small enterprises and encompasses different tools (savings, insurance and loans). Evaluations about the efficacy of these programmes across different countries are mixed with some evidence of positive effects on household income (Kovsted, Andersen and Kuchler, 2009[91]). Nevertheless, there is evidence that they are able to address a gap in the provision of credit for groups that lack personal savings, a credit history and different forms of discrimination. Indigenous entrepreneurs can face similar issues and when they wish to start a business, small amounts of finance may be required to activate a business idea. Some governments have responded to this gap through the provision of targeted micro-finance loan programmes. In Australia, the main provider of microfinance to Indigenous populations is "Many Rivers", which was established in 2007 as a subsidiary of Opportunity International (Many Rivers, 2019[92]). It now provides loans, financial advice and support through a network of locations across Australia. Little Rivers has formed a strategic relationship with Westpac Banking Group to provide a pathway toward access to mainstream banking and some of its funding support for its activities comes from the government. This government support focuses on the provision of microfinance to remote communities.

Once Indigenous–owned businesses are established and growing, governments provide different loan facilities for them. A key characteristic of these loan facilities is flexibility in terms of scale, repayment schedules and access to business advisory support services. In the Australian context, Indigenous Business Australia (IBA) provides business development and loan programmes for the Australian Government (Indigenous Business Australia, n.d.[93]). IBA provides a number of different loan facilities to Indigenous entrepreneurs. Business loans of AUD 10 000 to AUD 5 000 000 are provided for working capital requirements, purchase of existing businesses, plant and equipment, and other commercial assets. Flexible provisions are provided in these loans, for example, to cover contract cost, extended interest only repayments, and seasonal fluctuations. A procurement loan (up to 2 years) is another facility that is provided to cover initial capital costs related to the awarding of a contract through the Indigenous Procurement Policy (IPP) or another government programme. Support for start-ups includes a 30% contribution through a grant and includes a funding package of up to AUD 100 000 for up to 7 years. IBA also provides short-term loans to cover cash flow issues associated with invoices (of 60-90 days). IBA plays a very important role in terms of providing a "one stop shop" for accessing finance, information and expertise which is specifically targeted to Indigenous peoples (OECD Fact Finding Mission – July 2018).

Access to mainstream financial services

Given personal levels of wealth tend to be lower amongst Indigenous peoples and public capital may be scarce, another key strategy for growing the Indigenous business sector is through improved access to private capital. This can be achieved organically through the maturing of the Indigenous business sector. As businesses grow and achieve a record of accomplishment, it will become easier for them to access mainstream banking services. Profitable businesses are attractive to lenders and equity investors because they have demonstrated an ability to survive and because they have retained earnings on their balance sheets. Mainstream banks can also be more proactive at reducing barriers to Indigenous peoples and businesses accessing financial services. Banks in Australia have used the framework of Reconciliation Actions Plans to identify ways to enhance the inclusion of Indigenous peoples in mainstream banking and finance. This includes priorities to increase Indigenous employment in banking and finance, strengthening cultural competency, developing bespoke products and tools, financial literacy and encouraging savings (Box 3.10).

Box 3.10. Mainstream banking and finance and Indigenous peoples, examples from Australia

Australia and New Zealand Banking Group (ANZ)

ANZ is Australia's third largest commercial and retail bank and provides services across Australia and New Zealand. ANZ's Reconciliation Action Plan (2016-19) outlines the following priorities and achievements:

- Moneybusiness initiative, developed in partnership with the Australian Government in 2005, builds the money management skills and confidence of Indigenous Australians and develops a stronger savings culture in remote communities. The programme is delivered in communities through a series of workshops and support materials. In 2016, 55 100 Aboriginal and Torres Strait Islanders had participated in this initiative.

- The Saver Plus initiative is a matched savings and financial education programme supported by ANZ. Matched savings provided by the bank can be used to purchase educational items (e.g. computers and computer equipment, textbooks, school uniforms and school camps). People who have a healthcare or Pensioner Concession card, have some regular income and are participating or have a child participating in education and training are eligible. In 2016, 95 Indigenous families had participated in the programme.

- ANZ offers dedicated Indigenous traineeships to increase employment of young Indigenous peoples in the company, provides cultural awareness training to staff, and ensures that Indigenous welcome to country ceremonies are standard practice at key events.

Source: ANZ Banking Group (2016[94]), *Reconciliation Action Plan 2016-2019*, http://www.indigenousculturalawareness.anz.com (accessed on 23 January 2019); Westpac Group (2018[95]), *Partnering for Prosperity - Westpac Group Reconciliation Action Plan 2018-2020*, http://www.gaawaamiyay.com (accessed on 23 January 2019).

Assessment and international lessons

The Australian Government supports a number of different equity and loan facilities that address challenges faced by Indigenous entrepreneurs such as lack of collateral and discrimination. Flexibilities have also been introduced to address issues such as seasonal fluctuations. As outlined above, the two main institutions delivering this support is Many Rivers and IBA. These institutions increase access to capital for Indigenous entrepreneurs because they facilitate loans that have higher risk and lower returns than would be acceptable to a commercial lender. IBA has developed innovative loan instruments to

support participation in the public procurement market. This supports the growth of firms that provide construction related services, for example in areas such as building and maintaining transport and communications infrastructure. As discussed, rural industries such as mining and energy are capital intensive and it can take a long time before gains are realised. However, with increasing global demand for metals and minerals, this is a key opportunity for Indigenous economic development. Particularly in the context of advancements in Native Title. Indigenous groups generally lack the capital to take an ownership stake in mining and resource projects. One potential gap is a loan instrument that would enable equity participation by Indigenous groups in mining and resource projects. Combined with funding from ILSC and local sources this could create a powerful incentive for increasing Indigenous ownership in resource development opportunities. This will be particularly important in the context of the developing northern Australia agenda (Department of Industry, 2019[96]).

There is also an implementation challenge related to the on-the-ground complexities generated by the range of support that is available. The key issue is how Indigenous entrepreneurs can access this support. In practice, this happens in a number of ways. On the ground in rural areas, the first point of contact usually occurs through PM&C regional services staff, and Land Councils, which have connections with local communities (OECD Fact Finding Mission – July 2018). Entrepreneurs and micro-enterprises that need support can be referred to Many Rivers. In turn, they may refer businesses onto Westpac or IBA. PM&C regional services staff can also refer larger business opportunities onto IBA or other agencies such as AusIndustry. On other occasions IBA can deal directly with communities and entrepreneurs, undertake due diligence on proposals, and then refer it back to PM&C regional services to help activate an outcome (OECD Fact Finding Mission – July 2018). In some instances, business development agencies at the State and Territory level may also be involved, and roles and responsibilities between levels of government are negotiated on a case-by-case basis (OECD Fact Finding Mission – July 2018). Feedback provided on mission indicated that local Indigenous communities, entrepreneurs and business owners are faced with a range of different programs and support mechanisms which generated complexity and high transaction costs (OECD Fact Finding Mission – July 2018). There was also a lack of continuity in support with different personal and changing program priorities and rules. None of these institutions is Indigenous controlled. As a result, these arrangements generate the risk of ongoing dependency relationships with different agencies and levels of government, and do not build economic development capacity within Indigenous institutions.

Box 3.11. Indigenous specific loan facilities – Canada and the United States

Government guaranteed loans to Indigenous businesses are also used in Canada and the United States.

Canada uses a similar model to Australia and provides loans through a government agency. The difference is that it is delivered through a mainstream institution. Business Development Canada provides the Indigenous Entrepreneur Loan with access to funding of up to CAD 250 000 for existing businesses and up to CAD 150 000 for start-ups. Loans can be used to acquire fixed assets, finance franchise fees, cover start-up costs, start exporting and replenish working capital. This loan facility is provided through the Business Development Bank of Canada, which is part of the same institution and provides capital, advisory services and finance to small and medium-sized enterprises (SMEs).

The United States uses a different model of loan guarantees. Eligible borrowers (tribal organisations, tribal members, and businesses with at least 51% Indigenous ownership) can apply for a loan through a lending institution. Lending institutions can then apply for a guarantee for loans that provide Native American businesses with operating capital, equipment purchases, business acquisition and refinance, building construction and lines of credit. This program has been utilised by Indigenous Community Development Financial Institutions (CDFI). Individual loans are capped at USD 500 000 and can be

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increased for tribal enterprises. Since its inception, this programme has guaranteed over USD 1 billion worth of loans.

Source: Business Development Canada (2019[97]), *Indigenous Entrepreneur*, https://www.bdc.ca/en/i_am/aboriginal_entrepreneur/pages/default.aspx (accessed on 23 January 2019); Bureau of Indian Affairs (2019[98]), *Division of Capital Investment*, https://www.bia.gov/as-ia/ieed/division-capital-investment (accessed on 23 January 2019).

Intermediary institutions

Why this is important

Local intermediaries that can match finance and business expertise to Indigenous entrepreneurs and businesses that need it can play a key role in addressing these complexities. In order to supporting this matching process, it is necessary for the intermediary (e.g. Indigenous business service or business broker) to build effective and inclusive relationships with Indigenous communities and entrepreneurs. This reduces information asymmetries and cultural mismatches and creates an environment where Indigenous entrepreneurs and organisations can access the support they need. As discussed above, the intermediary may change depending on the location and circumstance.

There is evidence that challenges exist in terms of effectively delivering support for Indigenous businesses, and that current arrangements may not be fit for purpose. For example, consultation and engagement with Indigenous businesses in Victoria identified the following key barriers to accessing business support:

- poor co-ordination of business support services
- lack of flexibility in the delivery of business support
- low awareness of existing business support services
- lack of programs tailoring assistance to the particular needs of a business
- travel requirements, distance and cost (Department of Economic Development, Jobs, Transport and Resources, 2017[52]).

Coordination problems were also identified in a 2016 Parliamentary Inquiry into Aboriginal economic development in New South Wales, which recommended providing more tailored "wraparound services" for Indigenous entrepreneurs to overcome problems of fragmentation and gaps in business support (Parliament of New South Wales, 2016, p. 58[99]). Challenges such as the absence of genuinely shared decision-making, duplication of services, lack of coordination, and unclear accountability pathways have previously been identified by the New South Wales Government (NSW Government, 2013[100]). A strategic review of Indigenous expenditure at a Commonwealth level in 2010 found there were 232 Indigenous-specific programs or mainstream programs with provisions specific to Indigenous peoples (Department of Finance and Deregulation, 2010[101]). A later study in 2016 found 49 Indigenous-specific programs at the Commonwealth level, in addition to 235 State and Territory programs, and 797 programs delivered by non-government organisations (many of which were fully or partly government funded (Hudson, 2016[102]). Short term programme funding and lack of coordination has resulted in undue on the ground complexity.

Existing intermediaries

The Australian Government has developed different mechanisms to overcome these challenges. This includes the consolidation of programs under the 2014 Indigenous Advancement Strategy. Later efforts have focused on how to improve facilitation and brokering between government programs and communities. For example, the PM&C regional services from reacting to issues and administrating programs toward a more proactive role in facilitating solutions and problem solving with communities (OECD Fact Finding Mission – July 2018). This includes embedding a business advisory support function

within these teams. A 2018 Australian National Audit Office (ANOA) report found some challenges in making this shift due to staffing reductions and lack of consultation when engaging with local communities (Australian National Audit Office, 2018[103]). An online system to bring together business support options is also under development (OECD Fact Finding Mission – July 2018). IBA also plays a coordinating and brokering role with businesses but is not actively present across many communities particularly in rural areas (for example there are 4 offices across Western Australia and the Northern Territory combined). Other mechanisms are at the pilot stage. For example, creating one-stop-shop Indigenous Business Hubs that were introduced as part of the 2018 Indigenous Business Sector Strategy. The first of these hubs is to be established in Western Sydney to deliver support services and space for entrepreneurs, enterprise support services, and social procurement (Department of Infrastructure, Regional Development and Cities, 2019[49]). The other is the business incubator model announced as part of the reform of the CDP, which operates in remote areas. However, these are still small scale and limited in geographic reach.

Assessment and international lessons

A systemic solution could be achieved through local Indigenous organisations playing the role as the intermediary. For example, prescribed body corporates (PBCs), local Aboriginal Corporations, and Land Councils. However, these institutions were established primarily to hold, represent and protect the rights and interests of traditional land owners. In terms of economic development their primary role has been to negotiate agreements with project proponents (e.g. mining and infrastructure) to ensure land rights are protected and benefits flow to traditional owners. They do not have the authority, resources or competencies to support local businesses and community economic development. Indigenous-led business associations and chambers of commerce could also fulfil this function. This would also have the benefit of building a critical mass of Indigenous leaders with business experience and commercial acumen. However, these institutions generally lack institutional capacity and geographic reach to undertake this role in a consistent way across urban, regional and remote regions.

Over the last three decades, the governments of Canada and the United States have developed a network of local Indigenous-owned financial institutions that provide this intermediary function. For example, in the United States there are currently 70 Native American Community Development Financial Institutions (CDFI) across 19 states. These CDFIs can be banks, credit unions, loan funds, microloan funds, or venture capital providers, and their initial may be raised from the local community, other financial institutions and government. The Native American CDFI Program (or NACA Program) is supported by the U.S. Department of Treasury and has three components: i) Competitive Financial Assistance (loans, grants, equity investments, deposits and credit union shares); ii) Technical assistance (equipment; hire consulting or contracting services, pay salaries and benefits, or train staff or board member); and iii) Capacity building (training and webinars on topics such as small business) (U.S. Department of Treasury, 2019[104]). Similarly, over the last three decades, Canada has also built a network of local Aboriginal Financial Institutions (AFIs). AFIs emerged in the mid-1980s in Canada with the Federal Government providing the initial capital injection of CAD 240 million. Since this time, AFIs have provided over 42 000 loans to Indigenous business owners with a total loan value of over CAD 2.3 billion (Box 3.12).

Box 3.12. Aboriginal Financial Institutions in Canada

There are three types of Aboriginal Financial Institutions (AFIs) operating in Canada. The first is Aboriginal Capital Corporations that are capitalised by the Federal Government, typically have a revolving loan fund and also provide technical and advisory services. The second is Aboriginal Community Futures Institutions that are capitalised through Federal Regional Development Agencies (RDAs) that also provide loans and technical advice, along with strategic planning and community initiatives. The third is Aboriginal Developmental Lenders that are capitalised by provincial governments

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and/or the private sector and provide debt and equity capital, and business support services. These institutions are now supported by two main mechanisms at a federal level. The first is the Aboriginal Entrepreneurship Program that includes equity funding for a range of different business activities. The second is the Community Futures through RDAs that provides funding support for community planning and projects, business services and capital for SMEs. AFIs now have revolving funds that do not require ongoing supplementary financing from governments; however, financial support is still provided for operational funding. One key challenge that has been identified in Canada is that they have stretched their initial capital base, which is now reducing their capacity to take on new and riskier developmental loans.

Source: NACCA (2018[105]), *Supporting Your Vision Investing in Your Strengths - 2018 Annual Report*, https://nacca.ca/wp-content/uploads/2018/11/NACCA_ANNUAL_REPORT_FINAL_WEB.pdf (accessed on 5 March 2019).

In Canada and the United States, the growth of these grassroots Indigenous financial institutions and the growing Indigenous business sector have also led to the creation of national representative organisations that can lobby on behalf of their interests, build scale, provide technical expertise and deliver funding support. The Canadian Council of Aboriginal Business (CCAB) and the National Aboriginal Capital Corporations Association (NACCA) are examples of these institutions (Box 3.13). These institutions are important for a number of reasons. First is they enable Indigenous businesses and local financial institutions to advocate for their own interests with governments. Therefore, they are important in terms of giving Indigenous peoples an independent voice in debates and policy processes related to economic development. Second, is that they provide a forum to share best practices and build capacity through events and networking. Third, they provide a mechanism to deliver government support and programmes to local Indigenous businesses. Fourth, they can provide a platform that enables local institutions to build scale and attract private capital. By building scale, it may enable local institutions to attract institutional investors, which is critically important in terms of growing the overall capital base for the Indigenous economy by accessing private sector finance, an area that has not been fully exploited.

Box 3.13. Indigenous business institutions and representative organisations in Canada

Indigenous business interests can lack a clear voice and influence over decision-making about policies, investments and regulatory frameworks. To overcome these challenges there are various examples of where Indigenous businesses have set up institutions that enable them to build linkages with other businesses, pool resources and expertise, and influence political and policy processes. These types of institutions exist in countries such as Australia, Canada, New Zealand, Peru and the United States. They also play a role in terms of delivering public goods, for example by delivering programmes on behalf of governments, and generating research and data about the Indigenous business sector. Two examples from Canada are outlined below.

Canadian Council of Aboriginal Businesses (CCAB)

The CCAB grew out of an initiative in the 1980s to better link corporate Canada with Indigenous peoples. It now serves as a platform to foster relationships between Indigenous businesses, partnerships between Indigenous entrepreneurs and Canada's institutional enterprises, and awareness about the interests of its Indigenous business membership. The functions of the CCAB include: awards that recognise Indigenous business success, events that provide Indigenous businesses with expert advice, link and network with other businesses, and provide opportunities to share lessons, programmes to certify businesses are Indigenous-owned, certifies corporate performance on Indigenous relations, provision of business tools and resources, and research about the Indigenous business sector.

> **The National Aboriginal Capital Corporations Association (NACCA)**
>
> NACCA is an umbrella body for 59 AFIs across Canada. It provides programme-funding support for AFIs, promotes best practices for lending to Aboriginal people, advocates to government and potential funders, and promotes the AFI network. NACCA has recently launched an Indigenous Growth Fund initiative, which is designed to leverage government funding and attract higher levels of private and institutional funding to AFIs. In the United States, the Native CDFI Network fulfils a similar function.

Investments in business skills and capabilities

Why this is important

Starting and operating a business also depends upon a range of cognitive and non-cognitive skills, which can include creativity, strategic planning, financial literacy, mobilising resources, managing uncertainty and teamwork (OECD, 2019[106]). The skills can be developed through access to formal and informal training (OECD/EU, 2017[88]). This can include the provision of business incubation services, technical assistance, access to mentors and financial advice. Community-based models of delivering these initiatives can also help Indigenous entrepreneurs build networks and generate opportunities for peer-support and mentoring. Financial literacy is of critical importance and encompasses understanding about financial products, concepts and risks, and the capacity to make informed decisions and effective actions about them (OECD, 2012[107]). This includes applying basic numeracy skills, understanding credit, interest rates, and scheduling repayments, and the relationship between risk and return. Without these basic skills in the population, it is difficult to create an environment that is conducive to business creation. Levels of financial literacy have been found to be relatively low across G20 countries with fewer than half of all adults able to achieve a minimum score of standard questions about financial knowledge (G20/OECD, 2017[108]). Financial literacy is recognised as an increasingly important skill in OECD countries in the context of the shift of risk and responsibility from states and corporations to individuals, and increasing complexity and choice in financial markets (OECD, 2012[107]).

Existing initiatives

There is not a coherent to building Indigenous business skills and capabilities from Australian or State and Territory governments. A good example of work undertaken by IBA is a forum for business women "Strong Women, Strong Business", which provides opportunities for matching mentors and mentees and peer learning through sharing stories on-line and events (Indigenous Business Australia, 2019[109]). As governments were not consistently providing the resources to address this issue, other actors were playing a role (OECD Fact Finding Mission – July 2018). Indigenous Chambers of Commerce at a state level are providing one mechanism to undertake this role – for example through peer learning and networking - but were doing so without sufficient resources. For example, Kinaway Chamber of Commerce provides services across the State of Victoria in areas such as financial services, mentoring, networking, and information about access to government support (Kinaway Chamber of Commerce, 2019[110]). Another example is the Murra Indigenous Business Masterclass Program at the University of Melbourne that provides a 12-day business skills development program. It covers topics such as business strategy, finance and marketing, management, and networking (University of Melbourne, 2019[111]). The program also offers a mechanism for post-program support through mentoring. Individual businesses may also play role. Local Indigenous entrepreneurs may start their own community-based networks to disseminate information and for peer support (OECD Fact Finding Mission – July 2018). Mining and resource companies may also employ a business development manager who can work with local communities with mentoring and brokering and facilitating solutions (OECD Fact Finding Mission – July 2018).

Assessment and international lessons

Existing research suggests that levels of financial knowledge are lower for Indigenous populations (Wagland and Taylor, 2015[112]). This was supported by engagement with participants on the OECD Fact Finding Mission in July 2018. Indigenous people in remote areas are undertaking activities that could potentially be turned into business opportunities (e.g. painting, weaving, food and knowledge of country). However, access to information and support to take the first steps to start a business are lacking, particularly in remote areas and homeland communities. People living in a context with strong attachment to traditional culture and language may not necessarily have an understanding of how businesses are structured or operate, and the kinds of support that are available (OECD Fact Finding Mission – July 2018). In this environment, initiatives that address gaps in business skills, support peer-learning, and mentoring, are needed, to complement those that provide funding or financing to start and operate a business. Government support services focussed on addressing social needs (health, social assistance, safety) were most visible and familiar in local communities whereas business and economic development support were not. Access to opportunities to learn basic business skills, and be exposed to coaching and mentoring opportunities, was generally identified as a gap (OECD Fact Finding Mission – July 2018). In this context, bottlenecks can quickly emerge and result in Indigenous communities missing out on local business and employment opportunities.

Box 3.14. Indigenous Financial Literacy education in Canada

The Financial Consumer Agency of Canada (FCAC) has identified financial literacy as a key issue for Indigenous communities in the context of developing a new National Strategy for Financial Literacy. The agency recognises that these barriers need to be addressed by engaging Indigenous communities in the design and delivery of financial literacy interventions. As part of the National Strategy, the FCAC has established a working relationship with Indigenous organisations, which is co-chaired with the Aboriginal Financial Officers Association (AFOA). AFOA is an Indigenous-led not-for-profit organisation that focuses on capacity building for Indigenous professionals working finance, management, band administration and programme management. It provides training and certification for Indigenous financial managers, administrators and leaders.

Within this framework FCAC has developed a partnership with the Seven Generations Education Institute (SGEI) and the Martin Family Initiative (MFI) to develop a financial literacy pilot in northern Ontario. For the pilot project, the partners collaborated with ABC Life Literacy Canada to adapt FCAC's Your Financial Toolkit program. This program provides information and tools to help adults manage their personal finances and gain the confidence they need to make better financial decisions.

The pilot will include approximately 20 hours of in-class programming on topics such as budgeting, banking, and credit and debt management and will be delivered by SGEI's instructors. MFI will assist with training the instructors who will pilot the material with students registered in SGEI's Workplace Literacy and Essential Skills Program. This model is based on research which has shown that financial education programs must be community driven, created for and with Indigenous Peoples, who must be involved in their design, delivery and measurement.

Source: Aboriginal Financial Officers Association (2020[113]) https://www.afoa.ca/afoaen/About/en/About/About.aspx?hkey=c7862a97-b851-4fcd-8082-2b2c62e23599; Financial Consumer Agency of Canada (2019[114]), "FCAC, the Seven Generations Education Institute and the Martin Family Initiative announce financial literacy pilot project", https://www.canada.ca/en/financial-consumer-agency/news/2018/09/fcac-the-seven-generations-education-institute-and-the-martin-family-initiative-announce-financial-literacy-pilot-project.html (accessed on 4 July 2019).

Preferential procurement policies

Why this is important

Chapter 1 shows the systemic disadvantages faced by many Indigenous Australians. The absence of resources, assets and capabilities means that in spite of best endeavours communities can be stuck in a cycle of weak investment, growth and employment. Barriers to market access for Indigenous peoples can occur because of supply-side factors such as insecure property rights, lack of skills and inadequate infrastructure. Weak demand for Indigenous products, services and skills also plays a role. On the demand side, there may also be a lack of familiarity, trust and awareness on behalf of public entities and corporations, and a reluctance to invest and increase risks associated with project cost and delivery schedules. Corporations and governments may structure procurement in such a way (through the size of projects, rules and technical requirements) that make it difficult for Indigenous-owned enterprises to access these opportunities. Therefore, opportunities to develop skills, employment and businesses are lost.

Preferential public procurement (adjusting policies regarding the purchase of goods, services and works by governments and state-owned enterprises to meet social objectives) has been used as a lever in Australia, Canada and the United States to expand access to markets for minority groups (e.g. Indigenous, women, and newly arrived migrants). These schemes have been criticised on the basis that they distort markets and increase costs, which outweighs the benefit of achieving their secondary objectives. However, preferential treatment and targets can help overcome barriers to market access by providing strong and predictable increases in demand for goods and services for disadvantaged population groups. This can contribute to promoting entrepreneurship and small business development within these groups. As will be discussed further in this section, complementary initiatives are required to ensure minority-owned enterprises can benefit from preferential procurement regimes. The size of the public procurement market across OECD countries is significant. Governments in OECD member countries spend on average 12% of their gross domestic product (GDP) on public procurement (excluding procurement by state-owned utilities) and this is significant for some countries with Indigenous populations (Figure 3.4) (OECD, 2011[115]).

Figure 3.4. Public procurement as a percentage of GDP, select countries, 2015
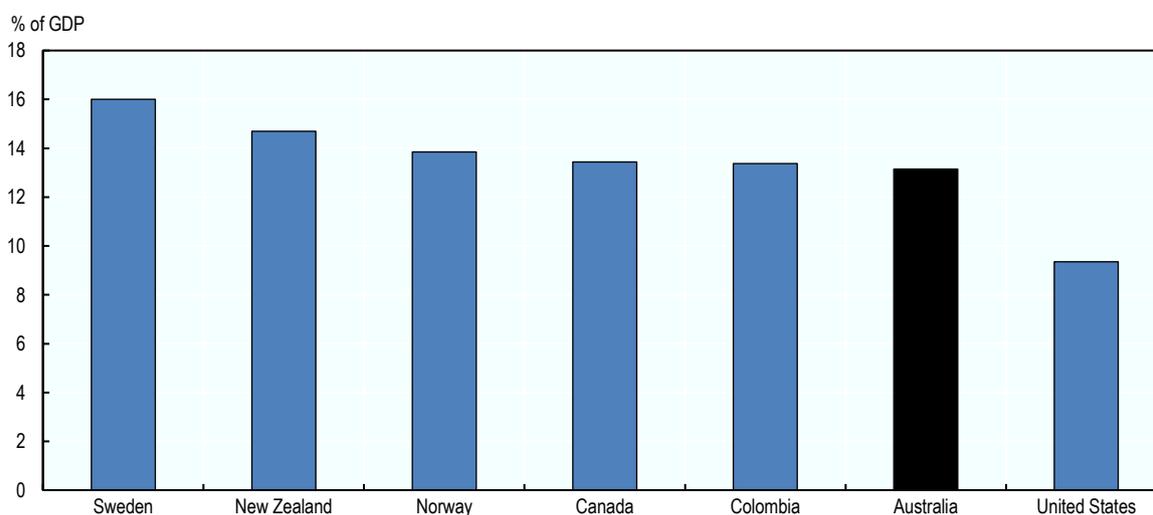
Source: OECD (2017[116]), *Government at a Glance - 2017 Edition: Public Procurement*, https://stats.oecd.org/Index.aspx?QueryId=78413 (accessed on 24 January 2019).

McCrudden (2004[117]) provides a useful overview of the history of public procurement as a means to achieve social objectives. Procurement set-asides go beyond prohibitions on discrimination and employ various forms of "affirmative action" to accomplish social objectives and encourage entrepreneurship amongst minority groups (e.g. African Americans, Indigenous peoples, women and people with disabilities). Mandatory set-asides for federal contracts for Indigenous peoples (as direct contractors and as sub-contractors) is a practice that has been used by the Canadian Government since 1996. Evaluations of the effectiveness of various set-asides provide mixed results. A number of problems that reduce the effectiveness of these programmes have been identified in the literature (McMurtry, 2014[118]; Myers and Chan, 1996[119]; Noon, 2008[120]; Oakes, 2010[121]). This can include lack of experience in bidding for government contracts, difficulties in finding potential partners for subcontracts, lack of minority-owned firms in sectors such as construction and manufacturing, and the use of silent minority partners in the business ownership structure. These challenges can be summarised in terms of problems in the design of public procurement processes and barriers to the creation of minority firms that can take advantage of these opportunities (Box 3.15).

Box 3.15. Common barriers to minority participation in government contracting

Enchautegui et al. (1997[122]) carried out a nation-wide study of minority-owned firms in the United States and identified the following factors as instrumental in the limited success of procurement policies.

Barriers to minority participation in the government contracting process:

- Failure of government to break large contracts down into smaller projects so that minority firms, which tend to be smaller, can compete.
- Extensive granting of waivers from minority subcontracting requirements to majority contractors.
- Ineffective screening for false minority fronts.
- Limited notice of contract competitions.
- Bid shopping on the part of majority prime contractors, who disclose minority forms subcontracting bids to their majority competitors so they can be underbid.

Barriers to the formation and growth of minority firms:

- Lack of financial capital - minorities have lower incomes, fewer assets and diminished access to business loans.
- Lack of social capital - minorities' access to business networks is limited and their own family networks may be smaller or less valuable than those of their majority counterparts.
- Lower human capital endowments - minorities have less education and professional training, and their access to union and other apprenticeship programmes is more limited.
- Minorities' access to lucrative, nonminority consumer markets is comparatively limited - due in part to historical patterns of residential segregation.

Source: Enchautegui, M. et al. (1997[122]), *Do Minority-Owned Businesses Get a Fair Share of Government Contracts?*, https://www.urban.org/research/publication/do-minority-owned-businesses-get-fair-share-government-contracts (accessed on 24 January 2019).

Australia's approach to Indigenous public procurement

The Australian Government established its Indigenous Procurement Policy (IPP) in 2015 (Department of the Prime Minister and Cabinet, 2018[123]). The Australian Government has set a target of 3% of the total value of public procurement to Indigenous businesses by 2019-2020. It also has mandated set-asides in remote areas to incentivise Indigenous participation, and minimum Indigenous content requirements on public procurement contracts worth over AUD 7.5 million. Australia launched its Indigenous Procurement Policy in 2015 and in 3 years, it has increased the value of contracts going to Indigenous owned businesses from AUD 6 million to over AUD 1 billion. The setting of targets and mandatory set-asides, along with regular reporting on outcomes to government, have been seen as very important in generating behavioural change in public procurement (OECD Fact Finding Mission – July 2018). Conversely, the absence of these specific targets and lack of monitoring and reporting on outcomes was seen as reducing the effectiveness of these initiatives. Alongside this, a number of complementary supports have been put in place. Support is provided in terms of concessional loans and performance bonds as inadequate capital and assets were identified as a binding constraint to participation in public works (OECD Fact Finding Mission – July 2018). In addition, the Australian Government supports registration and matching through Supply Nation, which is a non-profit entity (Supply Nation, 2019[124]).

State and Territory Governments are also designing or have implemented preferential procurement policies to support Indigenous economic participation (Table 3.10). It was indicated this was a cost for SMEs who needed to adjust bidding strategies and business models to adapt to these different rules (OECD Fact Finding Mission – July 2018). Complicating this issue were the different definitions of Indigenous businesses applied across State and Territories (and the private sector), and different databases that were utilised to register them (Supply Nation, Aboriginal Chambers of Commerce and/or state departments and agencies). This increases the risk of Indigenous-owned businesses missing out on opportunities, barriers to accessing new markets, and costs associated with adjusting business models to meet different requirements (OECD Fact Finding Mission – July 2018). Businesses located in border will also face additional complications, for example on APY/NPY lands, businesses operate under 3 different State and Territory policies, and the Commonwealth procurement policy. Consideration should be given to how the Commonwealth and State and Territories can move toward a single set of rules governing preferential procurement policies to support Indigenous economic participation. This would include setting a common target and timeframe, the application of common thresholds for direct negotiation/ set asides for Indigenous businesses, shared requirements for suppliers related to sub-contracting and employment, and reporting. This change would need to be based on an evaluation of current practices and what is achieving best outcomes at lowest cost across jurisdictions. There is also capacity for jurisdictions to share and diffuse good practices, such as the guidance provided for procurement staff produced by the Western Australian Department of Finance, or the partnerships developed with Kinaway and Supply Nation in Victoria (Victorian Government, 2018[125]; Government of Western Australia, 2019[126]).

Table 3.10. Preferential procurement policies – Australian states (select)

Jurisdiction	Target	Thresholds	Accountability/ reporting
New South Wales	3% of total value of procurement and 3 000 FTE employment by 2021	Direct negotiation/ single quote possible for contracts worth up to AUD 250 000 All contracts worth over AUD 10 million must have an Aboriginal Participation Plan	Agencies are required to prepare and publish online an Aboriginal Participation Strategy
South Australia	Targets set by individual agencies	Direct negotiation/ single quote possible for Aboriginal businesses with contracts worth up to AUD 220 000 For contracts over AUD 220 000 lifting industry participation weighting from 15% to 20% in favour of suppliers with high levels of Aboriginal participation (sub-contracting and employment) 30% employee participation required on APY lands	Agencies report annually to the Office of the Industry Advocate (OIA)

Jurisdiction	Target	Thresholds	Accountability/ reporting
Victoria	1% of total value of procurement by 2019-20	Under AUD 20 million agencies required to consider Aboriginal businesses, including unbundling contracts Over AUD 20 million set targets with suppliers and demonstration of how they will achieve it	Each department and agency prepare a Social Procurement Strategy
Western Australia	3% of total value of procurement by 2021	Applies to contracts above AUD 50 000	Agencies develop a strategy with annual reporting on outcomes through Department of Finance

Source: New South Wales Government (2018[127]), *Aboriginal Procurement Policy*, https://www.procurepoint.nsw.gov.au/system/files/documents/app_policy_may_2018.pdf (accessed on 2 July 2019); Victorian Government (2018[125]), *Victoria's Social Procurement Framework*; Government of South Australia (2017[128]), *South Australian Industry Participation Policy Procedural Guidelines*, https://innovationandskills.sa.gov.au/upload/industrypolicy/Procedural-Guidelines.pdf (accessed on 2 July 2019); Government of Western Australia (2018[129]), *Aboriginal Procurement Policy*, https://www.finance.wa.gov.au/cms/uploadedFiles/Government_Procurement/Policies/Aboriginal_Procurement_Policy.pdf (accessed on 2 July 2019); Government of Western Australia (2019[126]), *Aboriginal Procurement Policy (Implementation) Guide: A Guide for WA Government*, https://www.finance.wa.gov.au/cms/uploadedFiles/Government_Procurement/Policies/Aboriginal_Procurement_Policy_Implementation_Guide.pdf (accessed on 2 July 2019).

Assessment and international lessons

As this policy matures there are two main challenges that will need to be addressed (in addition to the challenges of defining an Indigenous business that was addressed in Chapter 1, and the complexities generated by different preferential procurement regimes). The first is ensuring capacity-building support is in place for firms at key transition points to support continued growth in the Indigenous business sector. Supply Nation is an important initiative but it primarily links buyers to Indigenous suppliers. There is a need to provide more effective support for entrepreneurs and small businesses considering a move into the public procurement market. This includes how firms are supported in the pre-establishment and establishment phases to access finance, insurance and required certifications. Once firms are participating and start growing, targeted support is also needed to manage this growth phase (e.g. cash flow, management, business strategy). As noted earlier, there are gaps in support for Indigenous entrepreneurs to develop these skills (OECD Fact Finding Mission – July 2018). With the right support and resourcing Indigenous Chambers of Commerce or other local Indigenous institutions could play this capacity building role. The second is ensuring a continuity of local opportunities through government infrastructure projects. This can be achieved by enhancing coordination of infrastructure planning, funding and financing at the regional level. For example, the Western Sydney City Deal provides a mechanism to coordinate Commonwealth-State infrastructure investment, and a working group has been established to proactively reach out to local Indigenous businesses to support participation. Another example is Regional Industry Based Agreements in New South Wales (Aboriginal Affairs NSW, 2019[130]). This initiative builds off Local Decision-Making Agreements where regional Aboriginal Alliances enter into accords that commit parties to joint addressing priorities. The Regional Industry Based Agreements provide a mechanism for industry and government to agree on actions to increase Aboriginal economic participation, including procurement (Aboriginal Affairs NSW, 2019[131]).

Participation in the public procurement market is also uneven across different geographies. Preferential procurement policies are less likely to be effective in low-density economies due to the smaller number of contracts available, lack of scale and specialisation in the local economy, and the longer distances that are required to travel. A significantly higher proportion of the benefits of the Australian Governments Procurement Policy flows to Indigenous businesses in predominantly urban regions (Figure 3.5). Procurement set-asides and variations in rules for public procurement in remote areas and on Indigenous lands is one strategy that can be employed (currently applied by the Australian and South Australian governments). Enhancing regional level cooperation is another way to increase scale and predictability in future public works. In particular, local municipalities are critical because of their role in terms of investment and maintenance of local infrastructure.

Figure 3.5. Share of Indigenous procurement (2015-18) and share of Indigenous population, by type of region
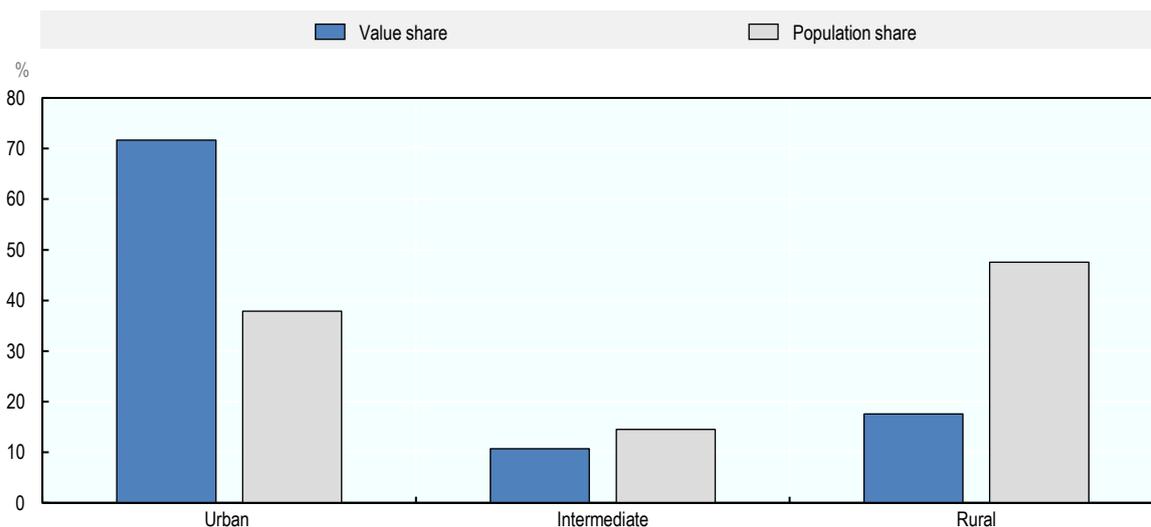
Note: Nominal values.
Source: Australian Department of the Prime Minister and Cabinet.

Canada and the United States are the two other OECD countries that implement preferential procurement policies to support Indigenous economic participation. There are a number of areas where Australia could apply lessons from these jurisdictions. The first is in relation to the certification process which is undertaken by a government agency in both countries. For example, the U.S. Small Business Administrative (SBA) has an on-line certification procedure for minority owned businesses (U.S. Small Business Administration, 2019[132]). The second is how to enhance coordination between levels of government and the private sector in delivering major projects (outside of the framework of a City or Regional Deal). The Strategic Partnership Initiative (SPI) in Canada is a good example of project specific coordination to increase Indigenous economic participation (Box 3.16). The third is in relation to the capacity-building support provided by the U.S. SBA. The Mentor-Protégé program provides support for a mentor business to provide assistance (technical, management, financing, trade education) to a protégé (minority owned) small business. In addition, the Office of Native American Affairs within the SBA provides funding for training and capacity building in areas such as marketing, strategic planning, financial analysis, contract management and compliance (U.S. Small Business Administration, 2019[133]). These initiatives are delivered through a network of Native American business and economic development organisations across the United States.

Table 3.11. Federal preferential public procurement policies, Canada and the United States

	Set-asides and targets	Qualification	Other assistance and support
Canada (2010)	● Contracts that serve a primarily Aboriginal population are set aside for competition among qualified Aboriginal businesses ● Voluntary set-asides are possible by federal departments and agencies ● Federal departments and agencies set targets on an annual basis	● 51% Indigenous-owned and controlled and at least one-third Indigenous staff (if larger than 6 staff) ● Joint ventures at least 33% Indigenous content	● Certification on Industry Canada Aboriginal Business Registry ● Procurement Co-ordinators (outreach and partnership building) ● Strategic Partnerships Initiative
United States (1978)	● Minimum 5% of all federal contracting to small businesses	● 51% minority-owned	● Certification under Small Business

	Set-asides and targets	Qualification	Other assistance and support
	owned by minorities (not Indigenous specific)		Administration ● Mentor-Protégé programme ● Management and technical assistance programme ● Assistance and tools provided by the Bureau of Indian Affairs

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Box 3.16. Strategic Partnerships Initiative (SPI) – Canada

Initiated in 2010, the SPI provides a whole-of-government, collaborative approach to address gaps in existing Indigenous economic development programmes. It enables federal partners to strategically engage other governments and private sector partners to leverage additional funding in support of Indigenous participation in complex economic development projects.

With an annual budget of CAD 14.5 million, the SPI works in partnership with interested Indigenous stakeholders, provincial and territorial governments and the private sector to target federal investments from across departments in a broad range of economic development opportunities across various sectors of the Canadian economy such as mining, fisheries, forestry, agriculture, tourism and energy.

Currently, 17 federal agencies and departments are part of the programme that is organised by a secretariat that supports the Director-General of the Investment Committee (DGIC). The DGIC includes membership from all SPI signatory departments. It makes final funding decisions on initiatives and validates and prioritises opportunities for investments. It also identifies relevant federal government departments that have a lead role to play in supporting any given initiative and ensures that they work together with Indigenous groups to advance these opportunities. It also enables federal partners to strategically engage other levels of government and private sector partners so they may leverage additional funding or in-kind support. The DGIC completes a review of detailed proposals from federal departments on opportunities for consideration under the programme.

Source: Aboriginal Affairs and Northern Development (2014[134]), *Evaluation of Aboriginal Economic Development Strategic Partnerships Initiative*, https://www.aadnc-aandc.gc.ca/DAM/DAM-INTER-HQ-AEV/STAGING/texte-text/ev_eds_1442409296332_eng.pdf (accessed on 16 October 2018).

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4 Implementing a place-based approach to economic development that empowers Indigenous Australians

The objective of this chapter is to assess and provide recommendations about supporting the implementation of a place-based approach to Indigenous economic development. The chapter begins by explaining why a place-based approached is central to supporting Indigenous economic development. The following sections discuss three key elements for the effective governance of place-based Indigenous development. These include capacity, skills and networks embedded in local and regional Indigenous institutions, the existence of formal and informal mechanisms that enable local Indigenous institutions to deliver economic development solutions in collaboration with other actors and possibilities for Indigenous institutions to influence policies with different levels of government. The chapter then offers recommendations on how these elements could be supported at both the national and sub-national levels.

Assessment and Recommendations

Assessment

- A place-based approach to Indigenous economic development is important because it supports self-determination and enables the adaptation of policies to local circumstances. Effective local institutional arrangements are needed that enable Indigenous peoples to mobilise community assets, organise development at different geographic scales, and work effectively in partnership with different levels of government.

- Often, local Indigenous institutions are unable to fulfil these functions because they have restricted mandates, are small, and do not have the right mix of skills and capabilities. These capability gaps include leadership, community planning, technical skills (e.g. finance and legal), and business and commercial skills.

- Strengthening the ecosystem that supports these local institutions will enable them to take a leadership role in economic and community development. This includes regional advisory services (that can provide technical assistance and policy advice), and community brokers (who can coordinate and build linkages to access resources).

- Benefit sharing provides another mechanism available for local Indigenous institutions to mobilise economic and community development opportunities. Using these agreements to support a long-term community economic development process requires elements such as a framework for monetary benefits that increases incentives for commercial partnerships and own source revenues, and complementary supply-side measures from government (e.g. infrastructure investment and employment and training).

- Local Indigenous institutions also require mechanisms that strengthen regional partnerships to build scale, access ideas and resources, and mobilise investment opportunities. This includes how to strengthen the brokering and facilitating role of the National Indigenous Australians Agency (NIAA) regional network, and supporting regional alliances and agreements between First Nations.

- Over the last two decades, there have been many changes to organisational structures in Indigenous Affairs ranging from the abolition of the Australian and Torres Strait Islander Commission (ATSIC) to a number of machineries of government changes. The Joint Council on Closing the Gap provides an opportunity to develop a more coherent and comprehensive national policy framework for Indigenous economic development, which can be used as a basis to better coordinate investment and shift to a longer-term funding approach that empowers Indigenous Australians.

Recommendations

Strengthen the **capacities of local Indigenous institutions** to promote community economic development by:

- Consolidating existing funding support for institutional capacity building into a single program (alongside the other 5 themes of the Indigenous Advancement Strategy).

- Increase overall funding to better address capability gaps and re-focus support on strengthening institutional capacities that address these gaps (leadership, technical skills e.g. finance and legal, and business and commercial skills) at critical points in the lifecycle (e.g. pre-establishment of PBCs).

- Expand the range of institutional capacity building activities that can be supported to encompass support for community planning, business case development, and local area data.

- Strengthen the role of Indigenous-led third party organisations in delivering these programs including support to develop guidance, the sharing good practices and lessons, and coordinating local effort.
- Ensure support is available for institutional capacity building through the proposed Indigenous business hubs.

Build **scale in Indigenous community and economic development** by:

- Adjusting public procurement and service delivery models (e.g. greater flexibilities and specific funding for coordination) to support collective impact approaches.
- Working with industry and Indigenous groups to developing good practice guidance, tools, and leading practices on how to leverage Indigenous Land Use Agreements (ILUAs) to deliver sustainable community and economic development outcomes.
- Working with the local government sector on developing good practice guidance, tools, and leading practices on the role of local government in Indigenous community and economic development.
- Consider including a specific reference to Indigenous economic and community development in the Regional Development Australia (RDA) Charter, and stocktaking and sharing existing leading practices about how RDAs work with Indigenous communities on economic development issues.
- Including regional scale collaboration as a criterion within relevant program streams under the Indigenous Advancement Strategy.

Embed a **place-based approach** in the operational model of the National Indigenous Australians Agency (NIAA) regional network by:

- Re-scoping roles, training and mentoring to develop more entrepreneurial skills and capabilities in community development, stakeholder engagement, data analytics, networking, negotiation, and business support.
- Delivering guidance, tools and support material to support community planning for Indigenous groups.
- Providing resources and expertise for Indigenous organisations to develop and use data;
- Having an agreed joint budget mechanism at the local level linked to a set of locally agreed outcomes.
- Delegating funding authority to regional managers and empowering them to deliver on local area outcomes.

Improve the **inclusion of Indigenous peoples in Australian Government decision-making** and reform **multi-level governance and funding arrangements** by:

- Developing a common framework and good practices for consultation across Australian Government departments and agencies.
- the NIAA taking a whole of government leadership role in monitoring consultation, promoting best practices, and delivering training and guidance on consultation.
- Using the Closing the Gap as a framework for joint appropriations that provide long-term funding for multiple Commonwealth departments and agencies to deliver on shared outcomes.
- Establishing a model for shared local decision-making through the Joint Council on Closing the Gap that enables agreements on local area outcomes and pooling of budgets between levels of government to support Indigenous community and economic development.

Introduction

The objective of this chapter is to develop a framework and tools to support the implementation of a place-based approach to Indigenous economic development. The chapter begins by explaining the rationale for a place-based approach to regional and rural development, and OECD principles related to it. This sets the framework for an assessment of the different elements required to implement this approach in the Australian context. The first element is the capacity, skills and networks embedded in local and regional Indigenous institutions. The concept of an eco-system is utilised to examine the different elements required to develop and implement community-based Indigenous economic development strategies. The second is the existence of formal and informal mechanisms that enable these local Indigenous institutions to deliver economic development solutions in collaboration with other (non-Indigenous) actors. This includes partnerships with public, private and other non-government actors at local and regional levels. The third section of the chapter assesses how local and regional Indigenous institutions can influence policies and facilitate agreement on place-based outcomes with different levels of government. This includes how governments can create mechanisms to include Indigenous peoples in decision-making, agree on local outcomes, and develop funding arrangements that are more flexible and enable local innovation.

Rationale for place-based approach

This section of the chapter identifies why a place-based approach is important to Indigenous economic development and sets out the framework for analysis. It builds upon previous chapters that demonstrated how place is fundamental to Indigenous identity and shapes economic development and well-being outcomes. The first reason is the shift toward self-determination (the right for Indigenous peoples to govern their own affairs) implies the transitioning toward more localised forms of decision-making. This is not only consistent with the UNDRIP but there is also evidence internationally that strong local institutions are associated with better socio-economic outcomes for Indigenous peoples (Wunan Foundation, 2015[1]) (Cornell, 2006[2]). The second reason is how to respond to the importance of place and the heterogeneity of outcomes for Indigenous peoples across different geographies. Each of these places has different histories, institutional capacities, endowments and access to markets. Developing these places requires addressing multiple factors (human capital, infrastructure, innovative capacity) in an integrated way, aligned with local circumstances and cultures. The framework for analysis focuses on how the Australian government can shift toward an integrated, place-based approach to Indigenous economic development.

Self-determination for Indigenous peoples

Over recent decades, across OECD member countries, there has been a shift toward self-determination for Indigenous peoples (Jentoft, Minde and Nilsen, 2003[3]). These shifts have occurred over a long period time but gained strong momentum across a number of different countries from the 1960s and 1970s. The movement toward self-determination was essentially a bottom-up process led by community leaders and arose out of legal battles related to land rights. In parallel, there were increasing critiques of a long term approach characterised by policies of state and religious institutions aimed at assimilating Indigenous peoples, and imposing 'one-size-fits-all' solutions which did not engage Indigenous communities in decision-making processes (Cornell et al., 2003[4]). This previous approach had led to the dispossession of land and the loss of identity and culture, erosion of social capital and leadership capabilities, and policies and programmes that did not match the needs of Indigenous peoples (Dodson and Smith, 2003[5]). This previous approach contributed to the poorer socio-economic outcomes and dependency relationships experienced by many Indigenous communities.

Self-determination is now generally accepted across many countries as a key principle in Indigenous policy to break these dependency relationships, and is reflected in the institutional arrangements that have been

established within their policy frameworks for Indigenous affairs (OECD, 2019[6]). These policy shifts have resulted in greater decision-making authority invested in institutions that enable Indigenous peoples to make decisions about their land and resources, and the delivery of public services (Dodson and Smith, 2003[5]; Wunan Foundation, 2015[1]). Self-governance relates to a number of dimensions including the degree to which Indigenous people determine issues such as the scope of competencies they are responsible for, scale (e.g. tribe, groups of tribes, regions), who makes decisions about land and resources, and how decisions are enforced (Cornell et al., 2003[4]; Tsey et al., 2012[7]). However, these trajectories of Indigenous self-governance are uneven between and within countries and what constitutes good governance for Indigenous peoples is a contested concept (Tsey et al., 2012[7]).

In a North American context increasing decision-making responsibility in the hands of Indigenous peoples has been shown to be associated with reduced welfare dependency and the emergence of economic activity, higher levels of multi-dimensional wellbeing, improved resource use, and increases in the contribution to regional non-Indigenous economies (Cornell et al., 2003[4]; Vining and Richards, 2016[8]). These findings are consistent with a wider literature that examines the association between the quality of institutions and regional economic performance (Morgan, 1997[9]; Wood and Valler, 2004[10]; Rodríguez-Pose, 2013[11]; Cornell et al., 2003[4]; Cornell, 2006[2]) propose three key reasons why self-governance results in better long-term outcomes for Indigenous peoples:

1. It promotes the engagement of citizens in collective efforts to improve community wellbeing.
2. There is greater likelihood of policy choices reflecting the interests, needs and aspirations of Indigenous peoples.
3. It increases transparency and accountability with local leaders, and also builds their capacity to become better decision-makers.

However, a number of key conditions need to be in place for this to be effective particularly capable governing institutions that are matched to the social and cultural characteristics of Indigenous groups which avoid pitfalls such as corruption, nepotism, confusion about roles and responsibilities, and lack of accountability (Cornell, 2006[2]; Tsey et al., 2012[7]).

There are many different examples of where self-determination has been applied to give Indigenous peoples greater decision-making responsibility and accountability. Self-determination has also informed decisions to decentralisation competences, for example, giving Indigenous peoples control in terms of the governance of municipal, education and health services (Cornell et al., 2003[4]; NSW Ombudsman, 2016[12]). Self-determination is also embodied in international agreements and covenants, which strengthens the legal basis for a new and more equitable relationship with national and subnational governments (Jentoft, Minde and Nilsen, 2003[3]). The Indigenous and Tribal Peoples Convention (1989) of the International Labour Organisation (ILO) is based on principles of self-determination and sets out rights in in relation to land, employment, education and training, and social security. The UN Declaration on the Rights of Indigenous Peoples was adopted by most member countries in 2007. The Declaration establishes a universal framework of minimum standards for the survival, dignity, well-being and rights of indigenous peoples. Rights are defined at an individual and collective level and include cultural rights and identity, and rights to education, health, employment and language. Article 3 of the UN Declaration on the Rights of Indigenous Peoples states that "*Indigenous peoples have the right to self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development*" (UN, 2007, p. 8[13])

Regional development policies and Indigenous peoples

Chapter 1 identified how Indigenous peoples are distributed unevenly across Australia's territory with a relatively higher proportion located in rural regions. Indigenous peoples experience lower socio-economic outcomes, and there are significant gaps between Indigenous and non-Indigenous peoples across different

types of regions. These gaps are larger in predominantly rural regions. This Indigenous disadvantage has traditionally been approached as a social policy issues through income transfers and support for employment participation, and addressing social needs through education, and health and social care services. However, these regions also have different assets and this challenge can be approached as a regional development opportunity. Growth opportunities across different types of regions are shaped by endogenous factors (size of the local labour market, resource endowments, and amenities) and access to markets. The growth potential of Indigenous communities is also shaped by the prevailing legal arrangements governing Indigenous lands and waters, local institutions, and community aspirations for development.

Persistent and increasing inequalities within and between regions, cities and rural areas is evident across OECD countries (OECD, 2019[14]). Persistent inequalities result in under-used economic potential and weakened social cohesion. They generate dependency relationships that can become a fiscal burden. Promoting growth across different types of regions requires an approach that is sensitive to different place-based assets and can activate a development process (OECD, 2012[15]). Over past decades, there has been shift in how OECD countries approach regional and rural development policies. An approach developed in the post-World War 2 period that was based upon addressing disparities between regions through the provision of subsidies to compensating them for lower incomes. Policies were designed by central governments through departments of state that delivered narrowly defined programs with support for individual firms, incentives for inward investment, and a focus on infrastructure investment. Over time, this approach has been seen as increasingly ineffective because it does not incorporate local knowledge, creates dependency relationships and is not sustainable from a fiscal point of view. The new approach to regional policies emphasises a focus on competitiveness and working with cities and regions to unlock growth potential based on their unique assets and local conditions (across policy areas influencing human capital development, innovation, and infrastructure). The OECD promotes place-based policies that have the following features:

1. Use of **regional specific assets** (or create absolute advantages to stimulate competition and experimentation across regions).
2. Create **complementarities** among sectoral policies at the regional (or local) level.
3. Use of **multi-level governance mechanisms** for aligning objectives and implementation (OECD, 2016[16]).

Table 4.1. The paradigm shift in regional policy

	Traditional regional policies	New paradigm
Objectives	Balancing economic performance by temporary compensation for regional disparities	Tapping underutilised regional potential for competitiveness
Strategies	Sectoral approach	Integrated development projects
Tools	Subsidies and state aid	Soft and hard infrastructure
Actors	Central government	Different levels of government
Unit of analysis	Administrative regions	Functional regions
	Redistributing from leading to lagging regions	**Building competitive regions to bring together actors and targeting key local assets**

Source: OECD (2009[17]), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, http://dx.doi.org/10.1787/9789264076525-en.

Framework for the analysis

Within the context of the *Closing the Gap Refresh* the Australian Government has recognised the importance of partnerships with Indigenous communities and organisations, and the need to implement locally driven solutions (COAG, 2019[18]). In the past decision have been taken centrally without engagement of local communities and this has led to mismatches between needs and programs, unclear lines of accountability for delivery, and poor outcomes (Wunan Foundation, 2015[1]). In order to assist the Australian Government in its process to shift towards a more integrated place-based approach this section draws on the OECD approach to regional development to analyse current policies and approaches and advice on how to address challenges and gaps (Table 4.2).

Table 4.2. Framework for analysis

OECD framework	Implications for Australia	Areas for assessment
Use of regional specific assets (or create absolute advantages to stimulate competition and experimentation across regions).	Local knowledge of Indigenous peoples needs to drive policy design, implementation and evaluation to be able to leverage local advantages for economic development in accordance with their culture and traditional knowledge.	Indigenous governance capacities and support Indigenous led community planning and governance (community planning, leadership and capacity building, peer-to-peer learning).
		Mechanisms that enable partnerships and benefit-sharing with other non-Indigenous actors on traditional lands.
Create complementarities among sector policies and at the regional (or local) level.	Regional actors (sub-national governments, municipalities, regions, indigenous communities) need to build better co-operation to build scale and address economic development issues.	Role of PM&C regional services in brokering and facilitating role in rural areas along with a set of tools to implement place-based approaches.
		Inclusion of Indigenous values, perspectives and interests in local government and regional development planning.
Use of multi-level governance mechanisms for aligning objectives and implementation.	Align policies across portfolio ministries and levels of government and clearly defines priorities, roles and responsibilities and incorporates formalised cooperation.	Inclusion of Indigenous peoples' representatives and organisations in government decision-making at all levels.
		Pooled and flexible funding arrangements that promote local innovation.
		Mechanisms to enable agreement on delivering better outcomes for local communities.

Local Indigenous institutions to mobilise economic development opportunities

This section of the chapter undertakes an assessment of Indigenous institutions and their capacity to mobilise local and regional economic development opportunities. This includes local Indigenous institutions, the local governance eco-system that can support community economic development, and mechanisms to facilitate local benefit sharing agreements. It is impossible to understate the complexity of local governance arrangements across Indigenous communities in Australia. They are shaped by different histories, family and clan relationships, and aspirations. Commonwealth and State and Territory legislation mediates and shapes them in different ways. There is an overall trend of Indigenous peoples "taking back control" but trajectories of self-governance are different. This section of the chapter begins by describing the capabilities needed to undertake community economic development and the gaps identified during the OECD fieldwork and analysis of the Australian context. Following this, assessment is undertaken of local Indigenous institutions, eco-systems for community economic development, and benefit-sharing arrangements. It is based on the idea that Indigenous economic development is shaped by the

community's capacity to utilise its natural, physical, human and social capital resources to improve its standard of living and community wellbeing (OECD, 2019[6]). Economic development involves converting each of these capitals into economic capital (Bourdieu, 1985[19]; Harker, Mahar and Wilkes, 1990[20]). Strengthening institutions (endogenous leadership and capacity) and networks that link Indigenous-led institutions to power and resources enables them to manage, drive, and contribute to regional economic development (Table 4.3).

Table 4.3. Ways to build governance capacity

Institutions and networks	Strategies for Indigenous communities
Strengthening local Indigenous institutions	Investing in leadership skills, organisational capacities, technical capabilities, business skills and negotiating commercial outcomes.
Eco-systems for strengthening local governance	Create local strategies for capacity-building eco-systems that can help Indigenous institutions address capacity challenges. These should include regional advisory services and innovation hubs, and community brokers to support development of alternative models of funding, like social investment.
Benefit-sharing agreements	Mechanisms to negotiate agreements with project proponents that enable communities to access resources to invest in community and economic development.

Importance of local institutions

Local institutions are an important factor in shaping regional development outcomes (Rodríguez-Pose, 2013[11]). Formal and informal institutions that facilitate negotiation and dialogue among key actors in order to mobilise and integrate them into the development process are vital, as are those that enhance policy continuity (OECD, 2012[15]). This includes institutions that strengthen the region's "voice" in decision-making and fostering linkages among the private, public and education sectors. These institutions might include Indigenous community service organisations and economic development entities, and administrative structures such as land councils linked to legislative frameworks governing land use (Moran, 2009[21]; Tsey et al., 2012[7]; Vining and Richards, 2016[8]). Local Indigenous institutions have their own characteristics. For Indigenous people's language and kinship groups were the basis of pre-settler forms of social organisation (Bern and Dodds, 2000[22]). Community decision-making is still primarily organised through family and clan groups and this is generally not well understood by outsiders (O'Brien, Phillips and Patsiorkovsky, 2005[23]; Tsey et al., 2012[7]). Indigenous communities can also self-organise at different scales, for example, nations combining common language groups, groups of clans sharing kinship ties, and Indigenous organisations with membership based on common cultural and historical affiliations and issues of shared political interest (Moran, 2009[21]). Decision-making about property rights and resource allocation can also operate at different scales: households, local communities and wider territories, and if institutions are weak or are captured by particular groups then it can result in conflicts or exclusion (Bennett and Sierra, 2014[24]).

There are a number of capability gaps which have been identified in these local institutions including relating to financial management, human resources, commercial negotiations, leadership skills and project management (Dodson and Smith, 2003[5]; Jentoft, Minde and Nilsen, 2003[3]; Tsey et al., 2012[7]). In this context, 'cultural match' is an important factor in building effective governance arrangements for Indigenous communities (Dodson and Smith, 2003[5]; Tsey et al., 2012[7]). Governance arrangements should be tailored to the historical and cultural characteristics of communities, integrate with their conceptions of how authority should be exercised, and developed in a way that builds trust and respect between government agencies and these communities (Tsey et al., 2012[7]). This means engaging in meaningful dialogue with Indigenous communities to make decisions factors such as:

- Group membership and identity (who is the 'self' in their governance).
- Who has authority within the group, and over what.

- Agreed rules to ensure authority is exercised properly and how decision-makers are held accountable.
- How decisions are enforced.
- How rights and interests are negotiated with others.
- What arrangements will best enable them to achieve their goals (Moran, 2009[21]).

Negotiation about governance models can help facilitate cross-cultural learning and exchange, and build trust between Indigenous communities and public institutions (Tsey et al., 2012[7]). Apart from traditional governance structures, many local Indigenous institutions have been established under Commonwealth, State or Territories statutes for purposes such as holding land or other assets as well as delivering services including housing, health and commercial enterprises. While some of these might reflect, government's need to develop organisational arrangements that are familiar to them, they also offer Indigenous peoples a strategic tool to engaged with dominant society, allow them to exercise control and define their own goals and aspirations (Martin, 2005[25]).

Capabilities needed to manage economic and community development

Indigenous communities may also wish to pursue economic development in different ways than current mainstream modes. Many are seeking models that are not only profitable but that also address community capacity and the preservation of traditional culture, values and language. Communities are deciding for themselves what they want to achieve and what will be a culturally acceptable way of realizing their goals. This is shaped by their unique cultural understandings and obligations, as well as the processes for reconciling the multiple, overlapping and intersecting Indigenous interests of individuals, families, clans and First Nations, and Indigenous organisations (CYPCYLC, 2018[26]). In some cases, there is a genuine trade-off between cultural values and economic performance; in other cases, the two are complementary. Either way, this contested 'how' creates additional challenges for internal and external governance. Capacity building requires a framework for understanding the community development processes that builds local leadership, and the institutional processes through which communities can take charge of, and responsibility for, improving their circumstances. Shaped by unique cultural characteristics and obligations, these processes include ways to empower effective governance institutions to create legitimacy, seek community input, reconcile different opinions, make decisions, build the right relationships with those that can help achieve goals, implement projects, and ensure leadership that can bring a community along on the journey. It does not matter what type of local governing institution exists – whether they have been established in response to government policies, created for community advocacy, or are a traditional governance group – they will need the capabilities listed in Box 4.1 to undertake economic development.

Box 4.1. Capabilities needed to undertake community economic development

1. Build legitimate and culturally appropriate leadership and institutions that can develop strategy to effectively exercise control over the economic development process, including:
   - Involving the community (and its stakeholders) in determining needs and goals (community engagement and consultation).
   - Compiling evidence to underpin planning (including statistics, research and evaluation).
   - Developing strategic action plans.
   - Building relationships with those needed to action the plans, and determining ways to leverage funding.
   - Running the governance organisation effectively (corporate governance: finance, legal, risk management, human resources management, evaluation, etc.).

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2. Act by:

   o Establishing profitable and sustainable enterprises, social enterprises, cooperatives, and joint ventures, and/or finding partnership models to address disadvantage.

   o Increasing participation in the labour market and education pathways (building community capacity).

3. Determine strategies for sustainability and scale, particularly through:

   o Advocacy.

   o Partnerships, alliances, and other processes involving government.

Source: OECD (2019[6]), *Linking Indigenous Communities with Regional Development*, https://dx.doi.org/10.1787/3203c082-en.

Local Indigenous institutions

Professor Marcia Langton has discussed the problems associated with the fragmentation or 'Balkanisation' of Indigenous governance, which has resulted in a diversity of small, and generally under-resourced governance organisations (Langton, 2015[27]). These arrangements affect the capacity of Indigenous peoples to achieve sustainable change and impose significant administrative costs. The diversity of local Indigenous organisations makes it difficult to develop a clear typology that defines their authority, roles and responsibilities. It is also a changing landscape impacted by Native Title claims and public administration reforms in different jurisdictions. Because Indigenous affairs is a shared responsibility, the nature of local Indigenous institutions also varies across different States and Territories. This demonstrates that any approach to strengthen these institutions needs to involve a bespoke analysis of the (historical) institutional context to be able to map which organisations are present and how they can be best strengthened. Within this diverse landscape three type of Indigenous institutions are identified: (i) Indigenous municipalities; (ii) Indigenous corporations and co-operatives; and, (iii) Prescribed Body Corporates.

Indigenous municipalities

In Queensland, 16 Indigenous shire councils function as discrete local governments. They have responsibilities for delivering municipal services, economic planning, and maintaining economic and essential services infrastructure. These Councils were originally established in the mid-1980s. In the colonial period Indigenous peoples in Queensland were moved onto missions that were run by the Church. During the 20th century, these missions were transferred to the State of Queensland. The Queensland Community Services Act (1984) enabled the creation of Indigenous Community Councils, which were mainly located in the far north of the State (including the Torres Strait). During a state-wide municipal reform in 2008, some of these Councils were amalgamated into larger Shires (Limerick, 2009[28]) identifies a number of factors that are associated with improving the effectiveness of Indigenous Shire Councils, in terms of the capacity to deliver improved local infrastructure, services, housing and employment opportunities. The first is a strategic vision that translates into a set of priorities, which are understood and accepted by community leaders. The second is a separation between political representatives (who set direction) and a stable administration that applies laws and policies and delivers on it. The third is the capacity of leaders to relate effectively with non-Indigenous institutions (other local governments, business and the State Government). Community factors that inhibit good governance include low levels of human capital, lack of experience and interaction with non-Indigenous governance institutions, community conflict based around kinship groups, and a history of dependency upon religious and government institutions (Limerick, 2009[28]). In the Northern Territory, there are 63 local authorities in remote areas that have predominantly Indigenous populations. The role of local authorities is limited to planning and giving feedback on service delivery while Regional Council deliver municipal services (Northern Territory Government, 2019[29]). This arrangement is the result of municipal amalgamations that were undertaken

in 2008. This removed control of service delivery from Indigenous organisations, and in some instances led to the contracting out of service delivery to non-Indigenous organisations (Limerick, Morris and Sutton, 2012[30]).

Indigenous corporations and co-operatives

Across Australia, many Indigenous Organisations are established as corporations (of which there are several thousand). This means, that they are incorporated with the Office of the Registrar of Indigenous Corporations (ORIC) within the framework of the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act). The CATSI Act seeks to meet 'the special incorporation needs of indigenous people' that allows corporations 'to accommodate specific cultural practices and tailoring to reflect the particular needs and circumstances of individual groups' (Nehme, 2014[31]). Alternative ways for incorporating Indigenous organisations also include the Northern Territory *Associations Act 2003* or under the *Corporations Act 2001*—which is managed by the Australian Securities and Investments Commission (ASIC) (Australian Government, 2019[32]). Apart from Indigenous Corporations, Indigenous Organisations might also choose to from a Cooperative or other type of non-government organisation. These Aboriginal Corporations and co-operatives have different origins. Some have been set up to manage statutory land rights and Native Title. Others have their origins in the transfer of housing and other public assets to Aboriginal people.

Indigenous corporations often play an important role in Indigenous communities, as many provide health and community services, and generate local employment. The benefits of registering as an Indigenous Corporation include being able to choose to be liable for debts, development of a rule book (constitution) that can accommodate Aboriginal and Torres Strait Islander customs and traditions, no registration fees as well as being eligible for ORIC's advice and support such as training in governance, recruitment and legal help. Amongst the top 500 Indigenous corporations, the largest share - 40.4 % were operating in the services sector, while other sectors are a lot smaller. Also, most (64%) of the top 500 Indigenous corporations only operate in one sector and did not engaged in alternative activities (Australian Government, 2017[33]). This suggest that many corporations' sole activity is in the health and services sector, are heavily reliant on government funding, and do not or only marginally engage in other economic opportunities. This creates a dependence on government spending and political priorities. Further, this can also mean missed opportunities in setting up foundations for more diverse economic development from within the community.

Lack of organisational capacity for local Indigenous institutions was reported as a common issue (OECD Fact Finding Mission, July 2018). This is partly a function of the small and fragmented nature of these institutions, and of the type of support given to them. General support given to Indigenous corporations runs through ORIC. ORIC offers training workshops and guidelines to support the set-up and running an enterprise. This includes topics like, meeting corporate governance obligations such as reporting, the role and responsibilities of managers, general good business practices and understanding financial records. Reconciliation Australia and the Australian Indigenous Governance Institute also support capacity building including on-line tool-kit covering issues related to leadership, rules and policies, staff management, organisational governance, and nation building (Reconciliation Australia, 2019[34]; Australian Indigenous Governance Institute, 2019[35]). The 2010 Strategic Review of Indigenous expenditure found that governance and leadership programmes tend to build individual rather than institutional capacity (Australian Government, 2010[36]). Furthermore, different entities involved in governance and capacity building do not coordinate effectively (e.g. ORIC, Land Councils, and IBA). Given the size of these organisations, many of them would lack the capacity to undertake training, and develop and apply organisational policies. It is also important to understand that Indigenous groups may be participating in multiple structures (corporations, Prescribed Body Corporate, and trusts) that have different regulatory frameworks and compliance mechanism, which place significant burdens on these groups (Langton, 2015[27]). Many organisation spend significant amounts of time on adhering and understanding the

regulatory and legal framework they are operating in (OECD Fact Finding Mission, July 2018) (Wunan Foundation, 2015[1]). These circumstances inhibit the capacity to develop long-term planning, engaging with communities, and mobilising economic development opportunities.

Prescribed Body Corporates

Prescribed Body Corporates (PBC), also sometimes known as or Registered Native Title Bodies Corporate, are established to manage (as an agent) and hold (as trustee) the native title, in accordance with the objectives of the native title-holding group. The Native Title Act requires establishment of a PBC. PBCs represents the interests of the native titleholders and act as a contact point for third parties such as government and industry that are interested in accessing or regulating native title land. Indigenous groups decide on a structure and rulebook to guide its work. PBCs have the obligation to consult with and obtain consent from native titleholders regarding decision which surrender native title rights and interests (AIATSIS, 2018[37]). A key mechanism for supporting the work of PBCs are Native Title Representative Bodies (NTRB). NTRBs are organisations appointed under the Native Title Act 1993 (NTA) and have the following functions:

- Assisting in native title claims resolution.
- Future acts and agreement making.
- Managing native title.
- Supporting the use of native title to achieve cultural, social and economic outcomes.
- Other activities related to their broader regional functions unrelated to native title (Australian Trade Commission, 2019[38]).

To be able to utilise and maximise their native title rights and engaged in land management as well as economic development PBCs need to be able to operate effectively. For many this is not the case. The literature as well as the OECD study visit demonstrated that many PBCs are not fully functioning (Altman, 2004[39]; AIATSIS, 2007[40]; Deloitte, 2014[41]; AIATSIS, 2018[37]). Data on their performance also underpins this, between 2015 and 2016 only 18.8 % of all PBC emerge in the top 500 indigenous corporations in terms of income. Further, 44.7% of all PBCs reported zero income (Australian Government, 2017[33]).

The largest challenges for PBCs emerge around a poor resource and capacity base coupled with the need to carry out a wide range of responsibilities. In addition to their native title obligations, many are also expected to carry out more general tasks linked to community and economic development. This can include community governance, land management, language and cultural maintenance, capacity building, economic development as well as caring for social and emotional well-being and networking with other indigenous institutions (AIATSIS, 2007[40]). It is essential there is support for these wider functions. Support for PBCs in terms of capacity building and these wider functions have largely been insufficient and ad-hoc. For example, to finance themselves, PBCs can draw on Basic Support Funding provided through NTRB to meet basic compliance obligations. The Australian Government has recognised that PBCs may require additional support in terms of community and economic development. Since 2015, newly set-up PBC capacity funding, allows these organisations to increase capacity for engaging with project proponents, improving long-term organisational capacity and support for native title agreement making (Australian Government, 2019[42]). This funding stream however only makes up $6.2 million (2019-2020), which is marginal in comparison to the funds provided to for NTRB, $90.2 (2019-2020) million, to assist native help native title claimants and holders.

PBCs require particular forms of capacity support which enable them to function as effective institutions that can represent native title interests, and support wider economic and community development outcomes. These types of support include:

- Preparing traditional owner groups for the multiple roles they will hold as a PBC, particularly in the start-up phase. This includes developing an understanding for what it means to be a landowner as

well as supporting them in building capacities around working with social issues and aspects of business development in addition to land management. Support would combine training, and supporting peer learning between soon-to-be native titleholders and those that have already experienced taking on this responsibility and managed it successfully. It could address aspects like setting up and managing trust funds as well as project identification and delivery. These efforts could build upon existing institutions such as the National Native Title Council and the Australian Indigenous Governance Institute, and may require new Indigenous-led funding mechanisms (Box 4.2).

- Apart from financing Native Title processes, government could also assist PBCs comprehensively in setting up local economic development strategies and/or plans for social development needed in the community. This would require financial support to assess community profiles and collect data on possible opportunities for income generation and potential partnerships that goes further than single, project specific payments currently available.

- Agreements reached with the private sector, and state and territory governments should also acknowledge the PBC resource need. A good example for this can be noted from a range of settlement processes in Western Australia. For instance, in Western Australia where the Land Use Agreement between the Yawuru PBC and the State Government includes monetary benefits from capacity building, preservation of culture and heritage, economic development, housing and joint management (Government of Western Australia, 2019[43]).

Box 4.2. Alternative funding mechanisms – Establishing a national fund between corporations, government and industry

"My view is that waiting for governments to provide an adequate level of funding to PBCs will be like waiting for snow to fall in Fitzroy Crossing.

I therefore propose a partnership model between native title holding corporations, industry and government to establish a national fund which could be called something like a Native Title Corporations Foundation which native title holding groups could draw on to help fund their governance and operational responsibilities in their start-up development phase.

The Foundation would be an independent non-government organization and voluntary in terms of participation. Like many emerging Indigenous corporate bodies which deal in the marketplace it should be incorporated as an unlisted public company limited by guarantee. We must start to assert our independence and be self-determining in a real way.

Such a Foundation should have a Board representative of PBCs from around Australia and include independent Directors to provide independent expert advice.

Besides providing financial support to PBCs, the Foundation would arrange for professional firms and individuals to provide commercial, governance, legal and other advice and facilitate strategic support for training, corporate and organizational development and project management with assistance from bodies such as Indigenous Community Volunteers Australia, and Aurora to mention two that come to mind.

Legislative rather than funding support would be required from the Australian Government to establish this Fund. The red tape around registration with the Australian Charities and Not for Profit Commission, or the ACNC, as a charity or public benevolent institution, and then the subsequent endorsement by the Australian Taxation Office for tax exemption and deductible gift recipient status, is complex, confusing, and overly bureaucratic."

Source: June Oscar AO, Chair of Bunuba Dawangarri Aboriginal Corporation RNTBC, extract of speech presented to National Native Title Conference, Alice Springs, June 2013, in Deloitte (2014[41]), *Review of the Roles and Functions of Native Title Organisations*, https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-review-roles-functions-native-title-organisations-010314.pdf (accessed on 13 September 2019).

Local Indigenous institutions - capacity gaps

The landscape of local Indigenous organisations is diverse and changing. It is evident these local institutions have delivered important innovations in terms of Indigenous service delivery, housing, community development, and land management. However, they are also institutions that face capability gaps, which affect their capacity to promote economic and community development and achieve self-determination. Based on engagement through the OECD Study Mission and a review of the literature (Tsey et al., 2012[7]; Wunan Foundation, 2015[1]), the following capacity gaps at the local and regional level amongst Indigenous institutions in Australia are as follows:

- *Leadership skills*, particularly at the Board level, in young people for succession ("new faces"), and in light of the high demand for Board activity from a limited group of people in relatively small communities. Culturally relevant leadership programs are desired, but communities reported governments do not focus on, or consistently support them, the way they do the development of small business skills.

- *Community and strategic planning* (to identify needs and aspirations and strategic planning to identify markets, models and finance options). Local land councils reported a lack capability to run community planning and so the new backbone organisations have been developed. Some communities reported they would like a community advisor to assist with these processes and some were bringing in non-Indigenous people (either short or long term) to add this capacity (see Box 4.3). Resourcing these roles was reported as an issue.

- *Organizational technical capabilities* such as legal advice, accountancy and financial management, business systems, and human resources management and staff training. Organisations have reported having trouble with workforce development including succession planning, upskilling and mentoring, and generally looking after and developing staff. Some reported having difficulty finding enough staff and can have trouble competing with governments and the private sector for skilled workforce. Some Indigenous organisations reported they felt governments wanted to support the development of Indigenous corporations, but did not have any organised program or project to do so.

- *Business skills*, were reported as a key challenge for Aboriginal business owners in remote areas (OECD Fact Finding Mission, July 2018). This is one area where support services are available, but they remain uncoordinated, are focused on small business and do not always reach Indigenous people in remote areas. They also do not have mechanisms for peer-to-peer coaching/mentoring, which was reported as something communities would like more of. There is no formal delineation of roles and responsibilities in the provision of support for Indigenous businesses between state and federal governments and there is overlap. Three Commonwealth funded Indigenous Business Hubs, to be rolled out from 2018, are hoped to alleviate this. In addition to hubs, Indigenous communities would like a better pipeline for the development of financial literacy and entrepreneurship skills throughout secondary and adult education (the latter of which is absent in remote communities).

- *Undertaking* commercial negotiations*, contracts and joint agreements to develop partnerships/joint ventures* was often raised as a capacity gap. Some communities would like to go into arrangements with corporations, government, legal firms providing pro bono advice, etc. (in tourism, land management, mining, fisheries, etc.) but do not know how, or, what models work. Indigenous organisations can lack the acumen to undertake negotiations to undertake partnerships to get the best outcomes for their communities, or to include cultural obligations and imperatives (Campbell and Hunt, 2013[44]). As partnerships are different in every context, and for every project, skills and brokers are needed to develop models. Communities would like more of these models, including commercially viable social enterprise models, showcased so they can see what successful economic development looks like.

> ### Box 4.3. Jarwun Secondees
>
> The Indigenous community in Cape York initiated the not-for-profit organisation Jawun. It mobilises the skilled resources of corporate, government and philanthropic organisations in Australia, to increase the capacity of Indigenous leaders, organisations and communities to achieve their own development goals. This year Jawun will place around 400 senior secondees from Australia's leading companies and government agencies into Indigenous organisations in nine regions across Australia. These secondees will work in six-week placements and use their skills and expertise to support the Indigenous organisations in achieving their aims. Their combined efforts equate to an annual in-kind contribution of approximately AUD 14 million.
>
> Source: Jawun (n.d.[45]), *Welcome to Jawun*, https://jawun.org.au/.

Investing in an eco-system for strengthening local leadership and community planning

Addressing capacity gaps will require a reparative investment to create a stable enabling environment for organisations to operate in (Moran, 2009[21]). The skills above can be developed through a range of programs but governments will need to consider what an ecosystem of support will look like. This will provide a logic for investment decisions and the creation of incentives (for example, tax incentives) and other policy reforms that will support development (for example, procurement). A framework should consider the investment needed for programs and advisories to support individual businesses. However, it should also consider the co-development institutions required for community economic development. Importantly, this should also enable local Indigenous institutions to build economies of scale to address social and economic development issues. These co-development institutions include:

1. Regional advisory services.
2. Indigenous research institutions.
3. Brokers that bring extra capacity to community governance.

Regional advisory services

Regional advisory services can help local and regional Indigenous organisations build governance capacity, and economic development expertise. They can also provide direct support to Indigenous-owned businesses. The fragmentation of this support was identified as a key issue on the OECD Study Mission. The Australian Government has also recognised this as a challenge by committing to establish Indigenous business hubs that can offer a 'one stop shop' for services and support. A pilot business incubator model will also be tested through the CDP in remote areas (Department of the Prime Minister and Cabinet, 2019[46]). This will support CDP participants to develop business ideas, and link them with resources such as Many Rivers Microfinance.

For individual community organisations, one way of building governance capacity involves auditing the skills, financing, technical assistance and relationships of the decision-making group and/or organization, and offering education, training, mentoring or organizational restructure to fill gaps. These types of audits and self-assessment are widely used for mainstream decision-making boards to ensure they follow good governance principles and there are many tools available. Entities in urban areas can tap into the plethora of consultants, leadership programs, or university researchers to spend time with them to go through the process in one project. This approach is also possible in rural areas, for example, the Apunipima Cape York Health Council invited university researchers to work with them to improve employee capacity within their organisation. They focused on building both hard capacity, such as in the technical aspects of planning, and soft capacity, including empowerment. Participants identified planning priorities, developing

their skills, and then refined the strategies. The project was able to demonstrate changes in organisational capacity and confidence over time (Tsey et al., 2012[7]).

There are a range of issues for rural Indigenous organisations in the above strategy. Some rural communities may not be aware of what is available to them or have the networks to access the right help. Some may not have the funds to contract services. Some might find the training or leadership programs they identify as needed on an ongoing basis are not accessible in their areas. Some organisations offering consultations may not be culturally competent and therefore inappropriate. Small-scale Indigenous organisations may not have enough people to train in all aspects and may prefer to bring additional capacity in, for example to do planning or strategy writing, rather than relying on training. Most importantly, this type of capacity building may not bring in the right types of activities and expertise at the right times.

Regional business advisory services (or development agencies) and incubators can help by providing links to a broader range of resources in a network that can be accessed as needed. They can offer Indigenous businesses and organisations a seamless experience over a longer development process by connecting them to opportunities to find:

- Foundation skills through training, mentor programs, and public workforce and economic development programs (including Indigenous developed ones such as Jawun in Australia that offers short term corporate or government secondees).
- High quality technical assistance such as data analysis, legal advice, accountancy or other management services.
- Planning or policy advice, including models.
- Financial advice, access to finance and information about investment opportunities;
- Assistance with regulatory issues.
- Links to collaboration partners.
- Other support as required.

Community-based advisory hubs, have been called for by regional Indigenous governance including for the Arctic (OECD, 2018[47]) and Australia (CYPCYLC, 2018[26]). They could be cost effective if they utilised the abundance of infrastructure that already exists, and governments could assist by creating frameworks for areas (Jacobs, 2017[48]). In addition, they could provide capability improvements for government officers working to support economic development, who may have never led an organisation or run a business themselves.

Indigenous research institutions

Local and regional development strategies also require the mobilisation of knowledge and expertise. This issue is recognised in the literature about regional innovation strategies where open and networked governance arrangements need to include experts, academics and higher education institutions (OECD, 2011[49]). Beyond their traditional role of research and teaching, higher education institutions can contribute to economic development by consulting for local industry, advising decision-makers, supporting start-ups, and informing public debates (Trippl, Sinozic and Lawton Smith, 2015[50]). Research institutions that offer research and development, advice and advocacy to Indigenous governance institutions can improve local Indigenous economic development. Access to this type of evidence allows communities to develop the type of governance they need to mobilise resources, increase productivity and reduce dependency on income transfer payments. Indigenous communities therefore need links to research that can help them create new models and utilise best practice.

Representatives of Indigenous governance institutions in Australia identified the importance of sharing best practice to learn from, access to expertise, and the capacity to better inform local planning and prioritisation (OECD Fact Finding Mission, July 2018). This included access to local area data. Local data is important

because it comprises knowledge and information on the people living in the community, including lands, resources, and programs. It also sheds light on demographic development, membership, socio-economic conditions such as educational attainment rate and employment, maps of sacred lands and territories and way of life (Kukutai and Taylor, 2016[51]). In an effort to rebuild indigenous governance structures and empower communities in their local planning, Indigenous communities need to have access to information and data about themselves and their communities. Yet, despite increased digitalisation, accessing, gathering, owning and applying local data is a challenge for many indigenous communities (Kukutai and Taylor, 2016[51]). Without data, decision making for Indigenous communities and organizations is limited. Indigenous community level data availability is challenging and if it exists, it is often fragmented or siloed so that it is not useful to inform decision-making (OECD Fact Finding Mission, July 2018). To be able to do this on large scale and with a certain degree of sophistication, this also requires governments to increase funding for data collection and expertise for analysis.

There are a number of specialist centres in universities around the globe that provide research and development to Indigenous governance and economic development (Box 4.4). They examine best practice in governance, the community development processes and tools outlined earlier, produce data and analysis, and models for economic development. They also review and collate learning from global experience, giving communities access to the combined body of knowledge on governance from Indigenous groups globally. Governments fund these institutions and could expand their funding to include the support for capacity building being requested by regional Indigenous groups in their jurisdictions.

Box 4.4. Examples of countries R&D institutes for Indigenous economic development

Te Mata Hautū Taketake (Māori and Indigenous Governance Centre), New Zealand

The Te Mata Hautū Taketake (Māori and Indigenous Governance Centre) Aotearoa/New Zealand aims to improve Māori governance generally, whether it concerns Māori trusts and incorporations, asset holding companies, iwi organisations, post-settlement governance entities, *marae* and *hapu* committees; and Indigenous peoples' organisations globally. It recognises the Māori economy (approximately AUD 36 billion) demands efficient and culturally appropriate governance by Māori organisations, and engages in collaborative research nationally and internationally, in consultation and partnership with Māori and Indigenous organisations.

Centre for Aboriginal Economic Policy Research, Australia

The Centre for Aboriginal Economic Policy Research is Australia's foremost social science research body and think-tank focused on Indigenous economic and social policy issues. The Centre is building long-term partnerships with Indigenous stakeholders with a view to supporting and working with key individuals and organisations in the areas of research, education and policy development. It also undertakes commissioned consultancies for agencies such as land councils and native title representative bodies, Commonwealth and State government departments and agencies.

Harvard Project, the United States

The Harvard Project of the John F. Kennedy School of Government, Harvard University, USA, aims to understand and foster the conditions under which sustained, self-determined social and economic development is achieved among American Indian nations. Its core activities include research, education and the administration of a tribal governance awards program. In all of its activities, the Harvard Project collaborates with the Native Nations Institute for Leadership, Management and Policy at the University of Arizona. The Harvard Project is also formally affiliated with the Harvard University Native American Program, an interfaculty initiative at Harvard University. At the heart of the Harvard Project is the

systematic, comparative study of social and economic development on American Indian reservations: *What works, where and why*?

Source: University of Waikato (n.d.[52]), *Centre for Māori and Indigenous Governance*, https://www.waikato.ac.nz/law/research/centre-for-Māori-and-Indigenous-governance/; Australian National University (n.d.[53]), *Welcome to Centre for Aboriginal Economic Policy Research*, http://caepr.cass.anu.edu.au/; Harvard Project on American Indian Economic Development (n.d.[54]), *About Us*, https://hpaied.org/about.

Community brokers that add governance capacity

An additional strategy for building governance capacity is through community brokers within Indigenous communities. Community brokers (sometimes called community advisors, community facilitators, or CEO's of community corporations) are being used in some Indigenous communities to increase the capacity of governance organisations to undertake economic development. There are other models that address disadvantage, and others focused on creating enterprises. In some, the brokers are Indigenous, and in others, they are non-Indigenous overseen by Indigenous governance. In both, brokers strengthen governance organisations by bringing in extra capacity.

Brokers can build partnerships with those with the levers to make action happen. When partners first come together they do not necessarily see themselves as interdependent (Keast et al., 2004[55]) and to achieve this requires building both trust in, and understanding of, other organisations (Mandell, 2001[56]; Lewis, 2005[57]). The success of partnerships is therefore dependant on the relationship building brokers can foster that allows people to learn about each other, reshape any stereotypical views they hold, and understand the constraints other organisations face (Mandell, 2002[58]). In addition, brokers deal with hindrances such as: 'blockers' (organisations or individuals that slow down activity or act against its interests); staff turnover in government; and organisational silos in governments. Supporting this approach requires enabling policies from governments including direct funding for community brokers, re-orientating local staff to fulfil brokering and facilitating functions, and creating flexibility in service delivery models and contracts.

Box 4.5. Characteristics of 'good brokers'

Evaluations show 'good brokers', are critical to the success of dealing with issues that require partners to succeed. This is because the brokers:

- Keep a bird's-eye-view over work and make sure everything gets completed.
- Provide capacity that is otherwise lacking.
- Foster co-operation and ensure the right decision-makers are involved and have a commitment to contribute.
- Assist in navigating government bureaucracy.
- Identify opportunities and resources.

Successful brokers are highly personable and enthusiastic, are focused on the 'big picture', and have:

- Communication, networking, facilitation and negotiation skills.
- Project management and organising skills.
- Local knowledge and some standing in the community at a leadership level.
- Knowledge of the workings of governments.
- Entry into a range of settings, being seen as somewhat independent by all partners (trust).

Source: Sullivan, H. and C. Skelcher (2003[59]), "Working across boundaries: Collaboration in public services", http://dx.doi.org/10.1046/j.1365-2524.2003.04183.x; Pope, J. and J. Lewis (2008[60]), "Improving partnership governance: Using a network approach to evaluate partnerships in Victoria", http://dx.doi.org/10.1111/j.1467-8500.2008.00601.x.

Box 4.6. The Kimberly Institute Broome Model, Australia

The Kimberly Institute (2015) Broome Model is an Aboriginal community controlled, Collective Impact partnership approach, with Social Investment mechanisms, that creates long term plans to address Indigenous socio-economic disadvantage (Kimberley Institute, 2017[61]). Collective Impact has emerged from earlier models of networked partnerships addressing entrenched disadvantage in place-based communities, and has been rapidly adopted in the United States, Canada and Australia (AIFS, 2017[62]). It has a framework of tools to guide the distilling of existing knowledge, the examination of strengths and the design of collaborative activity. The inclusion of a shared measurement system and the focus on dedicated resources via a backbone organisation (AIFS, 2017[62]).

The Model involves a community broker facilitating a process that starts with a community survey to determine issues and needs. The broker then builds an alliance of Aboriginal community-controlled Non-Government Organisation's to create packages of programs to address the community priorities uncovered (jobs, housing, etc). Organisational capacity building is then arranged so organisations can participate and a set of metrics is created for funders. Instead of seeking government funding directly, the service-providers obtain medium to long term funding in the form of an "investment" from a corporate or social investor. The Government underwrites this "investment", agreeing to repay the investor the investment sum along with a "return", after a certain number of years and achievement of agreed outcomes. The model allows investors to make a long-term investment in potential outcomes described and monitored using good empirical data on an ongoing basis.

In the Broome model, two community brokers gave the traditional owners and Aboriginal community controlled corporate entity considerable additional capacity by:

- Partnering with a university to help design and run the community survey. This analysis underpinned their strategy and was used to attract funders and provide a baseline for evaluation.

- Building relationships across Indigenous organisations in Broome and engaging consultants to help build their capacity to design intervention packages and a social investment model that was backed by their data.

- Negotiating agreements with corporate partners for investment, and convincing government to repay the investment with interest if it produced better outcomes than its current funding model.

- Running the projects effectively, building adult training into activities (community capacity building).

- Collecting evaluation data that demonstrated the social return on investment.

The two pilot projects undertaken using the model have been successful. But the Indigenous brokers report three challenges that have been "larger or more resistant than expected":

- Despite interest and commitment, the capacity of community organisations to make a major change in their business model, and their internal capacity to maximise their participation in the process, is a limiting factor. The brokers need more time to assist with planning and capacity across several organisations.

- Despite getting Yawuru Native Title Holders full involvement and recognition of the potential benefits for all concerned, ongoing engagement and leadership was more difficult than expected, as other imperatives arose over time. This is a reflection of the number of things on governance institutions plate.

- The lack of interest from Government and some of its agencies despite the demonstrated benefits for the delivery of their service obligations in the community. Brokers were developing

a concerted strategy of engagement with Governments and their agencies but have had to take other jobs.

This model is being examined by other corporates wanting to operate in Indigenous areas but has stalled in Broome because of a lack of funding for brokers to undertake the capacity building in all parties.

Source: OECD (2019[6]), *Linking Indigenous Communities with Regional Development*, https://dx.doi.org/10.1787/3203c082-en.

### *Local benefit-sharing agreements*

Another mechanism available for local Indigenous institutions to mobilise economic development opportunities are benefit-sharing agreements. With the right governance arrangements and tools, land can be a powerful lever for local Indigenous economic development (OECD, 2019[6]). This includes the capacity to develop agreements with project proponents wishing to undertake commercial development on Indigenous lands. The *Native Title Act (1993)* establishes a legal procedure to recognise Indigenous land rights (to hunt, gather, fish and hold ceremonies on land) (see Chapters 1 and 2) (Smith, 1998[63]). Under the *Native Title Act*, Indigenous Land Use Agreements (ILUA) provide a mechanism for voluntary agreement making between Indigenous peoples (as traditional owners of land represented by a Prescribed Body Corporate), governments, resource developers and other stakeholders in relation to native title matters and land-use concerns. There is a six-month period for the negotiation of an ILUA. Once registered, ILUAs are binding to all persons holding native title in the agreement area. These agreements can regulate the development of new projects, issues of access to an area, protection of cultural heritage and other matters. Through them, Indigenous groups can negotiate benefits, such as shared revenues, protection of sacred sites, preferential employment opportunities and support to Indigenous business development. ILUA related to mining and extractive industries and infrastructure development fluctuate over time (Figure 4.1). They are mostly concentrated in areas with high levels of mining and extractive activity (Queensland, Western Australia and the Northern Territory).

Benefit-sharing agreements typically cover labour, economic development, community well-being, environmental, financial and commercial issues (Sosa and Keenan, 2001[64]). These agreements provide an opportunity for local Indigenous communities to develop their assets and improve the long-term well-being of its members through a combination of monetary and non-monetary benefits. Monetary benefits can include single up-front payments, fixed annual payments, and equity participation. Equity participation enables Indigenous groups to have a direct say in projects and receive a portion of the profits (NAEDB, 2012[65]). This increases incentives for the community to maximise benefits and generates own-source revenues that increase self-reliance. The challenge is raising sufficient capital to participate as an equity partner. This can be achieved through monetary payments associated with ILUA, and potentially through the investment function of IBA. However, IBA largely makes investments in commercial property and tourism (IBA, 2019[66]). Regardless of the model, financial capital and royalty payments are usually placed in a trust, which is considered a good practice because it generates autonomous financial resources to support sustainable regional economic development for the future, beyond the duration of the project (Loutit, Madelbaum and Szoke-Burke, 2016[67]). It is important that the trusts be structured in a way that enables both wealth creation and charitable activities. This can be achieved by allocating a proportion of financial capital and royalty payments to a discretionary trust (which enables flexibility), and another to a charitable trust (less flexibility but with tax advantages) (OECD Fact Finding Mission, July 2018). This arrangement enables the disbursement of income for a range of activities such as investing in local businesses, running community programs, and provide payments to community members. Non-monetary compensation can range from employment opportunities, training and business development to infrastructure construction and provision of services. In terms of local labour supply, this can include

preferential hiring and targets, mentoring and training, and cultural programs for Indigenous workers. Targets and other support mechanisms can also be established to enable preferential procurement for local Indigenous owned firms. A range of social and environmental issues can also be covered in these agreements. This might include the protection of hunting grounds and sacred sites, environmental provisions, and social issues such as support for community projects, and recreational programs (OECD, 2019[6]).

Figure 4.1. Number of ILUAs signed per year, per state
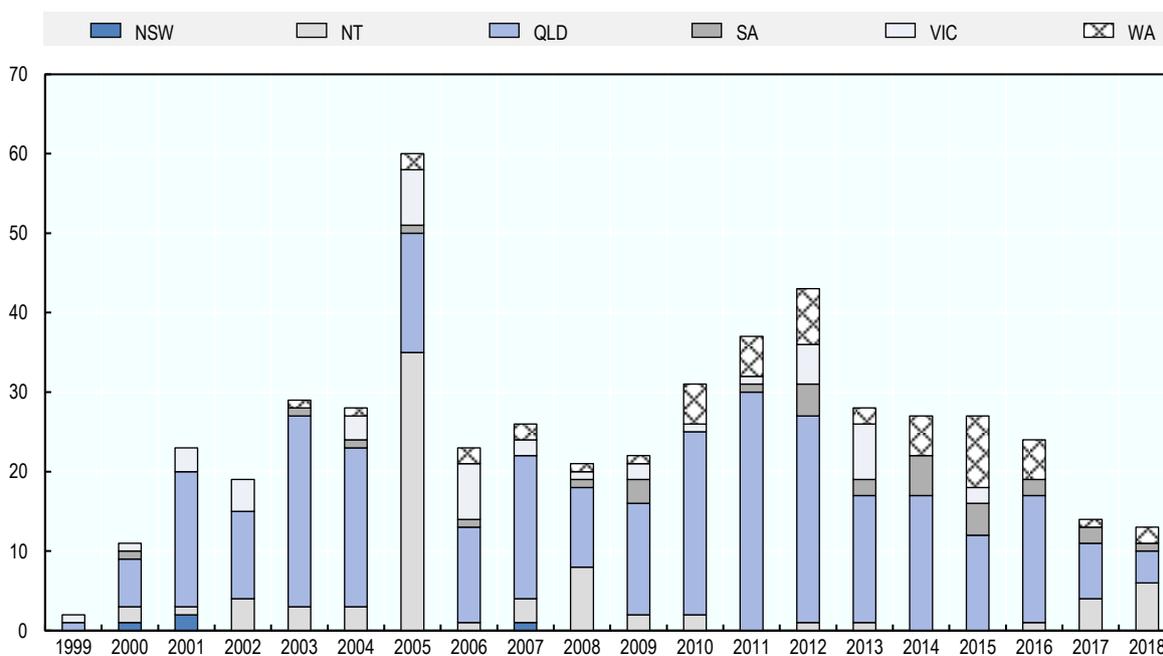
Note: The year in which the agreement was lodged for registration with the Native Title Tribunal is taken as a proxy for signature date. Given that the procedure of registration is mandatory, once the agreement is signed it is sent to registration with minimum delay. Excludes agreements on access, information sharing, consultation protocol with the government, extinguishment of native title and community matters.
Source: Own elaboration using data from the Native Title Tribunal Register.

Assessing outcomes from ILUAs is difficult because measures of progress differ between communities and some data is commercial in confidence; it is also difficult to isolate impacts, which may also be long-term. Socio-economic outcomes for Indigenous peoples in rural areas with resource extraction, indicate that at a general level, benefits are not flowing through to local communities (Campbell and Hunt, 2013[44]). Although the share of employment of Indigenous peoples in mining is higher than non-Indigenous (5% compared to 3%), the overall proportion is small. These outcomes also reflect the legacy costs of colonisation, poor access to markets, and low institutional capacity (OECD, 2019[6]). Monetary benefits may flow to activities that do not build the social, human and economic capital of communities, and predominantly focus on the distribution of income to individuals and families. However, ILUAs can act as a catalyst for community economic development by providing a mechanism to invest in assets that activates a longer-term development process. A number of elements need to be in place to achieve this. First, trust models that invest compensation in long-term strategies to build financial and human capital through business development and social programs (OECD Mission to Australia, July 2018). Non-monetary benefits such as procurement targets and employment and training initiatives complement this by stimulating demand and activating economic development opportunities. These are necessary but not sufficient conditions to link Indigenous communities with regional development. Governments also need to complement these strategies with investment in supply-side factors, particularly infrastructure and skills

(Crooke, Harvey and Langton, 2006[68]). Local communities also need the time and capacity to articulate a strategy for development that matches local preferences and aspirations. This may also open up alternative priorities for development such as outstation development, cultural activities, and shorter-term projects (Holcombe, 2009[69]) (Campbell and Hunt, 2013[44]).

Box 4.7. Generating long-term benefits from benefit-sharing agreements

For local Indigenous communities the key is linking benefit-sharing mechanisms to a strategy that supports community and economic development, and self-determination. The following complementary elements are required to achieve this:

- Local strategy for development based on investing in community assets (financial, social, cultural, and physical capital) with agreed outcomes, measures of progress, and mechanisms to evaluate and report back to the community.
- Creating a framework for monetary benefits that increases incentives for commercial partnerships and own-source revenues (equity participation, employment, procurement).
- Establishing a trust structure (discretionary and charitable) that enables the allocation of income based on a local strategy and supports a mix of Indigenous-owned businesses and social enterprises, and social and cultural activities.
- Companies putting specific mechanisms in place to increase demand (preferential procurement and employment) and building supply-side capacity (e.g. business mentoring and employment and training).
- Government focusing on addressing local and regional supply-side factors (regulatory bottlenecks, skills, infrastructure), linking to wider regional development efforts, and building resilience for transition to cope with market changes and resource depletion.

The negotiation and implementation process is critical to the efficacy of these agreements. The main challenges relate to the significant power asymmetries between local Indigenous institutions and multi-national corporations (Crooke, Harvey and Langton, 2006[68]; Campbell and Hunt, 2013[44]). Lack of capacity and fragmented relationships within communities were identified as challenges by industry in terms of striking effective and timely agreements (OECD Mission to Australia, July 2018). The role of PBCs is to hold and represent native title rights and interests, and not to negotiate commercial agreements and promote local economic development. Some support is provided by Native Title Representative Bodies (NTRBs) and Native Title Service Providers (NTSPs) including agreement making (Austrade, 2019[70]). However, complexities and risks can emerge, as PBCs are required to adhere to different regulatory requirements, oversee trust funds, and identify and fund projects (OECD Mission to Australia, July 2018). Different actors indicated that support for PBCs and trust operation (training, capacity building, templates and tools, and technical support) was inadequate (OECD Mission to Australia, July 2018). Industry and government also need to provide investment in leadership and governance training, business and commercial skills, and the opportunity to buy-in technical expertise for local Indigenous institutions (Crooke, Harvey and Langton, 2006[68]; Campbell and Hunt, 2013[44]). Other support might include access to local data and analytical capabilities, skilled facilitators to help broker agreements, and cultural sensitivity training (Australian Human Rights Commission, 2006[71]; Campbell and Hunt, 2013[44]). Much of this depends upon the efforts of the project proponent and Box 4.8 provides a list of leading practices on agreement making for companies.

> **Box 4.8. Leading practices on the governance of benefit-sharing agreement-making for companies**
>
> 1. Conduct extensive research and consult widely to identify all communities, and the individuals who will represent them, in the negotiation process.
>
> 2. Develop a pre-negotiation agreement, such as a memorandum of understanding, that establishes among other things the negotiation framework and funding for each stage. Commence culturally sensitive orientation programs and/or negotiations training to ensure meaningful negotiations and approval of the final agreement.
>
> 3. Ensure community participation in the agreement-making process, including informed decision-making during negotiations and involvement in completing impact assessments.
>
> 4. Benefit sharing means more than financial compensation for use of the land or displacement; it includes non-monetary benefits, such as employment opportunities, training of locals, business development support, infrastructure and provision of services.
>
> 5. There must be strong, accountable governance arrangements in the agreement to facilitate effective implementation. A system of ongoing monitoring and review with mechanisms would allow for adjustment of the terms of the agreement when necessary.
>
> 6. The agreement must plan for project closure and legacy issues. Agreements should include action plans for dealing with expected and unexpected closure at the outset and create a closure taskforce at the time of execution of the agreement.
>
> 7. As far as possible, agreements should not be confidential, consistent with the objectives of transparency, accountability and good governance. Confidentiality provisions can weaken the capacity and power of local communities by prohibiting them from communicating with the media and other stakeholders for advice, support and information.
>
> Source: Loutit, J., J. Madelbaum and S. Szoke-Burke (2016[67]), "Community development agreements between natural resource firms and stakeholders - Brief on good practices", https://www.business-humanrights.org/en/community-development-agreements-between-natural-resource-firms-stakeholders-brief-on-good-practices (accessed on 5 September 2019).

Regional collaboration and partnerships

This section of the chapter focuses on how local Indigenous institutions can build scale to access ideas and resources, and mobilise actors to promote community and economic development. As identified in the previous section the core unit of decision-making is often family and clan groups at a local level. Multiple family and clan groups may exist within a single functional economic area (metropolitan region or local labour market). Although this scale may be representative of family and clan interests, bottlenecks may emerge in terms of mobilising local and regional economic development opportunities. Local Indigenous organisations need to build scale to access public resources, attract investment, and resolve complex problems. Additional challenges can be present if Indigenous communities are small and in remote locations, and their institutions are young with low levels of own-source funding and support. Governments can provide enabling environment for regional collaboration and partnerships in four ways (OECD, 2019[6]). The first is through the brokering and facilitating role of local staff working in Indigenous affairs and economic development. The second is linking Indigenous community representatives to decision-making about regional economic development. The third is through the planning and investment decision-making roles of local governments. The fourth is through facilitating regional alliances and agreements.

Brokering and facilitating role of regional network staff

The primary interface for the Australian Government with local Indigenous communities is the regional network of the National Indigenous Australians Agency (NIAA). The NIAA was created in May 2019 to lead and coordinate Indigenous policies and implementation of Australia's closing the gap strategy. Between 2013 and 2019, Indigenous Affairs was located as a division within the Department of the Prime Minister and Cabinet (PM&C). Previous to this, Indigenous Affairs had been primarily located in the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) with functions distributed across seven other Departments and agencies (Australian National Audit Office, 2018[72]). The regional staff, which came with this shift, were mostly involved in the administration and delivery of Indigenous specific programs. The consolidation of these functions into PM&C was designed to give coherence across government to Indigenous issues. In 2014-15 the regional network was re-structured to shift from a state-based model to a regional model with boundaries that better matched patterns of culture, language, mobility and economy (Australian National Audit Office, 2018[72]). The restructure was also designed to move the regional network beyond its core business of contract management and program delivery into functions such as stakeholder collaboration, strategic advice, and building capabilities (OECD Fact Finding Mission, July 2018). The included gathering and transmitting local knowledge to better inform policy and program settings (Australian National Audit Office, 2018[72]).

The Regional network model is based on having a regional manager who is responsible for local outcomes. This is a significant shift from delivering outcomes through centrally designed sectoral programs and initiatives. The following tools and mechanisms have been implemented to support this shift: establishing a discretionary fund for regional managers to fund local projects, regional plans/ blueprints to set local priorities, and redesigning position descriptions so they are fit for purpose (Australian National Audit Office, 2018[72]). Engagement on the fact-finding mission demonstrated that regional network staff had a good understanding about the priority and rationale for implementing a place-based approach to Indigenous community and economic development (OECD Fact Finding Mission, July 2018). This was framed as shifting from a reactive/ transactional model toward proactively brokering solutions with Indigenous communities. Within this model, local engagement officers work with local communities to identify opportunities and bottlenecks, and coordinate within government to identify Commonwealth program solutions, and resources across State and local governments, and the private and philanthropic sectors, to address them. For example, for Indigenous owned businesses, a local business adviser in the Kimberley can tap into various entities such as Many Rivers (micro-credit), Wunan Foundation (employment and training), Indigenous Business Australia (loans and grants), AusIndustry (advice and business programs), and the Land Council (land tenure issues) (OECD Fact Finding Mission, July 2018). Staff recognised that implementing place-based agenda was a challenge because it required a recalibration of a business model that over 50 years was embedded in a social policy framework focussed on contract and program management (OECD Fact Finding Mission, July 2018). Staff also had to deal with complexities within communities including significant variations in the quality of local institutions, and fragmented interests and decision-making. Adjustments to support and engagement had to be undertaken based on local capacities and objectives for development (OECD Fact Finding Mission, July 2018).

A report by the Australian National Audit Office in 2018 found that the full potential of this place-based approach is currently not being maximised (Australian National Audit Office, 2018[72]). The Report found that arrangements to coordinate with key stakeholders are ineffective and local officers and regional managers have limited discretion in making decisions about resource allocation. In addition, mechanisms to shape central policy are limited. It recommended developing an internal and external communication and engagement framework for the Regional Network, and embedding processes to leverage local knowledge and lessons into program design. The report recommendations do not directly address the tools and capabilities, which are required within the regional network to implement a place-based approach. This question of how to implement a place-based approach to Indigenous policy was also extensively addressed in the 2015 design report of the Empowered Communities initiative (Wunan Foundation,

2015[1]). However, it only partially addressed how the regional level needed to reform operations to facilitate it. This included recommendations for pooled regional budgets and developing accords for governments and local Indigenous organisations to implement agreed place-based outcomes (Wunan Foundation, 2015[1]). Given the diversity of conditions across Australia's First Nations, and in the absence of a formal or guaranteed process for agreement making with Indigenous peoples, a bespoke approach is needed. To make this transition to a place-based approach the NIAA needs to create a tool-kit that can be applied in a flexible way across different parts of the regional network. This tool-kit has five interconnected elements, which is further developed in different parts of this chapter (Table 4.4).

Table 4.4. NIAA Regional Network: tool-kit to implement a place-based approach

Tool	Problem it addresses	What it looks like
Public sector skills and capabilities	Traditional skills sets (e.g. contract management, knowledge of government processes, written communication skills) are not sufficient to implement this place-based approach.	Re-scoping roles, training and mentoring to develop more entrepreneurial skills and capabilities in community development, stakeholder engagement, data analytics, networking, negotiation, and business support.
Local area planning	Agreed frameworks for local communities to articulate priorities and monitor progress are lacking. Regional staff had been engaged in developing regional plans and blueprints but these lack legitimacy and buy-in from Indigenous stakeholders.	Design a community-planning framework for Indigenous communities with complementary tools and support material.
Local area data	Accessible local area data and skills to collect and analyse it are lacking at a regional level. Data is often owned by agencies and Indigenous peoples do not control it.	Develop an improved interface for community level data, design data sharing and ownership protocols, and provide resources for Indigenous organisations to procure and develop expertise.
Pooled local area funding	Fragmented programs and services at the local level which do not match community priorities. High transaction and administrative burdens.	Develop a joint budget mechanism at the local level that is linked to a set of locally agreed outcomes.
Empowering regional manager	Lack of autonomy at the regional/ local level to adjust funding.	Delegating funding authority to regional managers and empowering them to deliver on local area outcomes.

Role of local government

In Australia, local governments tend to have some kind of formal role in economic development (Beer, Maude and Pritchard, 2003[73]). This role varies greatly depending on the relevant State and Territory legislative and policy frameworks, population size and density, and revenue capacities. Beyond the provision of local community infrastructure and services, their role in economic development may include the provision of information and data, place promotion strategies, and inducements to attract firms. Local governments play an important role in local planning, and are usually required to enact a community plan and a local land use plan. Within the framework of these local plans, they may also play a coordinating or convening roles (e.g. coordinating infrastructure investment), and facilitating development approvals. Local governments are also creatures of State and Territory legislation, and have few powers and independent sources of revenues compared to higher levels of government (Megarrity, 2011[74]). A key trend over the past three decades has been the amalgamations of local governments to realise efficiencies in the provision of local infrastructure and services (Beer, Maude and Pritchard, 2003[73]; Megarrity, 2011[74]). This can raise greater community controversy and impacts in rural areas because they are sparsely populated and local municipalities play a relatively more important role in the local economy and provision of services. Nevertheless, local governments continue to play an important role in creating the basic conditions for local economic development (regulatory services, and local infrastructure), and proactive strategies to attract and develop local firms in rural regions.

There is not a large literature on the relationship between Indigenous peoples and local government in Australia (Sanders, 1996[75]; Sanders, 2006[76]; Limerick, 2009[28]) Sanders (2006) identifies a basic division between local governments in urban areas (where Indigenous peoples are a minority group) and in remote areas where they make up a large proportion of the population and/or are in the majority. This influences the level of democratic representation for Indigenous peoples, and the degree to which local governments focus on their needs and interests. In turn, the capacity for Indigenous groups to influence local decisions and have autonomy in rural and remote areas depends on whether it the community is part of a mixed township or in a discrete remote community. Land ownership can have an impact on Indigenous – local government relations when Indigenous peoples are a minority group in a larger incorporated area. Indigenous lands may have historically been outside the jurisdiction of local governments and when they are within jurisdiction, there has historically been difficulties related to valuation and paying of rates (Sanders, 1996[75]). Since the 1980s, there has been progress in Indigenous-Local Government relations for example through the establishment of local Aboriginal Advisory Committees, employing Aboriginal community liaison officers, and through the election of local councillors (Sanders, 1996[75]). Some jurisdictions (Queensland, Northern Territory and South Australia) have distinct Aboriginal local governments. The main challenges identified for this model include the lack of flexibility in the type of governance model that may not match local norms and preferences, lack of autonomy and own-source revenues (Sanders, 1996[75]).

This diversity in experience was also observed on the OECD Fact Finding mission in July 2018. There was a range different approaches observed where Indigenous communities were part of a larger incorporated area in both urban and rural areas. Some local governments had limited engagement with local Indigenous communities, which was restricted to ceremonies and symbolic gestures. Local governments also identified difficulties in terms of engaging with local Indigenous communities, particularly where questions of land rights and traditional owners had not been resolved. In some cases, local governments played a more expansive role. In more remote areas, service delivery for discrete Indigenous communities are governed by contracts that are based on a fee for service arrangement. Local governments are also increasingly using preferential procurement as a lever to support Indigenous economic development. A good example of a holistic approach is the City of Greater Shepparton in Victoria that has used the framework of a Reconciliation Action Plan (RAP) to engage with its local Indigenous community (City of Greater Shepparton, 2019[77]). This includes an Indigenous employment target, investing in street art, truth telling and recording history, and events. The Council has also worked with local Indigenous institutions to support funding applications to other levels of government for projects. The Council has worked with a diversity of local Indigenous groups to map and understand relations, and implemented a flexible engagement strategy (OECD Fact Finding Mission, July 2018). Engagement with Aboriginal local governments reflected the findings identified by (Sanders, 1996[75]). Community Councils in Central Australia expressed preferences to have more autonomy and self-determination in running local services and more support to build local capacity (OECD Fact Finding Mission, July 2018). The different potential roles of local government in Indigenous economic and community development are identified in Box 4.9.

Box 4.9. Potential roles for local government in Indigenous economic and community development

Local governments can use a variety of mechanisms to include Indigenous peoples in decision-making. This includes having a whole-of-Council commitment and priorities to Indigenous inclusion and reconciliation, advisory committees, a dedicated community liaison officer, contracts, and specific targets for Indigenous participation and inclusion. The role of local governments can encompass multiple dimensions:

- *Local planning* – including Indigenous perspectives and interests in local community and land use planning.
- *Service delivery* – ensuring delivery of municipal services for discrete Indigenous communities.
- *Supporting community events* – celebrating Indigenous culture (for example National Aborigines and Islanders Day Observance Committee (NAIDOC) week).
- *Investing in community infrastructure* – ensuring local Indigenous communities have local spaces for community activities.
- *Supporting local Indigenous arts and culture* – commissioning Indigenous artists for public art, sculpture, and events.
- *Preferential procurement* – setting targets and set asides for procurement of goods and services from Indigenous-owned businesses.
- *Preferential hiring* – setting targets for the employment of Indigenous staff.
- *Advocacy* – supporting and communicating local community aspirations and priorities with industry and other levels of government.

Inclusion in mainstream regional development planning

In the 1990s, the Australian Government began to support dedicated regional development organisations as part of a response to uneven spatial impacts of economic liberalisation and restructuring (Beer et al., 2005[78]). These institutions were designed to bring regional stakeholders together to identify competitive strengths, constraints and opportunities, and strategic plans and partnerships to address them (Beer et al., 2005[78]). The current Regional Development Australia (RDA) network is made up of 55 RDA committees. The establishment of these institutions reflected broader shifts in regional development policies of OECD countries which emphasised governments working with regions to unlock growth potential (OECD, 2009[79]). This requires taking an integrated approach to development, and collaboration between levels of government and the private sector. RDAs undertake this role by engaging and bringing together stakeholders to undertake regional strategic planning, identify and facilitate projects, disseminate information about government programs, and inform government of regional priorities. Different studies of these institutions in Australia have identified a number of constraints including: limited and project based funding, absence of community and political support, and lack of clarity about roles and responsibilities, and competition between different levels of government and agencies (Beer, Maude and Pritchard, 2003[73]; Beer et al., 2005[78]; Buultjens, Ambrosoli and Dollery, 2012[80]). However, they are important institutions for identifying and communicating priorities for regional development, and therefore influencing decision-making about investment across different levels of government.

The assessment in Chapter 2 identified that across the case study communities, the Indigenous economy is not strongly visible in regional development planning frameworks of RDA Committees. Engagement on the study mission revealed that RDAs were not critical stakeholders for Indigenous communities and institutions. This may be the result of different portfolio responsibilities with distinct economic development

programs delivered through NIAA and IBA. However, AusIndustry has developed a presence and role in Indigenous economic development, particularly in terms of investment on Indigenous lands (Australian Trade Commission, 2019[38]). The Charter for RDAs does not identify Indigenous economic development as a priority (Regional Development Australia, 2017[81]). A 2016 report by the NSW Ombudsman into Indigenous economic development also identified this gap and argued that RDAs could play a role in supporting place-based economic development planning for Indigenous communities (Ombudsman New South Wales, 2016[82]). The roles of RDA Committees in Indigenous economic development could include engaging with communities on regional development programs and support, communicating Indigenous economic development priorities in the region to different levels of government, and supporting local community economic planning. This depends on ensuring Indigenous communities are visible in regional strategies and examples of this from New Zealand and Sweden are identified in Box 4.10.

Box 4.10. Including Indigenous peoples into mainstream regional development policy

Sweden – Region Västerbotten Regional Development Strategy

Region Västerbotten's regional development strategy (2014-2020) notes strengthening Sami entrepreneurship in tourism is a noted priority. The strategy recognises that reindeer husbandry and Sami culture have potential to enhance regional development, but that these activities are also associated with land use conflict and cultural and historical contradictions. The strategy makes it clear that positive relations between Sami and other stakeholders in all parts of the county are a prerequisite for effective development and outlines the following objectives:

- Develop synergies between reindeer husbandry, Sami culture and other entrepreneurs that use the land.
- Create forms of cooperation and consensus between the reindeer herding industry and other stakeholders.
- Promote research and education on reindeer husbandry as well as its impact on nature and cultural heritage, and with the biosphere parks within Sami areas.
- Promoting knowledge building on sustainable development and gender equality.
- Integrate reindeer husbandry into planning processes which impact the conditions for reindeer husbandry in Västerbotten.
- Strengthen the reindeer herding industry in the face of climate change.
- Develop sustainable forestry methods in collaboration with research and forestry industry.

To help assess progress being made towards these objectives and make improvements the strategy could be improved by including a monitoring and reporting process.

New Zealand – Regional Growth Program

The New Zealand Regional Growth Program stresses the need to work in partnership with iwi and Māori. Further, its actions specify if a particular program contributes to the He kai kei aku ringa - the Crown Māori Economic Growth Partnership. At the same time, the latest evaluation of the Regional Growth Program established that links between the two strategies are still too weak. Thus, the increased enablement of iwi and Māori to participate in regional planning and implementation within the Regional Growth Programme was set as a new target. Further, Māori participation in regional economies progress will be measured. Measurements will be conducted through the Regional Growth Programme Evaluation Framework.

Source: OECD (2019[6]), *Linking Indigenous Communities with Regional Development*, https://dx.doi.org/10.1787/3203c082-en.

Establishing regional alliances to reach effective seize

Localised kinship relations are very important to how Indigenous peoples organise their affairs. Indigenous institutions established under State and Territory land rights legislation and the Commonwealth Native Title Act tend to be localised and reflect the historical connection of kinship groups and clans to specific territories. The exception are the Land Councils in the Northern Territory, which represent and work on behalf of multiple local groups within their jurisdiction on land management issues. Local decision-making has a number of benefits including lower transaction costs and better matching of support to community needs and preferences. However, smaller institutions can result in higher cost structures, less diversity and specialisation, and difficulties in managing externalities. These can translate into governance failures such as mismatches between functional and administrative boundaries, lack of technical expertise and capacities, and asymmetries of information (Charbit and Michalun, 2009[83]). Local institutions can increase scale using a number of different mechanisms, which range from "harder" legal or financial incentives, to "softer" collaborative mechanisms (OECD, 2013[84]). Contracts between municipalities and First Nations to deliver services is a feature of local governance in both Australia and Canada (Nelles and Alcantara, 2011[85]). These are transactional agreements (contracts) based on fee for service covering functions such as garbage collection (Sanders, 2006[76]). Collaborative agreements are different and can provide an opportunity to address unequal relationships. These agreements usually include a set of common principles, such as mutual recognition and respect, and a commitment to communicate and/or meet regularly to discuss issues of common concern (Nelles and Alcantara, 2011[85]).

Regional Indigenous structures had existed under the Australian Torres Strait Islander Commission (ATSIC) that was dissolved in 2004. There were 34 regional councils across Australia that were elected every three years. A 2003 review of ATSIC had recommended strengthening and increasing emphasis on regional planning functions (Pratt and Bennett, 2004[86]). The abolition of these regional bodies created a vacuum in terms of an administrative structure to facilitate regional co-operation amongst different local Indigenous groups (OECD Fact Finding Mission, July 2018) (Wunan Foundation, 2015[1]). To a degree, PM&C regional services can help facilitate these relationships, and in some cases, local governments also take on this facilitating role. The Empowered Communities program provides another mechanism to facilitate regional co-operation and dialogue. However, there is no systemic way to organise regional co-operation amongst local Indigenous institutions in terms of economic and community development. Incentives to facilitate co-operation are also lacking (Wunan Foundation, 2015[1]). Economic development programs focus on individual Indigenous-owned businesses. The Indigenous Advancement Strategy guidelines on Jobs, Land and Economy does not include specific provisions related to regional collaboration on economic development (Australian Government, 2016[87]). Native Title legislation incentivises agreement making with individual traditional owner groups. Greater support for regional collaboration will require some proactive leadership from governments (facilitating collaborative partnerships and creating incentives), and willingness and capacity from local Indigenous institutions and groups. Two examples of successful multi-level governance agreements to build partnerships and effective scale from Canada and New Zealand are outlined below (Box 4.11).

Box 4.11. Examples of regional co-operation with Indigenous peoples from Canada and New Zealand

The Mi'kmaq-Nova Scotia-Canada Tripartite Forum, Canada

In Nova Scotia, a unique governance model exists called the Mi'kmaq – Nova Scotia – Canada Tripartite Forum (http://tripartiteforum.com/). This forum was formed in 1997 as a partnership between the Nova Scotia Mi'kmaq, the Province of Nova Scotia and the Government of Canada, to strengthen relationships and to resolve issues of mutual concern affecting Mi'kmaw communities. To achieve its work, the Tripartite Forum relies on the efforts of a number of steering committees and working groups. The list includes: Executive Committee; Officials Committee; Steering Committee; Working Committees which address a number of key topics such as Culture and Heritage, Economic Development, Education, Health, Justice, Social, and Sport and Recreation. Each level has representation from each of the three parties: the Nova Scotia Mi'kmaq, the Province of Nova Scotia and the Government of Canada. All parties agree to work together without prejudice and by consensus to discuss and resolve issues of mutual concern. The Tripartite Forum is jointly funded by Indigenous Services Canada and the Nova Scotia Office of Aboriginal Affairs.

The Economic Development Working Group includes Federal economic development and Indigenous affairs agencies, provincial departments, and a number of different Mi'kmaw organisations. Each year the working group develops a work plan and is required to submit year-end reports to the Steering Committee identifying the activities completed or underway. The focus of the work plan in 2017-2018 was Indigenous tourism development, addressing the Truth and Reconciliation Calls to Action, increasing access to procurement and supply chain opportunities both within Indigenous communities and the private sector, and increasing the capacity of Indigenous communities to undertake business planning and proposal writing.

Manawatū-Whanganui Economic Action Plan

In Aotearoa/New Zealand, collaboration has enhanced outcomes in the Māori economy in the Manawatū-Whanganui region through regional alliances between iwi, industry, councils, marae, and government. They are also creating the broader institutional arrangements to formalize these networks and work better with government.

An Economic Action Plan Te Pae Tawhiti was developed, by business leaders, iwi, hapū, and councils in partnership with central government with the assistance of a university. The Plan is based on economic analysis, consultation data and best practice research and incorporates the ideas, priorities and aspirations that Māori people for economic growth and is underpinned by concepts of autonomy and self-management. It recognises the importance of regional alliances between iwi, industry, councils, and government, and that succeeding in the global marketplace will require alliances that deliver economies of scale, collective value and impact. It is building various institutional arrangements considered important to sustain the strategy including:

- an alliance of all iwi in the region, irrespective of treaty settlement status, to provide direction and leadership
- a subsidiary company or companies which actively co-invests in, and develops Māori commercial ventures.

Source: Mi'kmaq-Nova Scotia-Canada Tripartite Forum (2019[88]), *About Tripartite*, https://tripartiteforum.com/about/ (accessed on 28 March 2019); Accelerate25 (2019[89]), *Manawatu-Whanganui Economic Action Plan*, https://www.accelerate25.co.nz/action-plan.html (accessed on 20 September 2019).

Multi-level governance and funding mechanisms

This section of the chapter focuses on the multi-level governance and funding mechanisms to support the implementation of a place-based approach to Indigenous economic development. The capacity to achieve effective forms of local self-governance is shaped by the framework conditions within which Indigenous communities and organisations operate. This includes legislative statutes, roles and responsibilities between levels of government and different portfolios, the administrative practices of different state agencies, and programme rules and fiscal arrangements. Drawing on the global study for this project the assessment in this section covers two main dimensions (OECD, 2019[6]):

1. How to create opportunities for the meaningful participation of Indigenous peoples in decision-making. This includes consultation mechanisms, and the development of cross-cultural competencies within public institutions.

2. How to align implementation and enhance coordination between levels of government, across different sectoral policies, and with Indigenous communities at the local level. This includes governance mechanisms to enhance coordination, funding arrangements that facilitate and incentivise co-operation, and mechanisms to facilitate agreements on outcomes and priorities at local and regional levels.

Indigenous representation and participation in decision-making

Citizen participation in policymaking can have two significant benefits in terms of public policy outcomes. Firstly, it can improve the quality of policies, laws and services as it incorporates knowledge and feedback from people who will be impacted by them. Secondly, it improves the policymaking process, making it more transparent, inclusive, legitimate and accountable, building trust in government (OECD, 2016[90]). A central element of shifting toward a place-based approach for Indigenous economic development is making greater use of local knowledge through partnerships and engagement with Indigenous peoples (OECD, 2019[6]). This also has significant implications for economic development. Evidence in Australia and internationally suggests that Indigenous self-determination and self-governance are essential foundations for sustained economic development among Indigenous peoples (Cornell and Salt, 2007[91]; Aboriginal Affairs NSW, 2017[92]). Research also suggests that there is a 'development dividend' to 'good' governance, and that 'weak governance capacity' in Indigenous communities is a contributing factor where there are failures in economic development (Smith, 2008[93]). Indigenous participation in decision-making is also consistent with the UNDRIP (UN, 2007[13]).

Indigenous participation in Australian Government decision-making

Indigenous participation in government decision-making is multi-layered, and complex. A key factor shaping this participation it is how Indigenous peoples are represented in political institutions. Indigenous peoples are poorly represented in all branches of Australian government (Jordan, Markham and Altman, 2018[94]). In the Commonwealth parliament, there is no electoral division where Indigenous people form a majority of eligible voters. Nor is there an Australian state or territory where Indigenous people form an electoral majority, although remote Indigenous people wield a degree of electoral power in the Legislative Assembly of the Northern Territory (Sanders, 2012[95]). Indigenous peoples have most formal governmental influence at the local government level. As previously discussed in this chapter, local government is both limited in its powers and influence in sparsely populated areas have been weakened by the amalgamation of adjoining local government jurisdictions in several states and territories (Sanders, 2013[96]). There are no national Indigenous representative bodies with any governmental powers, or formal agreed processes for Indigenous peoples to have a say over their affairs (Wunan Foundation, 2015[1]). An elected national Indigenous representative body - the Aboriginal and Torres Strait Islander Commission or (ATSIC) - was established in 1990. This body had both representative and executive duties, and did not have powers to legislate for Indigenous peoples. In 2005, the Australian government abolished ATSIC.

The National Congress of Australia's First Peoples, a membership-based organisation that advocates on Indigenous policy issues, was established in 2010 with Commonwealth funding. It no longer receives funding support from the Australian Government but continues to advocate and has a membership of over 9,000 individuals and 180 organisations. Some States and Territories are moving toward treaty making with Indigenous peoples and this may include the formation of representative structures. For example, the State of Victoria has commenced the process of negotiating a Treaty with Indigenous peoples in their jurisdiction and this includes a formal representative structure (Box 4.12).

Box 4.12. Aboriginal Treaty in the State of Victoria

In 2018, the Victorian Government passed legislation to establish a treaty with Indigenous peoples. A treaty (or treaties) is likely to focus on (but not limited to):

- Recognising past wrongs committed on Aboriginal communities.
- Acknowledging the unique position of Aboriginal Victorians in Victoria and Australia.
- Include official apologies, reconciliation and truth telling.
- Give autonomy and funding to Aboriginal communities for important matters.

The process to establish a framework for the treaty negotiation, and the governance and administration structure to support it, was the result of negotiation between the Government and representatives of Indigenous communities across the State. There are two bodies that will set up the framework for treaty negotiation:

- Victorian Treaty Advancement Commission (VTAC) (administrative body).
- First Peoples' Assembly of Victoria (representative body).

The primary responsibility of the Assembly is to develop, with support from VTAC and the Victorian Government, a treaty negotiation framework. This includes fundamental issues such as who can negotiate; the scope of these negotiations; and, how negotiations will be carried out. This process may result in innovations in Indigenous economic and community development, and service delivery models. For example, the transfer of funding and responsibility for service delivery to local Indigenous organisations.

Source: Aboriginal Victoria (2019[97]), *Treaty in Victoria*, https://w.www.vic.gov.au/aboriginalvictoria/treaty.html (accessed on 18 September 2019).

Recently, there have been steps to improve Indigenous representation in policy decision-making at the national level through the establishment of the Joint Council on Closing the Gap. It operates under the framework of COAG and includes Ministers from all jurisdictions, and 12 representatives from peak Indigenous organisations. Other mechanisms for engagement at the Australian Government level are the Indigenous Advisory Council (IAC), the Indigenous Reference Group to the Ministerial Forum on Northern Development, and regular national public consultations about Australian Government policies, programmes and/or legislation (Department of the Prime Minister and Cabinet, 2018[98]). The IAC is appointed by the Prime Minister to provide expert policy advice to the Australian Government on Indigenous policy and programmes, implementation and practice. Roundtables and workshops, and meetings with peak Indigenous organisations are also used to provide input to policies. Indigenous peoples also influence policies through a range of different advisory bodies, and State and Territory and local institutions. There are several thousand incorporated Indigenous-controlled non-government organisations and statutory bodies with diverse objectives and roles. Indigenous specific services are more important in

some policy domains (e.g. early childhood education and housing), and Indigenous organisations play other roles in building social and political efficacy (Jordan, Markham and Altman, 2018[94]). As identified in the previous chapter, Indigenous Chambers of Commerce operate at the State level, and can represent Indigenous business interests in policy and decision-making. The regional network of NIAA is another point of engagement; however, its capacity to shape central policies and decision-making has been found to be limited (Australian National Audit Office, 2018[72]).

The current arrangements have led to a situation where the great wealth of knowledge present in indigenous communities, peak bodies and other indigenous institutions is not effectively influencing government policy (Australian Human Rights Commission, 2016[99]). The Australian government has acknowledged that one of the biggest weaknesses of policies, such as the "Closing the Gap" strategy was its limited involvement of Aboriginal and Torres Straight Islanders in the design, development and implementation of the program. The Government established new consultative mechanisms to ensure Indigenous representatives informed the refresh (see Chapter 2). It is crucial to ensure that Indigenous representatives are not only consulted to "tick a box" in the policymaking process but their input has an impact on the decisions taken. Research shows that levels of engagement where Indigenous people do not have the feeling of being able to make a difference, bears the danger of trust erosion and consultation fatigue (Hunt, 2013[100]). To avoid that the government needs to providing Indigenous people with the opportunity to make decisions in the policy making process, including the definition of the problem, the development of policies, as well as implementation and evaluation of outcomes (Hunt, 2013[100]; OECD, 2019[6]).

Consultation within existing structures at the regional and local level

As identified above, a key issue in relation to regional development is how Indigenous peoples can participate in decision-making at the regional and local level. A key mechanism at the regional level is the NIAA regional network. As at 31 January 2018, the Network comprised over 550 staff in around 82 locations across urban, rural and remote Australia (Department of the Prime Minister and Cabinet, 2018[98]). This includes departmental officers in residence (Government Engagement Coordinators (GECs) and/or Indigenous Engagement Officers (IEOs)) in 49 communities around Australia. IEOs are community members as such able to communicate in their local Indigenous language(s). The network is critical in terms of consultation because it is designed to actively engage and maintain relationships with Aboriginal and Torres Strait Islander individuals, groups, organisations and representative bodies about government decisions, policy changes and how government funded services are working in the community (Department of the Prime Minister and Cabinet, 2018[98]). The other key institution is local government. As discussed earlier in the chapter, it is the political institution closest to local communities, delivers and maintains local infrastructure and services, and can act as an advocate for local communities to other levels of government. Because of this local presence, local governments have the opportunity to build close and ongoing relationships with Indigenous peoples.

However, Indigenous engagement in these local and regional institutions are inconsistent, and in some cases, inadequate. The Regional Network has an inconsistent approach to engagement which risks stakeholder confusion and consultation fatigue (Australian National Audit Office, 2018[72]). Local government practices in regards to Indigenous engagement and participation are highly variable (OECD Fact Finding Mission, July 2018). It is important to understand these issues in a historical context. ATSIC structures provided relatively good access for Indigenous peoples across Australia but were removed as part of the mainstreaming agenda after 2005 (OECD Fact Finding Mission, July 2018) (Wunan Foundation, 2015[1]). Since this time, there have been many changes in structures and approaches and this has generated confusion and eroded trust between government and Indigenous communities and organisations (OECD Fact Finding Mission, July 2018). The capacities of local Indigenous communities and organisations also varies greatly and each of them are at different points in terms of community and economic development (OECD Fact finding Mission, July 2018).

The engagement/ brokering work of regional network staff also sits outside of traditional performance metrics of public administration based on clear objectives and deliverables that translate into agreements and contracts. Contract and program management had traditionally been the core business of local Indigenous Affairs staff. In engaging with communities, staff also need the flexibility, time and support to deliver locally driven innovations. As discussed earlier, there is now much more emphasis on facilitation and engagement (essentially coordination or brokering services) which requires a higher degree of flexibility to deliver innovative solutions. One example in the Kimberley was how the regional network had supported the development of a Memorandum of Understanding (MoU) between a network of local service providers, which included working with communities to identify priorities for change in how early childhood services are delivered and a joint calendar to schedule visits to Indigenous communities. There was a high degree of complexity in this task that involved coordinating service providers; collecting data, presenting it back to communities for dialogue; and, identifying priorities for change and implementing them (OECD Fact Finding Mission, July 2018). Some of these initiatives may also result in failure. The study mission revealed examples of where staff had made efforts to bring local stakeholders together to address common issues (e.g. managing the impacts of infrastructure investments, or addressing social challenges) that had resulted in some progress but then had stopped working (OECD Fact Finding Mission, July 2018). In these cases, it is important that there are mechanisms to capture lessons and feed them back into policy and future decision-making.

Implementing clear frameworks and protocols for engagement is one way to address these inconsistencies. To a degree, these already exist in Australia in relation to Indigenous land rights. For example, there are rights to negotiation mandated under the Commonwealth Native Title Act (1993). These can occur under the framework of an ILUA (National Native Title Tribunal, 2018[101]). Indigenous groups may also be referral authorities under State and Territory land use legislation where development may affect Indigenous cultural heritage. However, there is a lack of consistency in how Australian Government departments and agencies include Indigenous peoples in decision-making (Australian National Audit Office, 2018[102]; 2017[103]). This reflects a lack of guidance and support for engagement with Indigenous Australians on matters that affect them. Some countries have implemented duties to consult with Indigenous peoples (Canada, New Zealand and Norway). Crown-Indigenous Relations and Northern Affairs Canada takes a leadership and coordinating role within the Federal Government to implement its duty to consult. This includes providing direction on consultation practices, developing partnerships with Indigenous groups and organisations, coordinating with provinces, territories and industry, and delivering training and guidelines on the duty to consult (Crown Indigenous Relations and Northern Affairs Canada, 2019[104]). In the case of Canada, some Indigenous groups have started to develop their own consultation protocols and have signed individual agreements with the federal or provincial governments (Box 4.9). Requirements for consultation can also be legislated as it is with the New Zealand Local Government Act (2002) (Box 4.13).

Box 4.13. Canadian Consultation/Reconciliation Agreements

Mississaugas of the New Credit – Federal Government

In 2018, the Mississaugas of the New Credit, southern Ontario First Nation have strengthened their relationship with the Federal Government through the signature of a consultation protocol agreement. The protocol sets out a clear process for fulfilling Canada's duty to consult with the Mississaugas of the New Credit First Nation and establishes the parties' respective obligations. It is designed to promote more effective and efficient engagement, defining the following aspects:

- Procedure for giving notice of projects.

- Outline of the Consultation Process, including for Aboriginal Title Claims.

- Elements for Successful Resolution.

- General Information, including improvements and changes to the protocol.

- Funding provided by Canada.

- Confidentiality.

Leading up to the agreement, the parties established a Recognition of Indigenous Rights and Self-Determination discussion table and signed a Memorandum of Understanding defining the nature of their collaboration.

Source: CIRNAC (2019[105]) "Canada and the Mississaugas of the New Credit First Nation forge new relationship with signing of consultation protocol", https://www.canada.ca/en/crown-indigenous-relationsnorthern-affairs/news/2018/09/canada-and-the-mississaugas-of-the-new-credit-first-nation-forge-newrelationship-with-signing-of-consultation-protocol.html (accessed on 4 May 2019).

Kunst'aa guu — Kunst'aayah Reconciliation Protocol with British Columbia

The Haida Nation has negotiated a unique agreement with British Columbia, the Kunst'aa guu — Kunst'aayah Reconciliation Protocol, that provides that decision making is truly shared. The protocol is supported by provincial legislation, the Haida Gwaii Reconciliation Act (S.B.C. 2010, c. 17). Both provide that there is shared decision making on Haida Gwaii (a number of small islands off British Columbia's west coast) through the Haida Gwaii Management Council.

The Haida Gwaii Management Council consists of two members appointed by resolution of the Haida Nation after consultation with British Columbia, two members appointed by the lieutenant governor in council after consultation with the Haida Nation, and a chair appointed both by resolution of the Haida Nation and by the lieutenant governor in council. A decision of the council must be made by consensus of the members, and failing consensus, by majority vote of members. The council has an important governance role with respect to forest management, protected areas, and heritage and culture.

Source: British Columbia Assembly of First Nations (2014[106]), *Governance Toolkit - A Guide to Nation Building*, http://www.bcafn.ca (accessed on 15 October 2018).

Box 4.14. New Zealand: Obligations for Councils to ensure Māori are included in local government decision-making

New Zealand's Local Government Act (2002) sets out obligations for councils to ensure Māori are included in local government decision-making and have processes for participation in place. While processes remain uneven between councils and the level of engagement remains subject to political discretion, good practice examples have been observed as council are given flexibility on how to implement the requirements.

Following the requirement set out in New Zealand's Local Government Act (2002), the Auckland Council has Te Waka Angamua – the Māori Strategy and Relations Unit. The Unit is responsible for providing advice on all Māori-specific policy, planning, research and evaluation, stakeholder engagement, relationship management, bicultural development and training, and Māori protocol. Further, the Hawke's Bay Regional Planning Committee was established in April 2011 by Hawke's Bay Regional Council as Treaty of Waitangi redress for tāngata. Its role is to oversee the review and development of the regional policy statement and regional development plans. With an equal number of regional councillors and Māori representatives, this Committee is the co-governance group for the management

of natural and physical resources in Hawke's Bay. All Committee members have full speaking and voting rights.

Source: Local Government Act (2002[107]), *Local Government (Rating) Act 2002 No 6 (as at 01 March 2017), Public Act – New Zealand Legislation*, http://www.legislation.govt.nz/act/public/2002/0006/latest/whole.html#DLM132770 (accessed on 3 August 2018); Local Government New Zealand (2017[108]), *Council-Māori Participation Arrangements Information for Councils and Māori when Considering their Arrangements to Engage and Work with Each Other*, http://www.lgnz.co.nz/assets/Uploads/44335-LGNZ-Council-Maori-Participation-June-2017.pdf (accessed on 3 August 2018).

Cultural competency to engage

Capacity gaps do not exist solely on the side of Indigenous communities. Policymakers often do not have sufficient knowledge and awareness of the regional and local complexity of Indigenous cultures, livelihoods and society to engage with them effectively (Hunt, 2013[100]; Wunan Foundation, 2015[1]). This may create capability gaps, especially in positions of middle and upper management in central offices that have less direct contact with communities than their local and regional staff (OECD, 2019[6]). Part of the effort to build an environment in which Indigenous communities are encouraged to engage in policymaking is investing in the capacity of government personnel to build meaningful and strong relationships based on mutual respect. Cultural exposure sessions and training in cross-cultural skills can help address this issue (OECD, 2019[6]). There are different models of this in the Australian context. For example, the Australian Institute of Aboriginal and Torres Strait Islander Studies (AITSIS) has developed *Core Cultural Learning: Aboriginal and Torres Strait Islander Foundation Course* (AIATSIS, 2019[109]). The course has 10 modules covering topics such as culture, customary law, history, Indigenous community organisations, and how to engage effectively with Indigenous communities. In addition, Indigenous peoples need to be encouraged and supported to join the public services, to be able to mediate between the cultures bridge gaps in understanding and help to link the two worlds (OECD, 2019[6]). For example, engagement on the OECD Study Mission revealed how beneficial this was in terms of building relationships with Indigenous peoples in policy development and delivery through community brokers or navigators (OECD Fact Finding Mission, July 2018). In March 2015, the Australian Government announced a target of 3% representation of Aboriginal and Torres Strait Islander peoples in the Australian Public Service by 2018 (NIAA, 2019[110]). By March 2018, the level of representation was at 2.9%. Similar public employment targets exist at the State and Territory level.

Coordination between different levels of government

A place-based approach to regional development has significant important implications for how government works. Policies should be adapted to the needs and circumstances (social, economic, cultural, geographic, environmental, etc.) of different regions. This requires the development of feedback loops and coordinating mechanisms between different levels of government to ensure policies and programmes are better matched to regional and local conditions. Policies should also be integrated horizontally to help realise complementarities between them. The concept of policy complementarity refers to the mutually reinforcing impact of different actions on a given policy outcome. Policies can be complementary because they support the achievement of a given target from different angles. In effect, governments should frame interventions in infrastructure, human capital and innovation capacity within common policy packages that are complementary to sectoral approaches as well (OECD, 2016[16]). Examples of policy complementarities for rural remote regions are provided in Table 4.5.

Table 4.5. Policy complementarities for rural regions

Land use	Integrating economic development strategies with land use planning to better manage potential conflicts (e.g. tourism and renewable energy).
Infrastructure/ accessibility	Increasing broadband in rural areas along with policies that focus on the accessibility and diffusion of these services to the population.
Public services	Co-location of public service providers e.g. "one-stop shop".
Employment	Align local skills and training initiatives with programmes supporting business expansion and new market penetration.

Source: Adapted from (OECD, 2016[16])

OECD member countries have put in different reforms to help facilitate this place-based approach to rural and regional development. However, governance challenges to implement a place-based approach to regional and rural development remain. OECD governments have reported that some of the greatest challenges to vertical coordination are: a lack of private sector participation in public investments, regulatory and administrative obstacles, and a lack of subnational government understanding of central government priorities and vice versa (OECD, 2013[84]). Horizontal coordination is also a challenge because of different objectives between ministries, lack of incentives for co-operation, and different funding rules and arrangements. These challenges are also evident in relation to Indigenous policies. Some of the key challenges identified in the literature include:

- Programmes and initiatives for Indigenous peoples are mainly delivered in a top-down way through sectoral ministries.
- Lack of coordination between different services and programmes at a local level.
- Funding is delivered in a 'drop feed' manner, is short term, with different administrative burdens and reporting arrangements.
- Lack of policy continuity with frequent changes in governance, programmes and funding (Dodson and Smith, 2003[5]; Cornell, 2006[2]; Tsey et al., 2012[7]).

There are different mechanisms and instruments that can be utilised to overcome these challenges. Vertical coordination can be enhanced through the use of formalised agreements and co-financing agreements between levels of government, and establishing platforms for dialogue between different levels of government (OECD, 2018[111]). Horizontal coordination can be enhanced through the creation of strategic frameworks that align objectives between ministries, linking infrastructure funding to cooperative governance arrangements, increasing the flexibility of programme rules, inter-ministerial committees and working groups, and pooled and block funding arrangements (OECD, 2016[16]).

Coordinating mechanisms between levels of government

The Australian Government's role in Indigenous Affairs can be traced to the 1967 amendment to the constitution, which removed the reference that barred the Commonwealth from making laws related to Aboriginal people. Following the amendment, the Commonwealth was able to legislate for Aboriginal people and this became an area of shared responsibility with the States. States have historically managed relations with Indigenous peoples, and they retain significant areas of responsibility. States have primary responsibility for managing land in Australia and many established statutory land rights regimes for Indigenous peoples from the 1970s. States are also primarily responsible for the delivery of education and vocational training, health, and local police services and the judicial system. Figure 4.2 provides an initial mapping of institutional arrangements for Indigenous Affairs in Australia. The diagram is illustrative and it aims to give a general overview. Furthermore, it shows that while integration between the federal level and states and territories is institutionalised through the Council of Australian Governments (COAG), links on the regional or local level between PM&C regional offices, local and state/territory government, service

provides and aboriginal organisations are not institutionalised. This indicates the importance of local co-ordination for effective implementation of Indigenous specific programs and services.

Figure 4.2. Basic Governance Framework for Indigenous Affairs in Australia
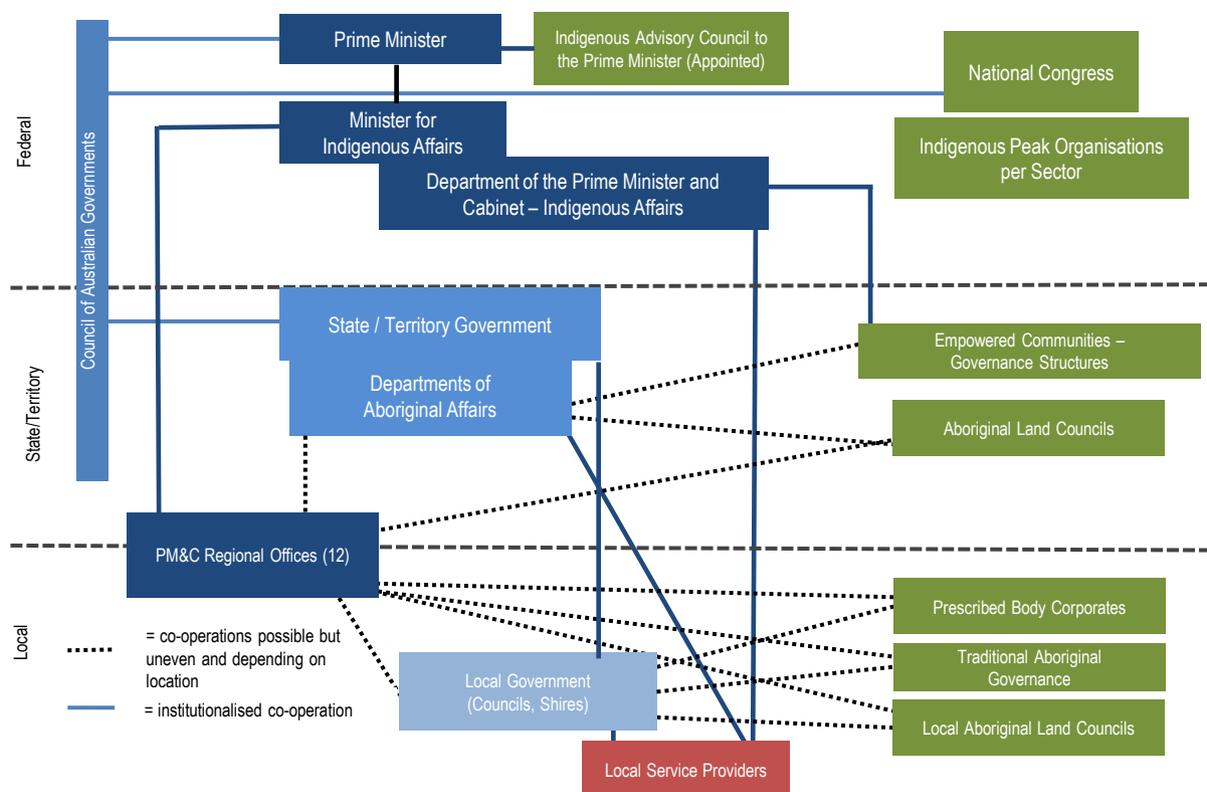
COAG is the peak intergovernmental forum in Australia and its Ministerial Councils provide a forum for collaboration and decision-making on agreed priorities. In 2007, the Commonwealth, State, and Territory Governments developed and agreed on the "Closing the Gap" framework (discussed in the previous chapter) through COAG. This framework was operationalised through the 2009 *National Indigenous Reform Agreement (Closing the Gap)* (Council of Australian Governments, 2009[112]). This 2009 agreement aimed to give greater coherence to policies for Indigenous peoples by setting out agreed targets, principles and priority actions. The Agreement identifies seven 'building blocks' (including economic participation), which subsequently formed separate National Partnership Agreements. The National Partnership Agreement on Economic Participation expired in 2013 (Department of Employment, Skills, Small and Family Business, 2018[113]). While positive outcomes were achieved, reviews noted the impacts of governance challenges such as complexities in Commonwealth-state relations and short planning cycles (Department of Health and Ageing, 2013[114]; Commonwealth of Australia, 2017[115]).

In 2017, the Commonwealth, States and Territories established a Ministerial Council on Indigenous Affairs within the framework of COAG. An important impetus for establishing the Council was to engage all levels of government in the 10 year refresh of the Closing the Gap framework (Department of the Prime Minister and Cabinet, 2017[116]). As discussed in the previous chapter, this refresh had a strong emphasis on engagement with Indigenous organisations. Agreement through COAG was formalised in a Partnership Agreement on Closing the Gap, which included a coalition of peak Indigenous organisations and the Australian Local Government Association (ALGA) (COAG, 2019[18]). The Agreement sets up a governance arrangement to oversee monitor and evaluate the implementation of efforts to close the gap in socio-economic outcomes between Indigenous and non-Indigenous Australians over the next 10 years. This

includes articulating agreed objectives and principles in regards to shared decision-making and self-determination for Indigenous peoples, identifying the key role of Indigenous organisations, and the need for local communities to set their own priorities (Box 4.15). The Ministerial Council has now been re-named the Joint Council on Closing the Gap, which reflects its membership of Ministers and 12 representatives from peak Indigenous organisations. The Joint Council has identified three priority areas for reform:

1. Developing and strengthening structures to ensure the full involvement of Aboriginal and Torres Strait Islander peoples in shared decision making at the national, state and local or regional level and embedding their ownership, responsibility and expertise to close the gap.

2. Building the formal Aboriginal and Torres Strait Islander community-controlled services sector to deliver closing the gap services and programs in agreed priority areas.

3. Ensuring all mainstream government agencies and institutions undertake systemic and structural transformation to contribute to Closing the Gap (NACCHO, 2019[117]).

Box 4.15. Partnership Agreement on Closing the Gap 2019-29

The **objectives** of the Partnership Agreement are to:

- Enhance outcomes for Aboriginal and Torres Strait Islander people as a result of the Closing the Gap framework by ensuring their full involvement in its development and implementation.

- Share ownership of, and responsibility for, a jointly agreed framework and targets and ongoing implementation and monitoring of efforts to close the gap in outcomes.

- Enhance the credibility and public support of Closing the Gap over the next ten years by ensuring full participation by Aboriginal and Torres Strait Islander representatives.

- Advance Aboriginal and Torres Strait Islander involvement, engagement and autonomy through equitable participation, shared authority and decision making in relation to Closing the Gap.

The **principles** underpinning the Partnership Agreement are:

- The jointly agreed Closing the Gap framework is the overarching national policy that will inform the actions of governments and the Coalition of Peaks for the next ten years.

- The Parties acknowledge that the Coalition of Peaks are accountable and in direct contact with communities at the local level; and provide an unparalleled network, which is much more significant than any engagement that governments can achieve alone through their own consultations.

- The Partnership Agreement recognises the importance of both national priorities for collective action and of enabling local communities to set their own priorities and tailor their services to their unique contexts.

- The Parties commit to open and transparent negotiation and shared decision making on matters relating to the design and implementation of the Closing the Gap framework and this Partnership Agreement.

- The Parties agree that shared decision making is by consensus as part of the Partnership Agreement, at the Joint Council and any related Working Groups.

- Aboriginal and Torres Strait Islander people are the key agents of change in Closing the Gap and must be granted agency in the development and implementation of policies and programs that impact on their lives.

- Equal participation in the Partnership Agreement will be actively pursued by all Parties.

- All Parties are responsible for the success of the Partnership Agreement and share an equal say in how it is operating.
- Decisions made under the Partnership Agreement will be evidence based and underpinned by the transparent sharing of data.

Note: Objectives and principles have been summarised.
Source: COAG (2019[18]), *Partnership Agreement on Closing the Gap 2019-2029*,
https://www.coag.gov.au/sites/default/files/agreements/partnership-agreement-on-closing-the-gap_0.pdf (accessed on 13 September 2019).

Implementation challenges

The Joint Council and Partnership Agreement is important in terms of providing an overarching framework to improve the coherence of policies for Indigenous peoples. This includes enabling communities to set their own priorities and tailoring solutions to them. However, this approach will require a significant shift in governance and funding arrangements across different levels of government. Services provided by Commonwealth, state/territory and local governments as well as by a range of contracted service providers generate complexity and high transition costs for local communities (Wunan Foundation, 2015[1]) (OECD Fact Finding Mission, July 2018). Shared responsibilities and large amount of actors involved entails the creation of an abundance of programs, Indigenous specific as well as mainstream, that provide services across sectors including health and related services, housing and infrastructure, education and training, employment and business development, as well as legal services and land and resource use and management (Wunan Foundation, 2015[1]). This is also the case in regards to programs and support provided to support Indigenous business and community economic development. In NSW, a chairperson of a Local Decision-Making Regional Chairpersons Group stated:

> *"There are an abundance of plans and agreements already developed targeting economic development in Aboriginal communities and for the most part these plans generate little in the way of concrete outcomes for Aboriginal people...Due to the sheer number of plans that exist, their differing focuses, owners etc. it is virtually impossible for Aboriginal community to understand who is targeting what and how to leverage off various plans to achieve outcomes." (Ombudsman New South Wales, 2016, p. 6[82])*

This complexity is evident when mapping how Indigenous-specific and mainstream services and programs are delivered in local communities. Mainstream programs and services (i.e. those that are not Indigenous-specific) constitute around 82% of government expenditure on Indigenous peoples, and are particularly important in urban and regional areas where there is a higher Indigenous population but proportionally fewer Indigenous-specific programs (Australian Productivity Commission, 2017[118]). Some policy areas – such as health and education – have particularly complex multi-jurisdictional arrangements, but service delivery is so multifaceted that mapping is perhaps most useful at the local community level. The Queensland Productivity Commission recently completed an inquiry into Indigenous service delivery in remote areas and attempted to represent this complexity with the following diagram (Figure 4.3) for an indicative community within its jurisdiction (Queensland Productivity Commission, 2017[119]).

Figure 4.3. The bureaucratic maze in Indigenous Service Delivery
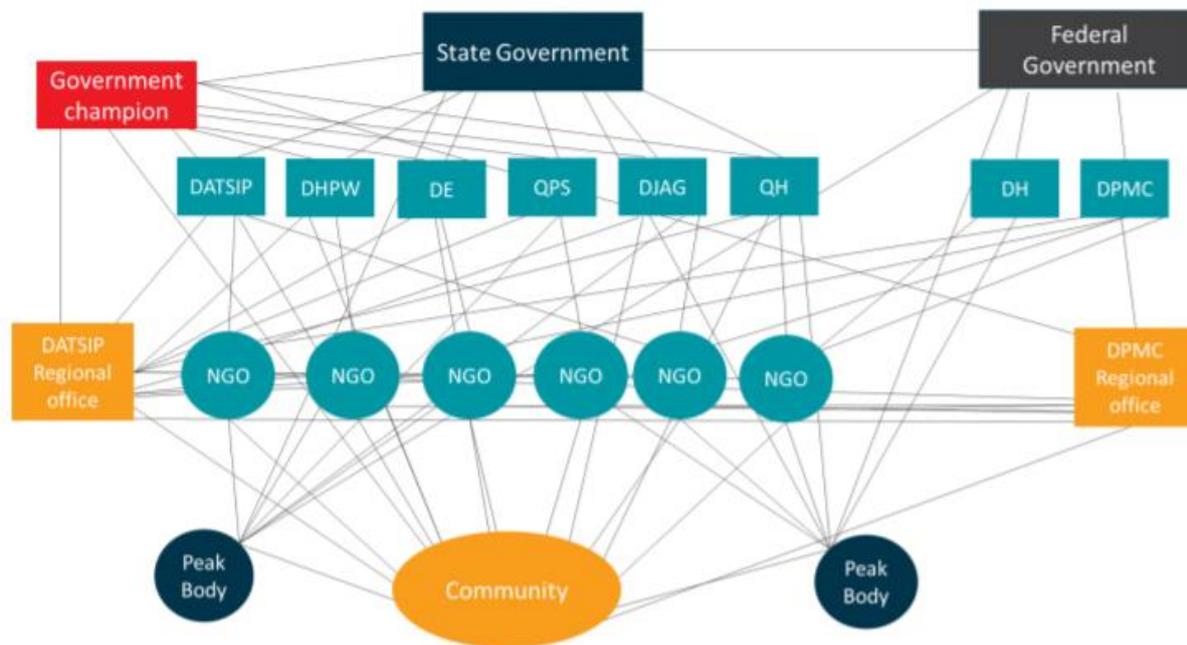
Note: To simplify, the map shows only a subset of the departments, authorities and NGOs involved in service delivery, design and co-ordination.
Source: Queensland Productivity Commission (2017[119]), "Service delivery in Queensland's remote and discrete Indigenous communities", https://www.qpc.qld.gov.au/inquiries/service-delivery-in-queenslands-remote-and-discrete-indigenous-communities/ (accessed on 13 September 2019).

A range of reports have pointed towards the problems with regards to lack of coordination in policy design and program delivery, lack of robust evaluation of policies and programs, and potential for duplication and/or cost shifting inherent in such complex arrangements (Jordan, Markham and Altman, 2018[94]). For instance, the 2010 Strategic Review of Indigenous Expenditure ('Strategic Review') identified that indigenous-specific programs were "unduly complex and confusing" (Department of Finance and Deregulation, 2010[120]). It attests poorly articulated objectives and an excess of red tape, as well as too many programs and too little evidence on program performance. It also reports fragmented program management and across Commonwealth agencies as well as state and territory governments. It recommends consolidation of programs and transfer of programs to state and territory government as well as creating more effective co-ordination (Department of Finance and Deregulation, 2010[120]). Despite efforts to consolidate programs under the 2014 Indigenous Advancement Strategy, a 2016 Report on Mapping Indigenous Programs and Funding still identified 1082 Indigenous-specific programs delivered by the federal government, state and territories and non-governmental or organisations. Forty-eight programs were federal, 236 state or territory and 797 programs delivered by NGOs, often times funded in part or fully by government (Hudson, 2016[121]). Along with a lack in evaluation and assessment of program quality, it mentions program duplication as well as competing aims and objectives between providers as problems. Stricter demarcation of responsibilities between federal and state and territory governments is recommended (Hudson, 2016[121]).

The situation described above is problematic for a number of reasons. The first is that it imposes transaction costs upon local Indigenous communities and organisations in terms of navigating and accessing government services and programs, and meeting requirements in terms of administration and reporting (OECD Study Mission – July 2018). The 2015 Empowered Communities design report identified a number of examples of this complexity at the local level:

- Roebourne in Western Australia has a population of 1,150 but is reported as having 67 local service providers and more than 400 programs funded by both the Commonwealth and the state.

- Ceduna in South Australia is reported to have as many as 95 programs focusing on youth problems alone.

- In 2013, the Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council received total funding of approximately $10 million. The Women's Council was required to enter into 41 agreements with agencies of the Commonwealth and the governments of South Australia, Western Australia and the Northern Territory (Wunan Foundation, 2015[1]).

This complexity makes it more difficult to match programs and services with local preferences, and to integrate them in ways that develop solutions in response to them. The second is the overall efficiency of public expenditure designed to meet the needs of Indigenous peoples and improve outcomes. These arrangements increase the risk of duplication (and gaps) in implementation. Addressing these challenges will require some structural change and coordination between different levels of government, and across different portfolio areas.

Toward a more coherent approach: Improving vertical and horizontal coordination

Fragmentation of government support is a common challenge in contemporary public administration (Gregory, 2003[122]; Christensen, Lise Fimreite and Lægreid, 2007[123]; Halligan, 2007[124]). This partly due to the impacts of New Public Management (NPM) reforms progressively implemented from the 1980s. NPM is based on the idea that efficiencies in public administration can be realised through the allocation of resources by competitive markets (Lynn, 2007[125]). Its core features include privatization, user charges, contracting-out, performance measurement and assessment, managerial flexibility, and an emphasis on service receivers as customers (Vining and Weimer, 2007[126]). Advantages of these reforms include greater value for money, increased choice for citizens, and greater transparency (Ferlie, 2017[127]). However, it can also fragment public administration by dividing policy and service delivery functions, organising service delivery based on narrow and short-term performance-based contracts, and transferring expertise and functions to specialised agencies and non-government organisations (Ferlie, 2017[127]; Head and Alford, 2015[128]). These reforms are well suited to service delivery tasks that can be standardised and delivered in high volume (welfare entitlements, hospital treatments) but less so with problems that are more complex and open-ended. This is because it is difficult to reduce complex and open-ended challenges to a simple intervention logic (linking inputs, outputs and outcomes), and allocating responsibility for addressing it to a single agency (Head and Alford, 2015[128]). The limitations of these more traditional and linear approaches to policy and public administration has seen an increasing interest in how to address so-called 'wicket problems' (Briggs, 2007[129]; Head and Alford, 2015[128]). Indigenous policy issues have the characteristics of a 'wicked problem' (Box 4.16).

Box 4.16. Characteristics of 'Wicked Problems'

- *Wicked problems are difficult to clearly define.* The nature and extent of the problem depends on who has been asked, that is, different stakeholders have different versions of what the problem is.

- *Wicked problems have many interdependencies and are often multi-causal.* There are also often internally conflicting goals or objectives within the broader wicked problem. Successfully addressing wicked policy problems usually involves a range of coordinated and interrelated responses, given their multi-causal nature; it also often involves trade-offs between conflicting goals.

- *Attempts to address wicked problems often lead to unforeseen consequences.* Because wicked policy problems are multi-causal with many interconnections to other issues, it is often the case that measures introduced to address the problem lead to unforeseen consequences elsewhere.

- *Wicked problems are often not stable.* Frequently, a wicked problem and the constraints or evidence involved in understanding the problem (e.g. legislation, scientific evidence, resources, political alliances), are evolving at the same time that policy makers are trying to address the policy problem. Policy makers have to focus on a moving target.

- *Wicked problems usually have no clear solution.* Since there is no definitive, stable problem there is often no definitive solution to wicked problems. Problem-solving often ends when deadlines are met, or as dictated by other resource constraints rather than when the 'correct' solution is identified.

- *Wicked problems are socially complex.* It is a key conclusion of the literature around wicked problems that the social complexity of wicked problems, rather than their technical complexity, overwhelms most current problem-solving and project management approaches.

- *Wicked problems hardly ever sit conveniently within the responsibility of any one organisation.* They require action at every level— from the international to the local—as well as action by the private and community sectors and individuals.

- *Wicked problems involve changing behaviour.* The solutions to many wicked problems involve changing the behaviour and/or gaining the commitment of individual citizens. Innovative, personalised approaches are likely to be necessary to motivate individuals to actively cooperate in achieving sustained behavioural change.

- *Some wicked problems are characterised by chronic policy failure.* Some longstanding wicked problems seem intractable. Indigenous disadvantage is a clear example – its persistence has not been for want of policy action. Yet it has to be admitted that decades of policy action have failed.

Source: Adapted from Briggs, L. (2007[129]), *Tackling Wicked Problems: A Public Policy Perspective*, https://www.apsc.gov.au/tackling-wicked-problems-public-policy-perspective (accessed on 16 September 2019).

Whole of government planning

Addressing these wicked problems requires some degree of 'top down coordination' through whole-of-government planning and reporting arrangements (Wilkins, 2002[130]). Over the past decade, Commonwealth, State and Territory governments have taken steps to improve 'top down' coordination through COAG. However, this has been in the absence of an agreement long-term national policy framework for Indigenous economic development. Implementation of the 2009 *National Indigenous Reform Agreement (Closing the Gap)* was organised through seven sectoral national reform agreements between Australian Governments. One of which was economic participation that lapsed in 2013 and had a relatively narrow focus on coordination related to the Community Development Employment Program (CDEP), procurement and public sector employment. This narrow focus may be because it was developed in the absence of a national policy framework for Indigenous economic development (a national Indigenous Economic Development Strategy was subsequently released in 2011 under the Gillard Labour Government). The *Joint Council on Closing the Gap* (established in 2018) provides a renewed platform for inter-governmental coordination with the added benefit of including local government and peak Indigenous organisations. The 2019 *Closing the Gap Partnership Agreement* commits each party to report annually on progress, and a comprehensive three yearly evaluation (COAG, 2019[18]). A structure is already in place to coordinate policy design and implementation but it is in the absence of a coherent policy framework for Indigenous economic development. The refresh of the *Closing the Gap* framework also provides an

opportunity for the Australian Government to develop a more comprehensive Indigenous economic development policy framework in collaboration with other levels of government and peak Indigenous organisations. As discussed in the previous chapter, this should also include clarification of roles and responsibilities between levels of government in Indigenous economic development. This would provide a coherent policy basis for identifying shared priorities and specific areas that would benefit from improved inter-governmental coordination.

Linking up funding and appropriations

Reforms to funding and appropriations can also improve the coherence of programs and services and the capacity to address 'wicked problems' (Wilkins, 2002[130]; Dunleavy, 2010[131]). As identified above, funding directed to local Indigenous communities is the responsibility of multiple agencies at Federal, State and Territory, and local levels, and can result in the fragmentation of programmes and services at the local level. Indigenous leaders often highlighted the need for more long-term block funding to increase the autonomy and predictability of public funding (OECD Fact Finding Mission, July 2018). Within the Australian Government, one option is using the *Closing the Gap* framework to support joint appropriations. For example, consideration could be given to longer-term budget bids for Commonwealth departments and agencies under shared outcomes outlined through *Closing the Gap*. The Minister for Indigenous Australians could then be given powers to adjust funding between participating departments and agencies within the overall budget envelope. In this respect, the New Zealand Better Public Services Results Programme is one example. This orientated departments and agencies toward shared medium-term outcomes with mutual responsibility embedded in the performance plans of senior executives (OECD, 2018[132]). Pooled budgeting at the community level can also support this approach (Wilkins, 2002[130]). This model has already been suggested in the context of designing the Empowered Communities initiative (Wunan Foundation, 2015[1]). The design report for the initiative suggested transferring program and service budgets into regional accounts. Local communities and governments would agree on outcomes with authority for funding decision-making allocated to senior Commonwealth and State officials. Although the report does not directly address it, implementing this approach would require clear accountability mechanisms back to a coordinating Minister at a Commonwealth, and potentially State and Territory level.

Over recent years, the Canadian Government has taken steps in the direction of reforming funding arrangements with First Nations. This has some parallels with the situation in the Australian context. The differences relate to the constitutional relationships with First Nations, which is an exclusive relationship with Indigenous peoples on reserve. The Canadian Government has a range of programs to support community economic development for First Nations that cover activities such as support for governance and administration, infrastructure and housing, strategic planning, and land management. Most of the funding is project based with decisions made on a case-by-case basis. This means First Nations put together a project proposal, which is then assessed by the Federal Government. These arrangements generate a number of challenges for First Nations. The first is that it makes it difficult to set long-term priorities for development and integrate investments in a timely way to deliver on them. Second, it can create challenges in terms delivery within short project timelines (for example where variable and extreme weather can impact on construction). Third, the administration of separate funding applications and agreements generates administration costs. To address these challenges the Canadian Government is currently implementing a new fiscal relationship with First Nations (Box 4.17). This also takes an asymmetric approach with implementation dependent on community readiness.

> **Box 4.17. Canada – New Fiscal Relationship with First Nations**
>
> In 2017, Canada and the Assembly of First Nations signed a Memorandum of Understanding to develop a new fiscal relationship. Following, joint working groups have been developing initial recommendations on a new fiscal relationship. These include:
>
> - Providing more funding flexibility to support effective and independent long-term planning. The Government of Canada is proposing to work with First Nations Financial Institutions and the Assembly of First Nations on the creation of 10-year grants for communities that are determined by First Nations institutions to be ready to move to such a system. Participating communities would commit to report to their own members on their priorities and targets and on a common set of outcomes outlined in an accountability framework.
>
> - Replacing the Default Prevention and Management Policy with a new, proactive approach that supports capacity development. This approach would be based on current pilot projects, which are being conducted with the First Nations Financial Management Board. Earlier this year, the Government also announced an additional $24 million in each of fiscal years 2017-18 and 2018-19 for the Band Support Funding Program to assist First Nations that are in greatest need of local governance support.
>
> - Establishing a permanent Advisory Committee to provide further guidance and recommendations on a new fiscal relationship. Taking into account regional interests, the Committee would help shape strategic investments, propose options to address sufficiency of funding, including a New Fiscal Policy model, and could co-develop an accountability framework supported by First Nations-led institutions. This would streamline reporting mechanisms, and support First Nations in their primary responsibility of reporting to their citizens. It would also include an outcome-based framework aligned with United Nations Sustainable Development Goals, including key well-being and socio-economic markers to measure progress in closing gaps.
>
> Source: Indigenous Services Canada (2018[133]), *Establishing a New Fiscal Relationship*, https://www.sac-isc.gc.ca/eng/1499805218096/1521125536314 (accessed on 24 January 2019).

Supporting policy coherence at the local level

The implementation of a place-based approach also requires coordinating mechanisms and instruments at the regional and local levels. The NIAA regional network is an administrative mechanism that is important in this respect because it is the key interface between the Australian Government and local and regional Indigenous communities and institutions. State, territory and local governments also have a key role to play because of their responsibility for delivering infrastructure and services, and representing local communities. This section of the chapter focuses three elements needed to coordinate and align different local actors to implement a place-based approach:

1. Local area planning.
2. Local governance and place-based agreements.
3. Co-locating services.

Local area planning

OECD research shows that shifting the policy paradigm from subsidies toward mobilising the regions' own resources and assets is an important factor for growth in under-developed regions (OECD, 2012[15]). This

includes a common strategic vision understood and supported by local stakeholders. Local area plans can start these conversations and provide a framework to manage local development ambitions on an ongoing basis. This type of planning can take several forms. It may include a vision of the future and a series of short, medium and long-term development goals elaborated through community dialogue and engagement. Typical components include: i) an overview of a community's mission, vision and values; ii) an analysis of the current state of affairs (e.g., community challenge, assets and opportunities), ii) strategic priorities, and iv) prioritisation for actions. As identified in the previous chapter, Indigenous communities have different approaches to setting priorities through local Indigenous corporations, PBC's, and Land Councils. However, the quality of these planning frameworks is variable with lack of consistent mechanisms for support from different levels of government (OECD Fact Finding Mission, July 2018). Support for local area planning is provided on an exceptional basis. For example, the eight Empowered Community sites where financial and technical support is provided for each region to establish a local development agenda (Empowered Communities, 2018[134]). This situation makes it difficult for local Indigenous communities to proactively plan, and re-orientate community development to an asset-based approach. The United States and Canada have put in place mechanisms to address this issue. These examples from the United States and Canada demonstrate how governments can give practical support to local area planning by:

- Making access to funding conditional on the development of a plan.
- Providing community planning grants.
- On-line support (guidance and best practice examples).
- Facilitating peer-to-peer learning.

Box 4.18. Local area planning – Indigenous economic and community development in Canada and the United States

United States

Through its *Regional Comprehensive Economic Development Strategies*, the Economic Development Administration (EDA) in the United States works with Native American tribes to improve their planning frameworks. Funding and technical support are provided by the EDA to tribal organisations to complete these strategies that must include a process of community and stakeholder engagement and produce a regional economic development strategy that assesses local economic strengths and challenges, identifies priorities and develops a framework to evaluate success. These strategies can then be used to unlock funding from the EDA for local infrastructure, small business and technical support.

Canada

In 2017, Canada developed its Community Development National Strategy aiming to support community development through a holistic, strength-based and community-led process, which respects the principles of cultural competency and Indigenous knowledge. The strategy includes Comprehensive Community Planning Program (CCP). The CCP is a tool that enables a community to plan its development in a way that meets its needs and aspirations. It establishes a future vision and priorities covering themes such as Governance, Land and Resources, Health, Infrastructure Development, Culture, Social, Education and Economy. To date, approximately one-quarter of First Nations, or 162, have Comprehensive Community Plans. The Government of Canada provides support in terms of on-line tools and information, grants to develop plans, and a mentoring program to promote peer-to-peer learning.

Source: OECD (2019[6]), *Linking Indigenous Communities with Regional Development*, https://dx.doi.org/10.1787/3203c082-en.

Local governance and place-based agreements

Once a community planning framework and set of priorities are in place, an agreement is needed for different parties to deliver on it. This is not clear in the Australian context because there is no formal recognition of representative bodies for Indigenous peoples at a local and regional level, or an agreed legal procedure for agreement making. For example, PBCs are essentially restricted to native title issues and interests – not questions of broader community and economic development. PBCs represent holders of native title on issues that affect these property rights, and do not represent people who self-identify as Indigenous in the region but are not native titleholders. As a result, agreement making is restricted to ILUAs that relate to native title interests. Kinship groups within regions who do not hold native title may affiliate to a range of different institutions; however, they are not party to these agreements (OECD Fact Finding Mission, July 2018) (Wunan Foundation, 2015[1]). This situation has evolved because there were never treaties to define Indigenous rights in Australia, the creation of self-governing entities to hold them, and the recognition of these rights in the constitution (as is the case in Canada and the United States). In this context, Australian governments have developed various approaches to negotiating and implementing place-based agreements with Indigenous peoples.

In 2002, COAG announced a place-based initiative to explore new ways for governments to work together and with communities to address the needs of Indigenous Australians. The initiative was designed for governments to tailor needs to different communities, coordinate investment, address bottlenecks, and build capacity. This included negotiating agreed outcomes and responsibilities for delivering on them. Each trial site had the scope to develop its own local governance arrangements that bought together Commonwealth, state and territory governments and a local Indigenous representative body (Morgan Disney and Associates, 2006[135]). There was also an expectation to engage local governments where they were present. Each of these local governance bodies then negotiated priorities that became the basis of a 'Shared Responsibility Agreement'. Two of the sites did not reach the point of agreeing on priorities and instead used an exchange of letters between parties (Morgan Disney and Associates, 2006[135]). Evaluations of the initiative found challenges related to capacity to engage and work across sectors, and the inability to make systemic changes to government programs and services. In spite of whole-of-government goals, implementation of programs and policy on the ground was affected by the fragmentation of government policy, service delivery and funding processes across agencies and jurisdictions, counter-productive statutory and program frameworks, and poor engagement at the local level (Tsey et al., 2012[7]).

The *Empowered Communities* initiative was launched in 2013 and focuses on supporting Indigenous-led local development in eight trial sites (Empowered Communities, 2018[134]). The programme focuses on supporting local Indigenous leaders to create and drive solutions according to their communities' needs. Indigenous community leaders from eight remote, regional and urban communities across Australia developed the programme in collaboration with the federal government. In this case, the local governance arrangement has two elements. One is a backbone (Indigenous) organisation that coordinates local stakeholders, undertakes engagement and consultation, and prepares a development agenda. A leadership group or steering committee of a broader set of local Indigenous organisations oversees the work of the backbone organisation. Each community has followed a different pathway in terms of who is the backbone organisation and local leadership group. The NPY and Goulburn Valley sites have both put efforts into mobilising local stakeholders and building cohesive local governance arrangements, and both have identified a set of community priorities (covering issues such as health, education and employment) (Empowered Communities, 2017[136]; Empowered Communities, 2017[137]). These priorities will be translated into five-year *Regional Development Agendas* and *First Priority Agreements* to identify shorter-term projects and investment priorities. The key interface with government is the NIAA regional network, which provides support and coordinates action at a Commonwealth level. This is a departure from the COAG Trials that was based on a partnership between Commonwealth, state and territory governments.

The OECD Mission team had the opportunity to engage with three Empowered Community sites (West Kimberley in Western Australia, Goulburn Valley in Victoria, and Inner Sydney in New South Wales). The opportunity to mobilise local stakeholders around a set of agreed priorities was as a positive development. However, this was difficult in contexts where there are multiple local kinship groups and Indigenous organisations. In these cases, building collective efficacy takes several years. Within the planning and prioritisation stage, the availability of appropriate data was a bottleneck, particularly in terms of Indigenous peoples being able to tell a story on their terms, including about language, traditional knowledge, and culture. The challenge now will be how to translate local priorities into agreements with governments, which may require systemic change and different investment priorities (as was the case with the COAG trials). This was already identified as a challenge by local Indigenous representatives in terms of engaging State and Territory Governments, particularly where it may imply changes to the delivery of mainstream services (OECD Fact Finding Mission, July 2018).

Recently, State and Territory Governments have experimented with different place-based agreement models. In 2013, the NSW Government launched the Local Decision Making (LDM) initiative under OCHRE – the NSW Government's plan for Aboriginal affairs. The overall aim of the initiative is to implement localised and flexible place-based approaches to service delivery for Indigenous communities (NSW Department of Premier and Cabinet, 2015[138]). It is based on the NSW Government gradually delegating greater powers and budgetary control to Aboriginal Regional Governance Bodies (Regional Alliances) through agreements ('accords') as capacity is established and proven (Ombudsman New South Wales, 2016[82]). The Accord is a formal agreement between regional alliances and the government covering agreed priorities, outcomes, timeframes, resources and responsibilities. There are three stages of delegation:

1. Advisory delegation (establishment of a task group, priority setting and capacity building.
2. Planning delegation (establishment of a board of management and flexible funding).
3. Implementation delegation (direct management and accountability for services).

In 2013, Aboriginal Affairs called for open expressions of interest from Aboriginal communities wanting to be part of LDM (Aboriginal Affairs NSW, 2019[139]). There are now eight regional alliances that cover relatively large geographic regions and each includes a range of different local Indigenous groups and organisations (Aboriginal Affairs NSW, 2019[140]).

The role of the NSW government agencies includes knowledge and data sharing, capacity building, and service and funding re-design. These roles are set out in a Premier's circular, which is an important instrument in terms of clarifying roles and responsibilities within government (NSW Department of Premier and Cabinet, 2015[138]). In the start-up and establishment phase government agencies work with the regional alliances to map services, share data and identify the basic scope of the initiative. In the design and operational phases government agencies have different responsibilities. Aboriginal Affairs NSW has a coordination role, supports knowledge-sharing and capacity building, and reports on progress and issues to the NSW Secretaries Board. Regional coordinators are the key interface and work directly with regional alliances to develop priorities and resolve issues. The Department of Premier and Cabinet manages agency participation and oversees service re-design while the Treasury oversees funding models. These arrangements clarify how to operationalise a place-based approach and connect it with systemic change to service delivery. However, the NSW LDM initiative is limited in two ways. The first is that its scope is restricted to the delivery of social services. Although this is important, it does not include business and economic development. Second, is that it does not connect with local and Commonwealth decision-making structures.

In 2017, the Northern Territory Government launch its own LDM initiative. The initiative operates on a 10-year timeframe and aims to transfer government service delivery to Aboriginal people and organisations based on the idea of a continuum from informing to empowerment (Table 4.6). The Government and Aboriginal Communities for LDM partnerships to develop bespoke pathways focused for each community

covering issues such as housing, local government, education, training and jobs, healthcare, children and families as well as law and justice. This is done building on already existing structures and only if strong community support is secured (Northern Territory Government, 2017[141]). The first step is the signing of a commitment agreement (protocol) that outlines how each party will work towards an LDM Heads of Agreement. Individual agreements are then negotiated with different agencies (primarily police, education, health and housing). This is a positive shift toward self-determination and community control but these bilateral agreements with different agencies may increase the risk of administrative burden and fragmentation at the local level. One way to address this will be supporting local communities to develop an overarching vision and priorities for community and economic development and continue to invest in capacity building. Importantly, within the framework of the LDM initiative, the Northern Territory Government provides grants for local communities (organisational capacity, businesses cases, and community and economic development projects), and provides on-line information, templates to guide planning, and agreements. The key regional interface is six Regional Coordination Groups consists of all relevant government agencies, together with partner organisations, such as local authorities and the Commonwealth government (Northern Territory Government, 2017[142]). These groups provide strategic leadership, address service delivery issues, and promote collaboration – they report through to the Northern Territory Chief Executive Officer Coordination Committee. This direct reporting line is important; however, it still raises the issue of how it influences decision-making at the Commonwealth and local government levels.

Table 4.6. Community control continuum Local Decision-Making Framework, Northern Territory

	Inform	Consult	Involve	Collaborate	Empower
Government role	Government led, formal mechanism for engagement provides information	Government led - community feedback mechanisms at various times	Government led, formal advisory committees		
Community role				Community led - government funded, co-designed and monitored	Led by Aboriginal controlled organisations
Community aspiration	We want to know about things that affect our community, through information in a format we can access and understand	We want to have a chance to talk about and have a say before decisions are made. We want government to engage respectfully with us.	We want to be involved in making decisions that affect our community, our country and our services.	We want to be equal partners in making decisions that affect our community, our country and our services.	We want to determine our own futures, including running our own services.
Government commitment	Government will listen to community, share data and discuss community issues and needs.	Government will listen to community and use their views to help inform decision making. Government will maintain open lines communication and share information regularly.	Government will work with community to ensure community views are directly reflected in decisions made.	Government will work with community to make decisions together as equal partners. Community views will be clearly reflected in decisions	Decisions are made by an Aboriginal controlled organisation. Government has little operational involvement.

Source: Northern Territory Government (2017[142]), *Local Decision Making Framework*, https://ldm.nt.gov.au/__data/assets/pdf_file/0003/584814/ldm-policy.pdf (accessed on 18 September 2019).

Over the past 20 years, two models of place-based agreements with Indigenous peoples have emerged in Australia. The first is a broad community and economic development approach (COAG Trials and Empowered Communities), and the second is a narrower focus on improving service delivery outcomes (LDM in the Northern Territory and NSW). Only one of these models engaged across all three levels of government (COAG Trials). This coordination is important because Indigenous affairs is an area of shared responsibility between the Commonwealth, state and territory, and local governments. The Joint Council on Closing the Gap is a mechanism that can support improve coordination and alignment between levels of government to implement place-based approaches. It has already identified shared decision-making and systematic and structural transformation of government agencies as key priority areas (NACCHO, 2019[117]). There are two strategic options for how the Joint Council could support place-based approaches within the framework of the partnership agreement (COAG, 2019[18]). One is for the Joint Council to champion place-based initiatives (e.g. Empowered Communities and Local Decision-making) and provide opportunity for jurisdictions and Indigenous organisations to share lessons and leading practices. The second is embedding inter-governmental support for these place-based initiatives into the COAG Closing the Gap Agreement, which will guide implementation and accountability arrangements over the next 10 years (COAG, 2019[18]). For example, the Joint Council could set up a Working Group on 'shared local decision-making' to operationalise this. All parties would need to agree upon a set of principles for "shared local decision-making" and then certifying which Commonwealth, state, territory and local initiatives meet them. As such, the place-based model may vary across different States and Territories. This certification would qualify these initiatives for long-term support from all levels of government within the overall framework of implementing *Closing the Gap*. This support should be formalised in an agreement (by State and Territory) that establishes the roles and responsibilities of different levels of government. Based on a review of existing initiatives and the relevant literature, the effectiveness of these place-based initiatives would be improved with the following design features:

- *Supporting a regional approach* that allows local Indigenous groups to self-organise at a scale that enables management of economic development and service delivery issues.

- *Long-term commitment of at least 10 years* that is matched to community capabilities and aspirations with an objective toward self-determination (greater Indigenous control over local resources and decision-making).

- *Clarity about government roles and aspirations* across different points of a continuum from information sharing to empowerment.

- *Investing in organisational capacity building* (leadership, mentoring and peer-to-peer learning, financial management, and planning and data analytics).

- Co-design of engagement protocols and formal agreements that is tailored to different communities.

- *Leadership from central agencies* to ensure coordination and redesign of policy, programs, service models, and funding mechanisms.

- *Place-based accountabilities and coordinating mechanisms* – regional coordinating bodies that can provide an interface with regional Indigenous groups, and making senior officials and Secretaries responsible for place-based outcomes.

Co-locating services

Linking up services locally helps address problems of fragmentation (Wilkins, 2002[130]). Investments in public services can require economies of scale that are difficult to achieve in rural areas, so communities must identify other arrangements to ensure adequate service provision. Integrated service delivery is one approach frequently implemented to improve access to services by providing improved cost, quality, and access (OECD, 2016[16]). Different forms of integration include colocation, collaboration, cooperation, and co-production:

- Co-location involves enabling different service providers to use the same building. This has been used in Australia, for example, through rural transaction centres that co-locate municipal, Centrelink and other services (Parliament of Australia, 2004[143]).

- Another form of integration is *collaboration*, whereby agencies work together as part of a network to share information and training. Collaboration helps reduce gaps in service provision by providing opportunities for horizontal and vertical service integration.

- *Co-operation*, a third type of integration, entails different levels of government communicating and working together on multi-agency teams. This form of horizontal coordination strives to lower the costs of delivering services and reduce duplication.

- Finally, *co-production* is a type of integration that involves community and non-profit groups, also known as the third sector, in providing services. By partnering with citizens and local organisations, public service providers can ensure products and programs reflect the needs of the community as identified by the people receiving the services.

Table 4.7. Overview of strategies to improve rural service delivery

Consolidation and co-location	Concentrating customers on a smaller number of service locations reduces basic overhead costs such as energy, security, and administrative expenses. Pooling these costs can help generate economies of scale.
Merging similar services	Merging similar or substitute services and combining them into a single entity can ensure different organisations are not replicating work.
Alternative delivery options	Where the demand for services is widely dispersed, it may be more efficient to bring the service to the user. Some examples include mobile libraries, dental clinics, and doctors.
Community-based solutions	Community-driven provision may work for some services, such as through volunteer fire departments or community-owned shops.
Geolocation	Technology can help facilities locate by matching the supply and demand of services.

Source: OECD (n.d.[144]), *Service Delivery in Rural Areas*, https://www.oecd.org/cfe/regional-policy/service-delivery-in-rural-areas.htm.

Service delivery integration has been used to improve the delivery of social services to Indigenous communities (education, employment and training, housing, and health). For example, Empowered Communities is an example of a collaborative model, and the LDM initiative as a co-production model. Local communities have developed innovations to address problems of service fragmentation, for example, by develop common schedules for service providers visiting remote communities (OECD Fact Finding Mission, July 2018). The 2018 Commonwealth Indigenous Business Sector Strategy also identified service fragmentation as a challenge for Indigenous-owned firms (Department of the Prime Minister and Cabinet, 2018[145]). The Strategy committed to the establishment of Indigenous Business Hubs as 'one-stop-shops' to access business advice and connect with existing mainstream and Indigenous business support services. Within this model, Indigenous clients will receive a single point of contact to discuss their business needs, and guided to the most appropriate service and advice. The range of support on offer at the Hubs could include access to intensive business and capital support, incubation and start-up support, back office administration and cash flow management, marketing support, links to industry and relevant networks and provision of concessional desk and office space. It is important these hubs are not just focussed upon individual businesses, but also provide support for local Indigenous institutions to build capacity to promote community economic development (along the lines of the co-development model discussed earlier in this chapter). Delivering this model will require the inclusion of Indigenous institutions and different levels of government in the design and governance of these hubs. Another issue is operating these hubs on a virtual or mobile basis to ensure accessibility for businesses in more remote areas.

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Explanation for front cover image

Guluguk the Top Knot Pigeon

A short story written by Dianne Appleby, as told by the late Mrs Doris Edgar, Senior Yawuru and Karajarri traditional owner. This is a story from the Bugarrigarra (the time before time). Our old people kept this oral history, conveying the philosophy of Mabu Liyan (holistic well-being) as part of cultural education on country.

A family lived on the sandy edge of the bush where water was sacred and scarce. The harsh temperatures of the summer sun are challenging, leaving no room for misbehaviour or disrespect because hunting was extremely difficult and people had to walk long distances to find food. The children stayed back with the elders while the hunters went out, and as the days grew warmer, one little boy found the joy of relief in playing in the drinking water. He was told several times do not play in the drinking water. Protect the most valuable resource for everyone; water. But the boy continued to be defiant and ignored the instructions of his elders, until one day the elders said "This little one not listening to us, we change him and make him into this bird. His name will now be Guluguk and he will learn the meaning and importance of water". Today Guluguk can be seen dancing and basking in the sun as the water cools his heavy feathers.

In the Bugarrigarra there was no technology, but a sense of knowing; knowing if we take care of our water then water will give us all life. The moral of this story is do not waste water be 'water wise' and everyone will live well.

Linking Indigenous Communities with Regional Development in Australia

There are approximately 800,000 Indigenous Australians, which is 3.3% of Australia's total population. Indigenous Australians are custodians of the world's oldest living continuous culture and make a vital contribution to contemporary Australian society. Indigenous Australians are also important for the future of the national economy. For example, the amount of land with Indigenous ownership and interest has increased significantly in the last 50 years and now covers approximately half of Australia's land mass. Indigenous Australians play an important role in the development of regional economies. Compared to the non-Indigenous population, Indigenous peoples are more likely to be located in predominantly rural regions. However, significant gaps in socio-economic outcomes with non-Indigenous Australians remain and these gaps are larger in rural regions. The report provides three key recommendations to improve economic outcomes for Indigenous Australians: improving the quality of the statistical framework and the inclusion of Indigenous peoples in the governance of data; promoting entrepreneurship to provide opportunities for Indigenous peoples to use assets and resources in ways that align with their objectives for development; and, implementing an approach to policies that is adapted to places, and empowers Indigenous institutions and communities.