

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.

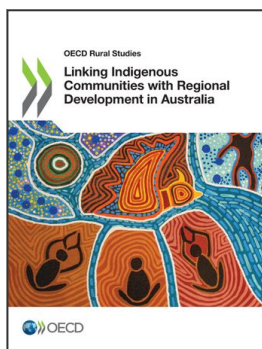
2. Creating an enabling environment for Indigenous entrepreneurs and small business

- 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.



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