

**Edited Version of Address by Norman Fry (CEO of the Northern
Land Council) to the South East Asia Australia Offshore
Conference**

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I would like to start by acknowledging the Larrakia people on whose traditional lands we are meeting today.

The Larrakia are trailblazers in the world of native title. Their commercial success is inspirational and clearly demonstrates how native title can be a firm foundation for economic prosperity. I will speak more of this success during this address because building economic prosperity is a subject that is very important to me, to the Northern Land Council and I hope, to all of you who are here today participating in this important event.

I have been asked here today to talk about what the Northern Land Council expects from companies wanting to operate on land affected by native title. I will do that but I want to talk about something else as well. I want to talk to you all about the reasons that it is in your interest, as well as ours, to build the capacity of Aboriginal people, so that we can participate equally in the social and economic life of the Territory.

More than 40,000 Aboriginal people live in the Northern Land Council region. This is about 70% of the Aboriginal population of the NT. Most live outside of the major towns and centres in small, remote communities.

The Land Council has been very successful in assisting Aboriginal people to regain control of their traditional lands and, to a significant extent, their seas. Aboriginal people also have significant native title rights and interests over the pastoral estate.

However, our people are amongst the poorest in Australia. If you believe what you read in the papers, you might think the explanation lies in the nature of the title to Aboriginal land. This is not so.

The truth is government does not provide Aboriginal people with the same basic services that they do other Territorians. The absence of these basic services is a major barrier to Aboriginal communities experiencing economic prosperity. Many communities have limited access to power and water, no telephones, no garbage collection. They have few primary

schools and no high schools at all. They have poor housing and only the most basic health services.

Let me give you some idea of the scale of the problem. A recent report commissioned by the Coalition of Australian Governments (COAG) found that for every education dollar spent on the average Northern Territory child of school age, only 29 cents is spent on a child at Wadeye (the largest Aboriginal community in Australia). This is a major problem.

Aboriginal communities can take control of their future and lift themselves out of poverty, but this task is almost impossible if governments fail to provide access to a basic education.

Without an education, people cannot obtain a job. And ultimately, the way out of poverty for Aboriginal communities is jobs. This means there must be long-term investment in building the capacity of Aboriginal people and in job creation.

In the Northern Territory, Aboriginal people are unemployed at rates that most Australians simply cannot comprehend. And the picture will get far worse over the next 20 years. Whilst nationally we hear a lot of talk about the aging population, the Aboriginal population is young and growing. This means that Aboriginal unemployment is going to get far worse unless something is done now to create jobs and to build the capacity of Aboriginal people to secure employment.

According to the Australian Bureau of Statistics, the unemployment rate for Aboriginal Territorians fell from 36% to 13% between 1994 and 2002. This sounds good until you realise that there has been no change in the income disparity between Aboriginal and non-Aboriginal Territorians. In 2002, just like in 1994, an Aboriginal person receives just 41% of the average weekly earnings.

In Wadeye, for instance, the average person's yearly income is \$4,200. Most Australian's can barely imagine this level of poverty.

So how is it that unemployment is falling without creating any corresponding increase in income? The reason is simple.

First, unemployment is not falling by anywhere near as much as the figures suggest. Over 64% of Aboriginal people in the Territory are "not in the labour force" and therefore, not counted in the unemployment statistics. Few ask why they do not look for work but the answers can be found in the lack of jobs and in the difficulties people have in competing with the non-Indigenous population. There has been no real improvement in the rate of Aboriginal labour force participation since 1996.

Second, over half of all official Aboriginal employment in the Territory is generated by the Community Development Employment Program (CDEP). CDEP enables Aboriginal communities to exchange unemployment benefits for opportunities to undertake work and training through activities managed by local community organisations. CDEP workers receive the equivalent of the unemployment benefit, sometimes with small amounts of top-up income. The CDEP employs over 5,500 Aboriginal people in the Northern Land Council region and it does so for less than the minimum wage.

Hidden somewhere, buried under the official figures is the truth - only 15% of Aboriginal people have mainstream employment. And even this figure is poorly understood.

Unemployment is one of four central reasons that Aboriginal people experience such high levels of social and economic disadvantage. The others are poor education, poor housing and poor health. They are inter-related.

Unemployment makes kids feel there is no point going to school. It ensures that they grow up in poor housing and have a poor diet. It makes people bored and depressed. It explains why so many people turn to alcohol and drugs. The link between unemployment and health is quite clear. International research shows that every person's health and life expectancy is strongly affected by their living circumstances and their quality of life. In fact, the further down the social ladder you go, the more chance you have of experiencing serious illness and premature death.

It is vital that the standard of living of Aboriginal Australians improves. But the fact is that it will not improve while more than half of all Aboriginal people remain unemployed or employed for wages which barely exceed the unemployment benefit.

This is why the Northern Land Council is focussed on jobs and focussed on the environment that creates jobs – that is an environment that leads to economic prosperity.

I am well aware that in order to get our people out of the economic fringe camps, we need to create an environment that leads to real jobs with real incomes. This is not rocket science. It means being proactive. It means developing short, medium and long term plans to deliver education, health and housing to remote communities. To do this we need to get reasonable services into communities and establish successful business enterprises.

Aboriginal people want to build a future for their children. We know that the way to do this is through participation in the Territory economy – and that means education. It also means economic development. These are

the keys to self-determination and the foundation of genuine opportunity for Aboriginal people.

In turn this will mean Aboriginal people have a choice – to seek employment (including moving elsewhere to find work) or establish businesses in their country.

So, what is needed to promote successful enterprises in Aboriginal communities?

Aboriginal people can use their land in the real economy. For instance, long-term leases can be, and are, used to raise capital. These leases can be mortgaged. The Alice to Darwin railway corridor lease, much of it over Aboriginal land and lands with native title interests, was mortgaged to secure finance for the construction of the line.

Finance is only one of the many barriers that need to be overcome before enterprises can succeed.

Another important factor is that Aboriginal communities are very remote and usually small. They are themselves, very limited markets for goods and services. But they would become better markets, if the average weekly income of residents was closer to or equal to the national average.

The chances that Aboriginal enterprises would succeed would be increased by a serious investment in services. Most people who run a business will understand the difficulties that are posed by the absence of power, water, telecommunications or reasonable road access. As things currently stand, the capital cost of starting a business in a remote community is often so high that the business becomes unviable.

But these are not the only challenges faced by Aboriginal and other enterprises. Some of the other obstacles include:

- High construction costs
- Lack of a skilled & trained workforce
- Limited technical expertise
- Poor health
- Inadequate transport
- Little or no start up capital
- And, the Top End environment itself

These are complex problems and they are not resolved by simple solutions.

Assisting Aboriginal enterprises to succeed requires commitment, innovation and resources. Most importantly, it requires effort to be

directed towards enhancing the capacity of Aboriginal people to successfully engage in the market economy.

The Aboriginal leadership of the Land Council has a vision for lifting Aboriginal communities out of poverty and building economic prosperity. Education, health and housing are government responsibilities, and the NLC will do its best to hold governments to account regarding these responsibilities. In addition the NLC is focussed on strategies that facilitate jobs and enterprise from agreements on Aboriginal and native title land. The major focus of our work is on long-term investment strategies that can generate real wealth for traditional owners, not just for this generation but also for future generations.

We aim to assist traditional owners to use their rights to land and seas to buy into the future of the Territory, to start and succeed in viable, business enterprises and to secure long term, sustainable employment.

When companies approach the Northern Land Council about using Aboriginal land or native title land for a particular business venture, we want to know about the opportunities the proposal might bring for the traditional owners and the local community. We want to see social and economic projects that have the potential to improve the quality of life of the Aboriginal people of our region. We want to see jobs. We want to see improvements in infrastructure. We want to see joint ventures, we want to see equity partnerships and we want commitments to sub-contract, wherever possible, with Aboriginal enterprises.

In short, we want to do business with companies and organisations who are as committed as we are to ending Aboriginal disadvantage. Ending Aboriginal disadvantage is in the interests of the business community. It is in the interests of all Territorians and all Australians. It makes good economic sense.

It makes good sense because most of the major projects – the gas pipelines, the railway lines, the mines and agricultural developments – are on traditional Aboriginal lands. It is clearly advantageous to business to have a strong and positive relationship with the traditional owners. A good relationship generally means a faster negotiation period. It creates opportunities for flexibility and reduces the chance of a serious dispute.

The Bootu Creek Manganese mine project, for example, is a testament to the fact that major native title and Aboriginal land agreements can be successfully negotiated in time-frames which fit within the commercial realities of the global economy.

In 2004 Bootu Creek Resources Pty Ltd announced that it intended to develop a manganese mine on Banka Banka Station north of Tennant Creek. Within 9 months the NLC had successfully negotiated

agreements between the traditional owners and the company over the mine, an airstrip, gravel extraction pits, and a 65 km transport corridor that will link the mine to the Alice Springs to Darwin railway.

This mine project represents a significant development for Northern Territory economy. The Chief Minister has said that the mine is expected to generate around \$70 million dollars per year in export earnings for the Territory.

The mine became viable with the opening of the Alice Springs-Darwin Railway and Darwin's East Arm Port – both major infrastructure projects which were developed over Aboriginal land and native title land, through agreements with Aboriginal people. Aboriginal people are helping to build the future prosperity of the Northern Territory through the development of these and other major infrastructure projects. Aboriginal people want to be a part of this prosperity, and this is why Aboriginal people are seeking equity in major new developments, such as the trans-Territory gas pipeline.

I could go on and list many other projects, which demonstrate the willingness of Aboriginal people to participate in the economic development of the Territory and to accommodate the commercial interests of their negotiating partners.

But there are better reasons than this for industry to work in partnership with Aboriginal communities. Aboriginal people have more to give than access to their land. We have land and we have labour. Both are important economic assets. Both are under-used.

The future prosperity of the Territory depends to a significant extent upon the competitiveness of its workforce. The long-term future prosperity of all of the businesses operating in the Territory is dependant upon the capacity of the local community to fill job opportunities.

This is a time of great opportunity for the Territory.

The development of the vast reservoirs of natural gas lying beneath waters to the north will have many associated developments, including the construction of pipelines and gas plants. This in turn will see a number of retail and residential projects come to fruition. Alcan has announced its intention to expand its bauxite operations at Gove and McArthur River Mining has said that it is interested in expanding its lead-zinc mine near Borroloola.

The total cost of all these developments is expected to be close to \$5 billion over the next three years. All the evidence shows that the local labour force will fall short of anticipated demand created by these

developments. Indeed, the NT recently recorded the highest job vacancy rate in the country.

Over the last two decades, the Territory population has experienced a net interstate-migration deficit, except for a few years when the military relocated north. Workers who arrive from interstate and overseas quickly leave.

Instead of investing in trying to attract workers from interstate or overseas to meet this demand for labour, industry and government should focus its efforts on building local capacity. And that means building the capacity of the growing working age local Aboriginal population.

Building that capacity is not easy but it is far from impossible.

The Northern Land Council is already succeeding in getting Aboriginal people working through our partnership with the Territory Construction Association.

The NLC and the Territory Construction Association first joined forces on the Alice Springs to Darwin railway in order to recruit, train and mentor Aboriginal people for the project. Within the first year we had exceed our target by 300%. Over the life of the project, Aboriginal workers consistently comprised around 30% of the Railway Project's workforce. And at Austrak's Katherine sleeper factory more than 40% of the workforce were Aboriginal, and production was 30% above target. Many of those who worked and trained on the railway have gone on to secure further employment on other projects, such as Darwin's LNG facility at Wickham Point.

The relationship between the Northern Land Council and the Territory Construction Association has become one of the most successful Aboriginal employment and training programs in the country, a success which was recognised in 2004 when the NLC received a Prime Minister's Award for community-business partnerships. Our partnership succeeds because we are committed to the same goal – the Territory Construction Association wants a skilled, resident workforce and we want to be that workforce.

I began this speech by referring to the local success story of the Larrakia. Their story shows what can be achieved when local business is willing to commit to active partnerships with Aboriginal people. In just a few short years, following a set of native title deals, the Larrakia has made a commercial success of the Darla urban development in Parlmerston. With over 100 residential blocks sold, the Larrakia have repaid their debts, boosted local employment of Aboriginal people, and are now in a position to re-invest into other social and economic programs. Like all smart people, they are investing in education.