Event to mark tabling of the Ombudsman’s special report on fostering economic development for Aboriginal people

Speech delivered by Danny Lester Deputy Ombudsman (Aboriginal Programs)
1 June 2016, at Gilbert + Tobin, Barangaroo, Sydney,

Firstly, I would like to thank Danny Gilbert for hosting this event at Gilbert + Tobin’s new premises here at Barangaroo.

I would also like to acknowledge that we are meeting on the country of the Gadigal people of the Eora nation and pay my respects to Elders past and present – and to all Aboriginal people present.

Thank you all for joining the Acting NSW Ombudsman, John McMillan and I, to mark Reconciliation Week 2016 with the release of our Special Report to Parliament on fostering economic development for Aboriginal people in NSW. It is a pleasure to be with you today.

Before I get into what our Report recommends, I’d like to give a brief overview of my role and OCHRE, the NSW Government’s plan for Aboriginal affairs.

To share a little about me, I’m a proud Wonnarua man and a descendant of the Lester family, born in the Sutherland shire with strong family connections to La Perouse and the south coast of NSW.

I’ve been focused on improving economic outcomes for Aboriginal people for most of my career: including in the Department of Education, on the TAFE NSW advisory board, through work on the Australian Employment Covenant and as CEO of the Aboriginal Employment Strategy.

I’m honoured to be the inaugural NSW Deputy Ombudsman for Aboriginal Programs, and build on the work the Ombudsman’s office has undertaken for more than a decade. I’m committed to helping ensure government services and policies broaden the capabilities, choices and opportunities available to all Aboriginal people in NSW.

My first job as Deputy Ombudsman is to monitor and assess OCHRE, the NSW Government’s plan for Aboriginal affairs. As you may know, OCHRE has a strong focus on education, economic development, language and culture, Aboriginal participation in the design and delivery of services, and strengthening governance and accountability.

OCHRE includes six key initiatives: local decision making; connected communities; opportunity hubs; Aboriginal language and culture nests; industry based agreements; and an Aboriginal economic prosperity framework. These are underpinned by a commitment to respond to community directions on healing.

There are also a number of other NSW Government policies and measures that directly support the economic objectives of OCHRE, including: the NSW Public Service Commission’s Aboriginal Employment Strategy; NSW Government procurement policies; reforms to the Aboriginal Land Rights Act, and a strategic partnership between the NSW Government and the NSW Indigenous Chamber of Commerce (NSWICC).
Through OCHRE, the Government has acknowledged that effective reform in education and employment is central to addressing Aboriginal disadvantage, and commits to implementing an Aboriginal economic development framework to drive whole-of-government action. This commitment responds to the recommendation for a state-wide strategy that our office made in 2011.

The ‘Aboriginal Economic Prosperity Framework’ is currently being developed by Aboriginal Affairs for the Government’s consideration and is expected to be released during the next 12 months. The AEPF is consistent with the Government’s 30 State Priorities, unveiled in September 2015, which focus on economic development and growing the State’s economy.

In August last year, the NSW Parliament also flagged its strong interest in fostering economic development in Aboriginal communities by tasking the Legislative Council’s Standing Committee on State Development to inquire into the issue. I welcome the Committee members present here this morning – we’re glad you can join us. In preparing our Special Report, we’ve had regard to the Committee’s work and evidence to the inquiry.

More recently, the Council of Australian Governments (COAG) resolved to develop a new strategic framework which places Indigenous economic participation at the heart of the national agenda. Given this increasing focus on Aboriginal economic development at both the state and federal level, we thought it timely for us to report our observations from our own research and consultations with Aboriginal leaders and the business community on this issue over the last 18 months.

In particular, our report is intended to inform the development of the Aboriginal Economic Prosperity Framework. We set out what we believe are the key elements required to achieve tangible success, which I’ll outline shortly. In doing so, we also revisit a number of the recommendations made in our 2011 report to Parliament which remain relevant.

We welcome the NSW Government’s commitment to an Aboriginal Economic Prosperity Framework. Fostering economic development for Aboriginal people promises dividends for the broader state economy and is critical to changing the prospects of Aboriginal people now and in the future.

Disappointingly, Aboriginal people in NSW have not enjoyed the same benefits as other citizens from years of strong economic growth in the state. On a range of key economic measures, Aboriginal people lag behind non-Indigenous Australians.

- In 2011, only 44% of Aboriginal young adults aged 17-24 in NSW were fully engaged in post-school education, training, or employment (compared with 74% for non-Aboriginal peers).
- Labour force participation in NSW stands at 54% for Aboriginal people compared to 65% for non-Aboriginal people.
- The unemployment rate for Aboriginal people aged 15 years and over is 15% – almost three times that for non-Aboriginal people (5%).
- A majority (58%) of Aboriginal people in NSW aged 18-64 receive government pensions and allowances compared with 21% of non-Aboriginal people.
- Almost 50% of Aboriginal Australians aged 18–64 in NSW who reported a principal source of personal cash income said that government payments were that principal source – more than three times the rate for non-Aboriginal people (13%).
• The median income for Aboriginal households in NSW ($457 per week) is just over half that of non-Aboriginal households ($890 per week).
• 40% of Aboriginal households in NSW own their own home, compared to 67% of non-Aboriginal households.

Research shows clear links between increased economic prosperity and improved social outcomes in other areas, including health, education, child protection and community safety.

The broader economy also profits. Deloitte Access Economics modelling estimates that if the gap in employment outcomes was overcome, the result would be an improvement of $7.4 billion to the NSW economy, including over 41,000 jobs created, by 2031.

It’s clear that the returns from efforts to improve economic outcomes for Aboriginal people in NSW have so far been poor, and disappointing for both my mob and Government. We believe this is due primarily to limited investment and weak accountability mechanisms, as we said in 2011.

Although there has been a significant amount of government expenditure on programs and services for Aboriginal people, [before OCHRE], there has been minimal investment in initiatives aimed at delivering economic empowerment. The significant imbalance we identified in our 2011 report appears to have continued:

• In 2008-09, state government spending per Aboriginal person on labour and employment services was $78 compared to $3,817 for public order and safety.
• In 2012-13, just 6% ($25 million) of total state government Aboriginal expenditure ($3.8 billion) went to programs, services and supports to allow people to participate in the economy.

Yet there have been a multitude of initiatives and programs aiming to improve the economic participation of Aboriginal people offered by government, non-government and private sector.

These have the potential to create a collective impact if they are well coordinated, but risk a fragmented approach if this does not occur.

As the Local Decision Making Regional Chairpersons’ Group has said – (represented here today by Sam Jeffries and Sean Gordon):

“*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...”*

On top of this, there have been few evaluations to determine what works from previous initiatives, and ensure accountability for the progress and outcomes being achieved.

The Productivity Commission recently made a similar observation about the Federal Closing the Gap targets.

There is an urgent need for robust data for Aboriginal affairs more broadly, and we are closely watching the work of the new NSW Data Analytics Centre (DAC). DAC aims to be a world leader in applying whole-of-government data analytics to support strategic decision making and improved service delivery.
Without a shared strategy or governance mechanism to coordinate and drive government action, delivery has been disjointed. The Aboriginal Economic Prosperity Framework is a positive step. Our report is intended to inform its development and sets out the key elements we believe will be required to achieve lasting change.

Clearly, more of the same won’t lead to improved outcomes. The Aboriginal Economic Prosperity Framework (or the AEPF) has to represent a significant shift in how government fosters economic development for and with Aboriginal people in NSW. The reform agenda must be driven by a vision of prosperity and independence for Aboriginal people and communities, with Aboriginal people at the centre of decision making.

The role that government needs to play is perhaps best summed up by the NSW Aboriginal Land Council (and I note that NSWALC Chair Roy Ah See is here this morning):

“The role of government must shift from delivering systems predicated on disadvantage, to facilitating the aspirations, priorities and self determination of Aboriginal peoples. Governments must be prepared to move into an innovative space to encourage Aboriginal self-determination, and long-term partnerships with industry with a view to generational outcomes.”

There needs to be a tiered approach. While increasing job opportunities for Aboriginal people is important, there also needs to be a focus on wealth creation, and facilitating opportunities for individuals to be supported to turn their lives around. This support might range from equipping people to pay off debts to owning their own home, or to participating in small business enterprises.

We believe the reform agenda shouldn’t be limited to industry and enterprise. The Framework needs to take a tiered approach, with strategies focusing on individuals as well as enterprises, communities, regions and industries.

It is also critical that state and federal governments ensure that policy for Aboriginal economic development is integrated with policies for mainstream economic development – built in, not bolted on. This means that Aboriginal economic development must be embedded in the everyday goals and work of the agencies that already have responsibility for economic development, and supported by clear measures of performance.

There is clearly a pressing need to improve coordination between existing efforts, particularly government initiatives. If the strategies contained in the Aboriginal Economic Prosperity Framework connect in a very practical way with the Government’s broader focus on growing the economy, then success is far more likely to be realised.

There should also be a place-based approach. The economic reform agenda needs to sit alongside strategies for tackling child protection, family violence and other social problems facing many high-need communities.

In response to our 2012 report on responding to child sexual assault in Aboriginal communities, the NSW Government committed to developing and implementing place-based service delivery reforms, and has launched a number of initiatives to better identify and meet local need.
More broadly, Aboriginal representatives and government leaders across Australia have increasingly been advocating for place-based approaches to service delivery and economic development. A place-based approach to Aboriginal economic development might include:

- Identifying the unique potential, capacities and assets, as well as constraints and risks for individual Aboriginal communities and their locations.
- Whole-of-community or regional planning — between relevant government agencies (at the local, state and federal level), Aboriginal representative bodies, industry leaders and educational institutions — to scope future growth industries and regions, forecast potential skills and supply shortages and prepare Aboriginal stakeholders to exploit these.
- Exploring other ways to grow local economies – for example, by fostering local Aboriginal businesses to provide the goods and services consumed by their community.

We also argue that there is an urgent need to tackle long-standing barriers contributing to the economic marginalisation of Aboriginal people in NSW. In our report we focus on a number of key obstacles which, if addressed, should make a real difference to Aboriginal success in the economy, by:

- improving educational outcomes and transitioning to post-school options
- reducing the ongoing impact of incarceration on economic outcomes
- eliminating pockets of financial exclusion and building financial literacy
- fostering employment opportunities in the public and private sectors, and
- creating pathways to home ownership – helping individuals to raise capital.

At the same time, it is important to harness existing opportunities. There are considerable opportunities already available to enhance Aboriginal economic development, which the AEPF could further leverage, such as:

- significant mainstream economic development initiatives
- the assets and comparative advantages of Aboriginal stakeholders
- corporate appetite for collaboration and partnerships
- existing entrepreneurial capacity of Aboriginal people and organisations, and
- government procurement processes to incentivise the government/private sector to engage Aboriginal enterprises

Our report also makes recommendations about implementing the AEPF. As we said in 2011, a strategy is one thing; but implementing it successfully is quite another. There need to be robust governance arrangements in place for the Aboriginal Economic Prosperity Framework which:

- coordinate existing and future efforts by the government, private and non-government sectors
- empower individuals with sufficient authority to lead the necessary reforms,
- enable flexibility so that adjustments can be made where circumstances change, problems are identified along the way or new information comes to light, and
- ensure regular and open reporting on progress, informed by a genuine dialogue with Aboriginal leadership on what meaningful indicators of performance should look like
Finally, success is unlikely without a strong entity with the necessary skills, expertise and clout to drive the reforms – in close partnership with the business community and Aboriginal leaders. Such a body may be an existing government agency, or a newly dedicated board as in Victoria and Canada. Whichever entity it is, it has to implement the AEPF in collaboration with Aboriginal representatives, industry partners and the non-government sector.

In closing, I’m passionate about enabling Aboriginal people to reach their full potential. We commend the Government’s commitment to reshaping Aboriginal economic development through the Aboriginal Economic Prosperity Framework. If economic development reforms are well designed and executed in NSW, they should deliver lasting change and be a practical step in the journey of reconciliation.

I hope that the Ombudsman’s Special Report will assist Government as it undertakes these important reforms. Thank you again for joining us today to mark the release of our report.

I’d now like to introduce Aboriginal entrepreneur Herb Smith, who has kindly agreed to share his story, about establishing his business ‘Dreamtime Tuka’, which provides foods with an Aboriginal flavour to a range of corporate clients.