

THE SOUTH AUSTRALIAN CHAMBER OF MINES AND ENERGY (SACOME)

SUBMISSION TO THE REFORM OF AUSTRALIAN GOVERNMENT ADMINISTRATION

Thankyou for the opportunity to contribute to the reform process of the Australian Government Administration. I have read and noted the associated discussion document distributed by the Advisory Group.

This submission is from the perspective of someone who is currently working on Native Title resolution from within the South Australian Chamber of Mines and Energy (SACOME). Much of this work is closely linked to the Australian Government's policy on 'closing the gap' between Indigenous and non-Indigenous opportunity, health and well-being.

Within the context of the Reform of Australian Government Administration, this submission draws on our experience to identify some of the impediments to reaching common goal (such as 'closing the gap'). In particular, the major impediments that we encounter relate to managing risk, inter-departmental communication, intra-departmental communication and cross-sectoral partnering.

The Drivers for this Submission

The driver to this submission arises in part from a review of the MoU between the Minerals Council of Australia (MCA) and the Federal government for Indigenous employment and enterprise development at 8 mining sites over a 2 year period. None of these programs achieved the outcomes that were anticipated from the joint effort. The review identified the following as impediments:

- the complexity of State and Federal government relations;
- inadequacy of resourcing;
- incompatibility of industry and government timeframes;
- the inflexibility of existing government programs and funding arrangements;
- the 'churn factor' of employees in key government agencies and industry; and
- the lack of capacity in Indigenous representative bodies to effectively engage on economic development issues.

The research also found that currently, mining companies are spending significant sums of money to achieve mainstream employment outcomes for Indigenous people because of the systemic failures of governments to provide front-end services to enable mining companies to concentrate their expenditure on company specific skills training, to maximise workforce capability.

The South Australian Experience

SACOME is one of several key industry bodies participating in the SA Native Title Resolution (SANTR) process. The aim is the strategic resolution of 75% of Native Title claims by 2014 through negotiation rather than litigation. This approach has the strong support of both the National Native Title Tribunal (NNTT) and the Federal Court. The primary tool for doing this is the negotiation of Indigenous Landuse Agreements (ILUAs) by the various non-Indigenous stakeholder bodies with the Indigenous stakeholders. In the case of the resources sector, the ILUAs will cover and apply to the whole of the claim area. Overall, and although it is not stated, this has been a relatively good example of cross-sector partnering.

It also highlights however, what can go wrong when the representatives on the group are unsupported at the most senior level, when there is poor upward and transverse communication and hierarchical structures overwhelm a partnered project.

As you will be aware, the resources sector plays a significant role in respect of Aboriginal Australians; and can offer great opportunities both directly (through employment and enterprise development within the business and with those businesses associated with a mine) and through lobbying governments to partner for these opportunities.

It has been through its role as a negotiator with Aboriginal people that two things became apparent:

- Indigenous South Australians did not have the capacity to manage the outcomes from the ILUAs because of poor literacy and numeracy, lack of administrative and governance skills, poor health, poor housing, poor communication tools; and
- The ILUAs in themselves offered very little scope to advance the skills and capacity of the claimants, but could be improved if they included a benefits package made up of such things as improved childhood, secondary and tertiary education (including a network of cultural, social and financial mentors for families, communities and students), and house packages etc leading to viable long-term employment and/or enterprise development.

Overall, the greatest additional benefit for the industry from these non-litigious negotiations is that it offers the experience of building strong relationships on which individual industry operations can build.

The SACOME Experience

Some years ago, SACOME took a more pro-active role to encourage and support our member companies to attract and retain Aboriginal employees. Getting started on the process is the hardest and it was quite clear that the focus of companies on their business did not enable them to turn their attention to dealing with between 23 and 49 Commonwealth and State agencies and departments to achieve the outcome of a successful Indigenous employee. Companies are particularly resistant to offering support where they see that the associated costs fall within what might be called 'citizenship rights' (such as education, health etc).

While the ideal for industry would be a 'one-stop shop' within and across each level of government, in the interim, we are attempting to focus on a partnered approach to teach all of the participants (industry, Aboriginal parties, State and Federal government representatives) new and better ways of working together to achieve common goals. An analogy that might be applied here would be the building of a new mine for production – there is an exploration phase (both early and advanced), a feasibility phase (where all of the requisites such as size of the deposit, access to infrastructure, legal requirements/compliance, availability of skilled and unskilled staff for both the construction and production stages) are fully tested followed finally by the decision to proceed to production. A range of strategic partners need to be brought together to address the common goal, each bringing their own, but complementary, strengths and weaknesses, to bring the project to production.

In 2007, the SACOME ILUA negotiating team met the Dieri people (whose country is north of Marree and east of Lake Eyre but who were forced off their land by the pastoral industry). During our negotiations, the Dieri indicated that either the industry would have to pay a lot more by way of 'benefits payments', or some equivalent or they would withdraw.

While this strategy is frequently used at Aboriginal ILUA negotiations, this community stood out from all other communities with whom SACOME had negotiated. The Dieri presented as an extremely cohesive group, had banked much of the income derived from the resources sector (some of which had been spent on re-acquiring property on Dieri country, community buses and town properties) for the community benefit. With advice and assistance the Dieri had developed a vision (to get off welfare) and a strategy (based on education, health and housing). However, as with exploration and mining companies, the prospect of finding and negotiating with the huge array of (sometimes duplicating) State and Federal government departments to help them achieve their aspirations, the Dieri asked SACOME to effectively become its lobby group.

It was therefore decided to establish a small and functional Steering Committee both to assist the Dieri and to explore whether this might be a way forward with other ILUA negotiations such as to hasten the settlement of claims. Most of those on the Steering Committee had attended a day training program, offered by SACOME, on cross-sectoral partnering (offered by Dixon Partnership Solutions).

The Steering Committee is made up of representatives from both State and Federal governments, industry and the Dieri. All of the features identified by the review of the MCA/Federal government pilot sites became apparent, and will need to be addressed/overcome if we are to see a future where it will actually be possible to reach results in a timely and effective manner viz:

- DEEWR has offered itself as the lead agency and has a good working relationship with FaHCSIA. However, while the former department is reasonably flexible and enables some managed risk, the same cannot be said of FaHCSIA.
- The WA/SA Manager for IBA (which is part of FaHCSIA) is a member of the Steering Committee and brings to it strong business and risk management skills not evident in other government representatives.
- DEEWR's relationships do not extend to the same extent with other Federal government departments (such as the Department of Resources, Energy and Tourism and the Department of Innovation, Industry, Science and Research each of which also offer programs of relevance). Contact with other Federal government departments is therefore undertaken by SACOME.
- The State government is unable to provide a single lead agency with the capacity to negotiate with relevant departments and agencies as required. At the moment, contact across departments is being provided by SACOME and by a representative from the SANTR team.
- There is little evidence of either knowledge or skills in how to assess and to manage risk; and this varies enormously across government departments at all levels.
- There is little evidence of either knowledge or skills in how to form effective partnerships to achieve mutually desired outcomes, as a risk management strategy.
- Neither industry nor government show commitment from the very senior levels of their organisations leaving representatives insecure in their roles with the Steering Committee.
- There is little evidence of either vertical or horizontal communication in any of the organisations.
- While the aspirations of the Dieri are focussed, their capacity to deliver on their aspirations is weak. The Dieri have no functioning governance or administrative structure and the average education is no higher than year 9. The community is scattered across several centres in South Australia and New South Wales (Broken Hill). Very few of the people have sustainable skills; but certainly have the capacity to attain them.

- The Dieri are keen to keep their kids at school, but find their children are frequently attracted by children and families who do not hold the same ethic. It is difficult to attract applications for children to attend private boarding school unless it has some familiarity for the parents (but which are often not high achieving schools).
- Industry unanimously supports the concept of Indigenous employment but resists starting on the process because of un-anticipated costs and assessment of high risk.
- There is little understanding on the part of non-indigenous people in either government or in business of the obligations on Aboriginal people to attend to 'sorry business' and to attend ceremonies (to ensure culture and traditional knowledge are retained).
- The non-resources sector is extremely hard to engage in any form of Indigenous interaction (i.e. banks, retail sector etc) in South Australia despite having Reconciliation Plans on display in other States. This needs to happen to broaden the range of opportunity for Indigenous people.

Overcoming Impediments

Our experiences with both the SANTR group and with the Dieri Steering Committee provide a common microcosm of the issues identified in the Reform paper. The list of apparent deficits above have helped the Steering Committee to quantify the issues that have to be addressed. All of the parties, under the leadership of the Dieri, have agreed on strategies for the short, medium and long term program to help them meet their aspirations. The Committee has been assisted by a review of the 'old' Dieri business Plan.

- **Cross-sectoral partnerships:** Clearly this is a very big issue that can only be dealt with by changing management and working habits of decades from the highest levels down. Effective organisations are those that enable levels of decision making based on trust, confidence, high level communication and risk-management skills. Fiefdoms that are geared to protect the status of individuals through hierarchies, common to the Australian work environment, are poor operating structures. They are slow and 'clunky' and at best will only achieve partial outcomes. For those of us who do not operate in this way, life is frustrating and debilitating. One is driven to give up.
- **The relevance of the Dieri experience:** This is an interesting process, because it has exposed all of the flaws identified in the Reform paper compounded by the way it impacts on Aboriginal life. Government involvement is filled with good intent but, after decades and millions of dollars, little result. A lot of new ways in doing business *per se* as well as doing business with Aboriginal Australians, need to be learnt. The following changes would seem to be self-evident:
 - Training in cross-sectoral partnering and risk management at all levels of all organisations
 - All new government employees, should also receive induction about other government departments, at all levels, with which they might need to interact.
 - Establish a portal or one-stop-shop whereby businesses can obtain effective and timely assistance on government programs that might be relevant.
 - Avoiding fiefdoms by creating cross-sectoral partnerships between governments and industry that dissolve on completion of a managed project.
 - Learning about and adapting to Aboriginal culture in the workplace and business. Non-Aboriginal people having anything at all to do with Aboriginal people should have compulsory exposure to Aboriginal culture. They will need to understand that Aboriginal people do not put much value on status, money or work positions – their investment in people is entirely based on relationships. Areas of high value to Aboriginal people include country and

obligation to family and culture (i.e. attending to ceremony and 'sorry business' is paramount).

- One way we are looking at adapting business philosophy to Indigenous culture is the establishment of labour hire and training firms, contracted to a core business/businesses, which provide seamless cover for Aboriginal staff required to be absent, thereby minimising risk for the core business operation. Ideally such operations would be owned by Indigenous people who have information about the need for absences. Examples are Narda Mining, Carey Mining and YBE (2) Pty Ltd.
- Getting Indigenous people to want to be educated is tough. Why would they want to when they have been refused jobs or not paid or treated as fools and dumped on welfare? They certainly haven't been given jobs. However, all States seem to have some good strong Aboriginal voices speaking up in support, which is encouraging increased levels of interest. Areas that desperately need to be strengthened are mentoring for families, communities, students and employees – at least for one generation (not just one electoral period). Increasing our non-Aboriginal knowledge about Aboriginal culture will help to support Aboriginal Australians to function in two cultures. Our recent experience of bringing Aboriginal kids from State schools into the private school sector indicates that they are not getting the educational building blocks that will support children reaching their maximum potential. Health and wellbeing also form part of the equation. We therefore support structures such as Yalari and encourage our member companies to engage to utilise their skills and resources where possible (and I see that government has recently done so as well). More needs to be done to emulate the Yalari operation.
- Most Aboriginal people cannot afford the additional costs associated with education. For that reason, SACOME partners closely with and supports the school, VET and university cadetship scheme operating through the Mining, Energy and Engineering Academy (MEEA). This organisation will shortly be working with the Dieri to kick start some of their projects, pending the appointment of an operations manager (funding for which will have to be found).
- Most Aboriginal people do not have the capacity to administer or govern their own affairs. Working with a group like the Dieri makes the attainment of these skills much more likely than a divided and dissident group. Another claim group with whom we have been negotiating is at the other end of the spectrum.
Despite having received many millions of dollars from the resources sector, when the local mine closes the only beneficiaries will be the eight signatories to the claim and their families. No resources have been put aside for future generations or for the elderly; and one putative elder is fiercely opposed to the education of the young. I would like to think that, in due course, they will come to me to request some of what the Dieri have from my government and non-government partners, because we have made sustainable alternatives (to the 'cash cow' mentality) a reality.
- Getting the resources industry and non-industry partners engaging with Aboriginal people is generally perceived as being of high risk. As a result, with one notable exception, there has been very little by way of employment outcomes in South Australia within the resources sector.

The critical challenge for all of the partners is to reduce the perceived risk by business of engaging with both Aboriginal people and of having to deal with a myriad of government departments and agencies, none of whom cooperate or collaborate. At the present time, employers generally confine themselves to simple western-style

employment practices for the Aboriginal people who fit the mould and behave like 'white fellas'. They do not want to engage in the range of social issues that are seen as part of the baggage of having an Aboriginal employee. Many industry MDs do not know what 'DEEWR' or 'FaHCSIA' mean, would not be able to tell whether they are a State or Federal agency or, most importantly of all, what their relevance is to their business.

In conclusion, we agree that there needs to be radical reform within the Administration of the Australian Government. I trust that the examples and experiences outlined above highlight the areas of greatest concern to SACOME.

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