

WORKSHOP NOTES



Nhulunbuy

Date: 18 July 2014

Key issues raised:

- A highlight of this workshop was that Yolngu leaders came to outline their aspirations for the future, which is development on their land that creates jobs.
- Small, micro businesses are most suitable for Indigenous people. Bunuwal has started with revenue-generating businesses that don't rely on tenure, such as selling fuel to Rio.
- Larger projects will depend on joint ventures, but bankable land tenure is a prerequisite for investment or bank loans for housing, businesses and infrastructure rather than depending on government grants.
- The key focus for Aboriginal people setting up businesses – above making a profit - is getting people off welfare and into jobs, whereas investors need a return on investment.
- The other key issue is access for people and freight. Access to East Arnhem is difficult and expensive, whether by road, air or sea.
- Sealing the Central Arnhem Highway is a top priority for providing access to markets and reducing logistics costs. Even better would be a loop route that would connect coastal communities and make it a more interesting journey for tourists and increase local access to schools and services. Road works would also create business opportunities for Yolngu people who could provide civil services and sell aggregate.
- Government doesn't have a big enough cheque book to provide basic services like power, water and sewerage to all remote communities, let alone the necessary infrastructure. The only solution is economic development.
- Concerns about government red tape and the time it takes to resolve tenure issues, disappointment that the NLC didn't attend.

Workshop summary

- The groups drew road and sea networks on their maps that envisaged Nhulunbuy as the front door to East Arnhem and Groote Eylandt, with homelands and communities linked up.

- Key to access is the Central Arnhem Highway to provide access to freight and materials and the deep water port of Nhulunbuy.
- Running off this core infrastructure would be ferries and barges to Groote Eylandt, Galiwin'ku, Ngangalala and Milingimbi.
- A loop road around East Arnhem would link communities such as Rittarangu, Numbulwar, Gapuwiyak, the cluster of homelands around Ramingining and go on to Maningrida, a community of 3000 people that also has poor road access.
- Together, this network would open up the region, providing access to services, dispersing tourists, supporting fishing, aquaculture, horticulture, cattle and buffalo, linking kids to schools and creating economic development that reduces dependence on government.
- Long-term, the roads may also provide a foundation for bigger industry opportunities such as new mines.

Welcome to country

Djawa Yunupingu (Gumatj) and Wanyubi (Rirratjingu) welcomed workshop participants to their country.

Regional Economic Development Committee

Chair of the Nhulunbuy REDC Klaus Helms welcomed people on behalf of the REDC. He said there were good people in Nhulunbuy and it was regional economic development that was going to put money back into the town.

Background to the project

Ernie Wanka provided background and an overview of the Regional Infrastructure Study.

Northern Australia Development

Bridgette Bellenger provided an overview of the Northern Australia Development Office and priorities for development of the North. She said NADO would be in Nhulunbuy in August for a meeting.

Presentation

James Mathews (KPMG) and David Rolland (GHD) spoke to the MomeNTum presentation.

Questions and comments:

Trevor Troy: Most unemployment is in remote communities. (He sought clarification of the year of the statistics in the presentation.) James said they were 2013 ABS figures.

Conway Bush told of his aspiration for an Indigenous civil construction company.

David Suter said registration fees, which include the fuel excise, are going up and would they go towards road maintenance.

Ernie said the government was looking at different methods of financing roads.

David Suter: Would the government consider toll roads?

Ernie: You need a lot of traffic to make toll roads profitable. One of the big issues for government is that with roads such as the Tanami, where the biggest beneficiaries are mining companies, a contribution towards road maintenance would be great. But the mines might argue that they are businesses who pay royalties. The Government is looking at developing a contributions scheme (for major road users).

David Rolland: The Commonwealth collects the fuel excise which goes back into consolidated revenue. They collected approximately \$16 billion (last year) and approximately one-third went back into roads. One of the considerations with any charging scheme on remote roads is that if you travel on them you are travelling further than city commuters on toll roads.

PANEL DISCUSSION

1. **Gumatj Association (Klaus Helms and Djawa Yunupingu)**

The Gumatj Association employs 62 people and doesn't envisage the company getting bigger. With the closure of the Gove plant, Yolngu people have to create some jobs for the future. Some of the things they are looking at:

- a) **Mining training school:** We believe there is enough bauxite to keep us going for 9-10 years at 5 million tonnes a year (mtpa). Once we have built up experience, we should be able to go to the Rio ore body and go on their mine with Yolngu operators. At the moment, it's hard to get Yolngu people working on the mine because of things like safety. We have people cutting timber and they go through their own safety procedures. We see that we have 15 years to set up a business that's going to sustain Indigenous employment. All the mining royalties come back into our region. If that stops, there is another hole in the ground.
- b) **Forestry:** We are also looking at a large forestry operation that's sustainable. We are importing most of our hardwood so why not try to grow it? We manage rehabilitation across the mine and do a reforestation program. We are getting Yolngu people to understand industry. This program has been designed to give back into the future and start from the bottom up. So we are starting to plant trees. Is it a big industry? Probably not, we won't be employing more than 30 people and 25 on the mine, which is about 120 people employed, about what Rio had on the mines.

- There's no big ticket out there, it's all micro. It has to concur with what people want or it won't work.
- Infrastructure: When we have cubic metres of timber going to Darwin, there are six movements. They go on and off trucks and it's 36 hours of minimum transport time to get to Darwin. It isn't cheap to use shipping. If we just had a standard road that could handle trucks, there would be two movements and 13 hours. That makes a huge difference.
- We can buy cattle to breed but it has to be during the Dry, they have to be a certain weight. We have a loss rate of about 5% which isn't sustainable for a small company.
- Gumatj is seeking long-term solutions for long-term employment because these communities will be here for the long-term. We will have another 4000 people on Commonwealth funding in 15 years.
- For us, it's about getting people off welfare and into jobs. If you don't have infrastructure, how can you achieve that?

John: All enterprises require income. What's your process now of employing venture capital?

Klaus: Joint ventures. To set up a mining company from the ground up is \$10 million. We want to put that into a training company so we are looking at a joint venture.

Klaus: With fishing, we need to get people who are guaranteed to buy. We will buy smaller boats and do drop netting.

Djawa: With rigs... it will open up jobs so there is an opportunity for Indigenous people to come and train with us and work with us.

Klaus: We are not interested in wood chipping. It takes 15 years to harvest. Getting people to invest is hard ... so why not work with companies like Rio. We are cutting about 60 cubic metres a year of timber for kilns and doing houses and verandas. There are markets in Darwin, South Australia and overseas, including Indonesia.

2. Bunuwal Group (Wanyubi Marika, Stuart MacLean)

Stuart: At Yirrkala the key thing that will increase infrastructure investment is a 99-year lease, which will enable engagement with banks for investment. We are looking for land tenure and land administration that will bring investment into infrastructure. It is very difficult to raise finance from the banks without suitable land tenure arrangements. Most of the money that's coming in for infrastructure development is from government grants or money to develop services. In every other state you can go to a bank and

borrow money and build. They borrow money, develop infrastructure and recover their costs. You can't do that here. Organisations become reliant on Government and grants for funds because land tenure is unsuitable. Without bankable land tenure, there is no finance. The NT is in a uniquely disadvantaged position for infrastructure investment. The Government has limited infrastructure in comparison with some of the bigger states, due to a lower population, less taxes and ability to recover rates. Therefore, without outside investment into the Territory it's very difficult to move the Territory forward. Our answer to that at Yirrkala is to show that the model can work on Aboriginal land. For the first time the Aboriginal corporations could add assets that they own to their balance sheet. As it stands, assets built by corporations on ALRA land are not considered assets for use in raising finance or by accountants to add to the balance sheet. With suitable tenure, the NT and Australian Governments can also add assets they have built or invested in to their balance sheet, to leverage finance.

Wanyubi and I have travelled the country talking to banks and various businesses about investment. We have a number of projects that we do as a company. Our plans don't rely so much on the land tenure. We won a contract to supply diesel to Rio and we were competitive against global fuel suppliers because we didn't have to rely on land tenure negotiations to win our contract. We source fuel from Singapore. We run as a small, lean company competing against (larger companies).

An example of an infrastructure project out at Yirrkala currently is at The Yirrkala Arts Centre. They are developing a new wing to increase operations at Yirrkala. It uses its own resources together with grants to invest in their own building. However, without a suitable tenure over assets that investment can't be categorised as an asset for accounting purposes. In future we believe that not only will the NT and Australian Governments have tenure over the assets they build but it could free things up for investors. Instead of grants, indigenous people could borrow.

In addition to the need for finance and tenure, we need some culturally appropriate models of business development. The Yirrkala Arts Centre is selling art internationally, which helps with living costs for those living in homelands. Lirrwi have been involved in tourism development on small homelands. Laynhapuy is also doing some things on their homelands. Being able to fund small infrastructure developments may improve standard of living in homelands. Lirrwi have developed a great model for assisting homelands get into tourism businesses (eg cultural awareness training) and have a master plan for tourism development. They are getting help from a merchant banker in Sydney who provided a small microbusiness loan, but these don't rely on land tenure. To increase engagement from those who can assist with investment into infrastructure we need to be able to engage with banks for finance. Bunuwal have also have set up small businesses that are bringing revenue to us. We are selling rock from the quarry and fuel. Larger income will come from land tenure.

Wanyubi: We need a 99-year lease. For us to develop future growth, we Indigenous people need access to training so we can start getting some jobs. We need a road from the Arnhem Highway. The bus comes in with a lot of damaged freight. Sealing the road is another opportunity for Indigenous people to get involved in the road works.

3. Baniyala (Djambawa Marawili and Conway Bush)

Djambawa: It's really important for me to be at this forum. I want to develop my own country. We moved away in the 1950s to other communities like Numbulwar and Groote. We came back to Yirrkala. My father decided we wanted to go back to our own country. There is a presence, stories, song lines and the name of the country he overlaid on that country. His father and his grandfather died there too. That was the moving in the 1970s when our families moved away. The country was really empty. There were no houses and businesses. We are living in that country now. What we are thinking now is that we need to build up for our young persons who are coming up. Laynhapuy came in and started by building houses. We would like to make another future role model. We have a shop, to build up capital. There is a small school now and it's functioning very well. We would like to see a tourism business. It's important for some of our people. It is time for us to make a tourism business, bring people to come and see our country, our own arts. We would like to do more. We have to get our people out to homelands. The government people don't recognise us. They think we are just out there on holidays. We need to rebuild our economy. It's really important. I hope that the two governments have got to come and properly plan the future, for them to know and support (us).

Conway: My mother moved away and I went to Katherine for a good education. My mother made sure we went to school for our future. When you talk about economic development, I am talking about preservation of culture. Bark and leaves (represent) two moiety groups. When you turn it upside down it becomes corporate culture. Would like to set up a civil construction company in Arnhem Land. When you look at closing the gap, you don't just give people training. The Indigenous nation is about vision and (?). The Yolngu nation is about peace and harmony so when mining comes to our town, I think this is a chance to set up a S19 where we get civil and construction contracts. At Blue Mud Bay, we want to use timber out there. It's like the Berrimah line. Things go as far as the end of the airport and that's where it stops. At Blue Mud Bay, we will make sure our contracts are in before we say yes to a section 19. You must give us a chance to close the gap our way. We looked after our people for thousands of years; surely we can do this at our space and time. We are related to Gumatj. We want training, getting people to work and getting them off Centrelink. What will our people do when they come out of prison. We need to stop domestic violence. With mining, don't just employ the husband (creates issues at home), the husband quits the job and

you have to start again build a town so the kids get up every day looking at a working environment. I have seen it all myself. I am now a single father of six and don't drink and don't smoke.

We have set up an Indigenous civil construction agency. I was responsible for Western Desert Resources project at Ngukurr. I have worked with ERA, I know how these mining companies work.

Department of Community Services (Mike Chiodo)

Mike Chiodo, CEO of the Departments of Community Services and Local Government and Regional Services.

We have just heard some inspirational messages. I want to give some context about essential services and infrastructure. We cover 73 communities and my department carries responsibility for 527 homelands (in the north) and out stations (in the south). We spend \$78 million a year in Indigenous Essential Services, of which we spent \$35 million for diesel because only 66 of those communities are attached to the power grid. The remainder run off diesel. The 527 homelands and outstations are a moveable feast, in fact there could be 1000.

Traditional owners are taking responsibility for their component of economic development. There needs to be a change in the government paradigm. Both governments have insufficient money to continue to maintain the level of services that exist out there. So what is the solution? I think it's self-evident. It's about inclusive economic development. It's about working in partnership. The elephant in the room is land tenure. How do we deal with land tenure? When I go and speak to investment houses and I am trying to get them interested in partnering with local businesses, the factor that plays on my mind, is understanding that their major concern is return on investment. They have shareholders and boards and they have a responsibility to get a return on their investment.

So how do we get them to invest here? One of the issues is always going to be land tenure. The clear message is about partnering with these groups so there is a recognition from both groups about cultural (?). They want to invest with a clear understanding of that message and they understand what the tenure situation is. You wouldn't buy a house anywhere unless you believe that house had security of tenure.

Sustainability: The complexity is that the risks are that we tend to look at 'why not' reasons. That's not a reason. It's about offering opportunities to believe in these communities, to actually deal with people in these communities in government to allow them to look at their own future.

Education and Health is where government needs to spend its time.

Infrastructure is so important. People hospitalised because of poor environmental health is seven times the rest of Australia.

Indigenous Essential Services: We don't have enough money to keep it going, the power, the water, the sewerage. Roads are important for access. An isolated community isn't of interest to individuals when they are looking at coming in.

Our cheque books are not very big. We need to be partners, to joint venture, to understand the needs and listen to the people living in those places.

30% of Indigenous communities have experienced interruption to their power in the past year. In remote communities it is 20-25 disruptions to power a year.

We need to start to think through what economic development actually means. Some of the best things start out as micro.

The infrastructure audits and reviews... will give us an enormous amount of information. It's what we do with the information that will end up making a difference. It's how we share it and work together.

Local Governments suffer through an inability to remain sustainable. Some of my councils get enough rates to pay for only four meetings a year. They have responsibility to deliver core services. They get money from the NT Government, we get our money from the Australian Government. It's a vicious cycle. We need economic development to break the cycle.

There are some innovative models we can learn from, eg social bonds.

4. Business Advisory Council (John Tourish)

An observation: in nine and a half years living here, I have been quite heartened today seeing elders talking about the future and the challenges. That gives me the biggest confidence that we are walking out of here with (a way forward).

I don't see the difference between Indigenous and non-Indigenous business.

Where are we heading? I like the honest report card that we got today. We need to consider what's our future to invest in our infrastructure. We know what the issues are. The can doesn't have a lot of content. Sometimes the stars align. I am not that

pessimistic, (sometimes events) create a vacuum and that creates an opportunity. Without honesty there is no respect. We have some challenges.

The viewpoint of the bankers, other businesses and the (Small Medium Enterprises)SMEs is that without collecting GST, paying payroll tax and employing people, we won't have a government. They start small and eventually people will be employing people to generate an income.

The challenge that we are facing here:

1. Locality: we are isolated from the markets; we have access to a micro-economy. We are isolated. What has been referred to as a road, I call a 'track'. It's limited and costly to move things here.
2. There are long delays in negotiating outcomes. Things like ALRA are a hindrance to economic development and the commercial reality is that if timeframes aren't realistic, investors will go somewhere else when they can get permission to do a project.
3. We have had little or no development here. If people wanted to pin the tail on anything other than the mine, it doesn't exist. Some ventures have failed. Then people don't have confidence to come in again and invest. We are starting behind the eight-ball with NT and Australian funding there is no infrastructure. Most of the funding comes from the Australia Government. So we have to engage everyone to make this happen. SMEs are the largest group of employers in Australia and generate the largest amount of taxes.

Conroy: We want your company to be paying tax because then the wheels go round.

We need local personally owned businesses out here because they have a financial and personal attachment to the region. They bring stable operations because they live here, they bring business acumen and we get access to external capital. But the local environment needs to change. We need a paradigm shift = a change of attitude.

Current perceptions of people outside East Arnhem are the reality. If the perception is that this region is hostile to doing business, that's the reality. We have to accept that and change attitudes.

What makes it hostile?

1. Land tenure: it's a common problem we all have. The Australian Government has to address that, the NLC has to address that, the traditional owners need to keep the pressure on. The special purpose lease: Rio needs to have an open mind.
2. Commercial terms are important: it is an expensive place to do things. We have to think about how we can make this an economically available area. Return on investment is important. What are our long-term returns? I worked for the

MacDonald Corporation.... we operated on an open book basis with our suppliers. We need to be more open book.

Even if we fix of all of the above, it's our on-going access to where we do business, accessibility to each other and respect for each other.

The basic rules of business are: is my business realistic, reliable, can it achieve my outcomes on a timely basis and get a return on investment.

I want to see Indigenous business develop. It has to happen. But it needs the engagement of private equity, professional input and entrepreneurs, both inside and outside.

The challenge: Australian Governments have worked in the past 20 years, freeing up the banking industry. Nhulunbuy is on Aboriginal land. It has to be opened up to free trade.

I am enlightened, excited and happy to hear Indigenous groups get up to talk about the future.

WORKSHOPS

1. Feedback from the discussion groups

The groups were provided with maps and asked to consider the following questions:

- what are the potential economic development opportunities in your region (take in the whole region, including across borders into Queensland and Western Australia)
- what infrastructure (transport, energy, water) would unlock these developments by linking them up or improving their economics
- what is the supporting community infrastructure that needs to be in place to facilitate economic activity
- what social and economic development might this be a catalyst for (eg unlocking other projects, providing social benefits for communities)
- who is most likely to pay for this infrastructure, what is the business case
- are there clusters of activities that might become possible with infrastructure
- what barriers, opportunities or issues need to be considered?

Group One

- There is the Stuart Highway going to Darwin. We think the Central Arnhem Road is a major priority. You could link the Top Road around to Numbulwar which creates tourism. We will be able to do that only by working with traditional owners to get

access to cheap aggregate. The population might not warrant a sealed road but unless you do something like that you won't get economic development.

- Deep water port: We still need to be able to get access. There are 33 communities of 14,000 people. You could have access down and across, you could link ships to ferry services. The top road and the down (side) road is a bit longer but is important – it would create a ring road which is more sensible for tourism.
- For traditional owners, the key thing is security of their homelands. That they can control access. That has always been a bugbear. It's their private property. You don't have people turning off the road and driving into your property interstate (eg farms).
- A road creates new industry and jobs for the homelands, they can manage their own access.
- Also, long-term – because there won't be another mine here for 10 years – but if you build the road now, they will have a road.
- If there is access, there goes the land tenure problem.
- Power generation: We tend to look at our own problem. We have had two major cuts in the past two weeks. So why don't we start looking outside the box and looking at power to Gunyangara. If it goes from Darwin to Ranger, why not here? Some of the homelands are starting to look at their own equipment.
- We know the cost of the roads but with really good communication with Aboriginal people, you could do a deal that costs less to get access.
- If we have to change the region of the NLC's boundaries to make it happen.

Group Two

- Opportunities are buffalo: use the access road to get access to the buffalo, livestock, abattoir
- fishing: deep water port, maybe the naval base, brings a lot of infrastructure and workers
- Road could open up opportunities for education and training.
- Conway went away and got an education. That's what we need to do first, make sure that the education we are providing (is good). We need to support them so they can support themselves with the right education. We have a national framework: make sure the education is suited to that framework.

Group Three

- Our main focus was on small Indigenous businesses working in their communities. People in their communities are passionate about their communities and not going anywhere.
- Contractors come in and out of the communities whereas if people had small businesses, eg stores, providing a garbage truck to provide services to the

community would be a form of constant income, there are mowers and community assets that require upgrading. There are opportunities for civil works, maintaining the road into the community from the Central Arnhem Highway.

- Recognise that power, water and sewerage are a major concern for communities. There has been money to build housing but the essential services have sopped new housing because what is there won't allow new housing to proceed.
- East Arnhem is a beautiful region and the tourism is an opportunity for Yolngu people to develop their business. But access and land tenure are major barriers because banks won't fund them. We have to be reliant on government grants to service the tourism business.

Group Four

- We all recognise the economic opportunities that we have had.
- Mining is a future industry for the traditional owners to leverage off but this won't happen in five minutes.
- Fisheries and aquaculture will open up opportunities for people who are semi-skilled to get into jobs. You won't be able to put everyone into high skilled jobs. There's a process (to get there).
- Regional service delivery: Governments create an environment for people to do business. There are opportunities for local people to do the local service provision.
- Land and cultural management is another opportunity.
- Road upgrades: why not turn the Central Arnhem Road into a loop road.
- In Queensland, Joh created a cattle network. The Bowen Basin is built on the old cattle roads. if you don't have a road structure, you can't have development.
- The Savannah Way needs the Arnhem Highway to run off it.
- Has to bring financial benefit to the communities.
- Loops will encourage tourism, it can be good or poor quality (some tourists want the experience of four-wheel driving). It might encourage miners to get into areas.
- Power: There is 180 MW at the plant. What is wrong with small grid networks. Why can't one of the homelands provide power to a grid?
- Progressive upgrades to make things work.
- John: Ran a transport company, got upset with the barge company so started my own. It was a two-day trip from Katherine. The road has now improved. You can be here in a day, with the Goyder River crossing and communities who have to travel on the road have benefitted too.
- Ports: what is wrong with a place like this being a hub? Use a decent vessel to here then a barge to do 200 km trips. It will create access, industries and other new enterprises.
- Timber
- Beef/buffalo: armed with Internet and mobile phones but the streets are still mud.

- Community: making the existing infrastructure work, will get more kids coming to school. If we don't educate the children, there is no future.
- Better health (?) – starts to create self-sustainability.
- It's like a cart, once you get momentum, then it's easier to get it going.
- It won't happen without partnerships. Governments are here as partners and maybe as regulators: we are over-regulated, with red tape. It takes 10 bureaucrats to get things done.
- Need partnerships with Indigenous people, the mining company, the NLC (would have been awesome to have had someone from the NLC here today, disappointing they are not here).
- It's all about timing and opening up for businesses to help us grow this area.
- Clustering: manufacturing regions, service industry – have to cluster our industries and transport, regionalise our hubs
- We have neighbours, eg Kakadu, could leverage off that, link with Cairns, the Savanna Way (you need to fish where the fish are).
- There is a massive demand for cultural tourism. I have written a 'one pager' on the tourism potential of East Arnhem... because one page was all there was.
- The barriers are money, tenure and red tape. It would be good to find the money. We need to change the rules (tenure) and address the red tape. Without communication and cooperation we won't get any of this.

Group Five

- Access in and out has to be the starting point.
- Deep water port: it's the second deepest in the NT: negotiate with Rio to use it for getting product out and opening up services with cheaper freight.
- Seaswift has created competition and decreasing freight costs.
- Road and port
- Tenure: to make sure we have tenure so we can attract overseas investment and start to build the economy.
- Ring road: Need to take a long-term view of how that's developing.
- Best case scenario would be a large part of the road being sealed so we have all-weather access 12 months of the year.