

Submission to the 2024 Independent Review of the Northern Australia Infrastructure Facility Act 2016

The Northern Australia Indigenous Reference Group (IRG) welcomes the opportunity to provide a submission to the 2024 Independent Review of the Northern Australia Infrastructure Facility Act 2016: Discussion Paper.

Northern Australia Indigenous Reference Group

The IRG is an expertise-based advisory group comprised of Indigenous leaders with experience in Indigenous business and economic development in northern Australia. Current IRG members were appointed in 2021 to provide policy advice to the Minister for Northern Australia and the Minister for Indigenous Australians on practical actions to enhance the economic prosperity of Indigenous Australians in the north. IRG members are presented at **Attachment A**.

Northern Australia

Northern Australia comprises 53 per cent of Australia's landmass, defined as all of the Northern Territory, as well as the Northern parts of Queensland and Western Australia that intersect with the Tropic of Capricorn, including the Indian Ocean Territories (see Figure 1).



Figure 1- Northern Australia¹

The region is abundant with untapped potential and talented people. Northern Australia has a competitive advantage in resources, energy, agriculture, aquaculture and tourism and its proximity to Asia and the Pacific creates trade potential to drive Australia's economic growth over the next decade and beyond. This continues on established trade between Indigenous Australians and South East Asian peoples over millennia. Northern Australia is mineral rich with deposits of lithium and rare earth metals that will be vital to the electrification of the country as we move toward a net zero future.² It is on the frontline of the nation's defence, border protection and biosecurity and it is home to a young and growing Indigenous population which will play an increasing role in its growth. Unlocking the north's potential is key to the development of the nation as a whole.

¹ Office of Northern Australia. (2021) *Our North, Our Future: 2021-2026*. Accessed on 06/03/2024. Retrieved from <https://www.infrastructure.gov.au/sites/default/files/documents/Our-North-Our-Future-2021-2026-Targeted-Growth.pdf> (p.2)

² Invest Northern Territory. (2022) *Minerals*. Accessed on 24/10/2022. Retrieved from <https://invest.nt.gov.au/infrastructure-and-key-sectors/key-sectors/minerals>.

Aboriginal and Torres Strait Islanders have significant assets to bring to the northern Australia development agenda. Aboriginal and Torres Strait Islanders comprise 16 per cent of the northern Australian population, far greater than their three per cent share of the national population, and maintain rights or interests in around 78 per cent of the land mass in the north.³ The Indigenous population is younger and growing at a faster rate than the rest of the Australian population.⁴ Aboriginal and Torres Strait Islanders are projected to constitute approximately half of the working age population of northern Australia by 2050.⁵ Outside of major population centres in northern Australia this is already the case.⁶

Developing the north, however, is not without its challenges. northern Australia is home to only 1.3 million people or around 5.3 per cent of the Australian population.⁷ Its sparse population, the vast distances between major centres and extreme weather conditions can make it difficult, and costly, to do business and to provide adequate social and economic infrastructure. Housing shortages and higher costs of living can make attracting and retaining a skilled workforce difficult⁸. For Aboriginal and Torres Strait Islanders in the north, increasing cost of living pressures are exacerbated by remoteness, a lack of investment in infrastructure and already significant disadvantage stemming from centuries of dispossession and marginalisation.

Submission

Our recommendations reflect the collective experience of the IRG in promoting Indigenous self-determination, economic participation, and culturally aligned development for Aboriginal and Torres Strait Islander people and community. The group has provided numerous perspectives on various key areas, including training, employment, business development, infrastructure development, capital unlocking, and most recently leveraging intellectual property.

The IRG understand the Northern Australia Infrastructure Facility (NAIF) has a very big role to play in the economic self-determination of Indigenous people, as it aims to achieve several key objectives through its Indigenous Engagement Strategy (IES), all centered around enhancing the participation, employment, and economic benefits for First Nations communities in northern Australia.

³ Ibid

⁴ Australian Bureau of Statistics (2017) in Australian Venture Consultants Pty Ltd, (2020) *A new framework for accelerated development of the Northern Australian Indigenous economy*, provided. Accessed on 26/10/2022. (p.38).

⁵ Joint Select Committee on Northern Australia (2014) in Australian Venture Consultants Pty Ltd, (2020) *A new framework for accelerated development of the Northern Australian Indigenous economy*, provided. Accessed on 26/10/2022. (p.38).

⁶ Australian Bureau of Statistics (2017) in Australian Venture Consultants Pty Ltd, (2020) *A new framework for accelerated development of the Northern Australian Indigenous economy*, provided. Accessed on 26/10/2022. (p.38).

⁷ Office of Northern Australia. (2021) *Our North, Our Future: 2021-2026*. Accessed on 06/03/2024. Retrieved from <https://www.infrastructure.gov.au/sites/default/files/documents/Our-North-Our-Future-2021-2026-Targeted-Growth.pdf> (p.2)

⁸ Ibid

NAIF continuation post 2026 and governance

The IRG recommends:

That NAIF continues post 2026, and incorporates the following governance and oversight:

1. Leverage strategic investment to support broader community benefits and mitigate against challenges (i.e. projects impact on housing availability; social infrastructure; etc.), and better consider public benefit.
2. Lower the loan threshold and concessional interest rates for Indigenous proponents.
3. Nil or capped interest rates for Traditional Owner proponents.
4. Establish an appropriate vehicle to undertake strategic assessment and facilitation of the opportunities for Indigenous groups to gain equity or co-investment options through NAIF funded projects.
5. Return on investment goes into a future fund for Traditional Owners first, and wider Indigenous northern Australia communities, to be used for equity or capital guarantee options.
6. Accountability of the Indigenous Engagement Strategy (IES) component:
 - a. NAIF Board to incorporate an Indigenous Reference Group (or similar) overview of the IES process to:
 - i. Review the current IES agreements to assess genuine outcomes and provide input on the Strategic Assessment papers prior to going to the NAIF Board for consideration;
 - ii. Improve the IES accountability framework, including an appropriate measurement tool along the economic inclusion spectrum, to ensure it achieves the agreed outcomes including wealth creation and economic empowerment for Indigenous communities.
7. Invest in a program that enables capacity building and Indigenous businesses to scale up.

Employment

Meaningful employment lies at the heart of opportunity. Employment serves not only as a means of income for individuals and families but also as a pathway to developing skills and experience, increasing self-esteem, ensuring financial security, and enhancing living standards. Moreover, the health advantages of having a fulfilling job are widely recognised, including improvements in physical and mental health, social inclusion, and better developmental results for the children of employed individuals⁹.

Despite this, the employment rates for Aboriginal and Torres Strait Islander people in the northern regions are far from reaching the national average. Though the goal of the Closing the Gap reforms is to boost the employment rate of Aboriginal and Torres Strait Islander

⁹ Biddle 2013, Gray et al. 2014 and WHO 2012 cited in Australian Institute of Health and Welfare. (2022). *Indigenous Employment*. Accessed on: 26/10/2022. Retrieved from: [Indigenous employment - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/indigenous-employment)

people, there is still much progress to be made¹⁰. However, the IRG maintain that increasing Aboriginal and Torres Strait Islander participation in employment in northern Australia can be achieved by:

- ensuring that education and training is accessible, affordable and relevant to the jobs that are available now and in the future in communities;
- adapting training to suit the learning styles of participants;
- making workplaces culturally safe;
- ensuring career pathways for Aboriginal and Torres Strait Islander Australians; and
- supporting the establishment and growth of Aboriginal and Torres Strait Islander business which are more likely to employ and invest in Aboriginal and Torres Strait Islander people and communities¹¹.

The size of the Northern Australia Aboriginal and Torres Strait Islander population, residential stability, links to traditional lands and growth trajectory means that Aboriginal and Torres Strait Islander people will perform an increasingly important role in the workforce and the Northern Australia economy.

Creating careers, not just jobs

It is important that the job opportunities offered to Aboriginal and Torres Strait Islander individuals include opportunities for advancement in their careers, rather than just starting positions or short-term contracts. Enabling advancement opportunities that align with an individual's skills, interests, and aspirations is key to achieving long-term employment success, including reaching senior positions. The development of a skilled Aboriginal and Torres Strait Islander workforce through investment and commitment is key to addressing Indigenous economic participation and address any skills shortage in regional, rural, and remote areas, particularly in the north where the impact is greatest.

Business Development

Aboriginal and Torres Strait Islander businesses play a key role in empowering and upskilling local Indigenous populations across the north. Aboriginal and Torres Strait Islander businesses are over 100 times more likely to employ Indigenous workers than other businesses and they are more likely to invest in Indigenous peoples' development and in Indigenous communities¹². Aboriginal and Torres Strait Islander businesses are also adept at mobilising workforces in rural and regional communities including the re-engagement of those currently not participating in the workforce. Supporting independent, authentic

¹⁰ Australian Institute of Health and Welfare. (2022). *Indigenous Employment*. Accessed on: 26/10/2022. Retrieved from: [Indigenous employment - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://indigenousemployment.aihw.gov.au/) & Employment. (2022). *National Indigenous Australians Agency*. Accessed on: 25/10/2022. Retrieved from: <https://ctgreport.niaa.gov.au/employment>

¹¹ Supply Nation and First Australians Capital (undated) *Indigenous Business Growth: Working together to realise potential*. Accessed on 21/11/2022. Retrieved from <https://supplynation.org.au/wp-content/uploads/2018/10/Building-Indigenous-Growth-Report.pdf>

¹² Supply Nation and First Australians Capital (undated) *Indigenous Business Growth: Working together to realise potential*. Accessed on 21/11/2022. Retrieved from <https://supplynation.org.au/wp-content/uploads/2018/10/Building-Indigenous-Growth-Report.pdf>

Indigenous businesses and Traditional Owner groups trying to create local opportunities in their communities is an avenue for genuine capacity building and self-determination.

Supporting growth in Aboriginal and Torres Strait Islander businesses requires Governments and their agencies to lead the way by improving Indigenous procurement practices and supporting Indigenous entrepreneurship. There is an appetite for Aboriginal and Torres Strait Islander Australians to start and grow their own businesses, seen in the rising rates of Aboriginal and Torres Strait Islander entrepreneurship across the country, including in Northern Australia. Over 2000 Indigenous Australians are expected to start their own business by 2026¹³ however, the majority of this activity is located in the South Eastern corner of the country.

In Northern Australia there are a limited amount of privately owned Aboriginal and Torres Strait Islander businesses, Aboriginal and Torres Strait Islander women are particularly impacted in this regard, only four per cent of employed Indigenous women were business operators themselves¹⁴. There is a clear gap where the market has failed in northern Australia requiring a government response.

Northern Australia Infrastructure Facility

It is important to recognise that Aboriginal and Torres Strait Islander people and community want to be a part of the Australian economy. However, the pathways to participation for our Indigenous communities are narrow and non-existent. NAIF are one of the government agencies that could make a difference to the lives of so many First Nations individuals and communities through its projects, and the IRG recognise NAIF's commitment to increasing the levels of Indigenous employment and procurement in the projects it finances.

However, the IRG have a few concerns that we will outline below, that need to be addressed if NAIF are serious about making a difference to Indigenous self-determination.

Accountability

One of our concerns is how NAIF holds project proponents accountable for their Indigenous engagement commitments. We believe there needs to be a focus on ensuring that Indigenous employment and procurement outcomes are accurately reported and delivered, and that there is transparency in these processes. NAIF, whilst you have produced some data, which is a step in the right direction, you have not provided a clear breakdown of how many jobs for Indigenous Australians have been created, their regional distribution, or the proportion of total jobs created by NAIF projects that are held by Indigenous workers. Additionally, there is no information on the levels of employment, for example, entry-level, mid-level, senior/management roles, for Indigenous employees.

¹³ National Indigenous Australians Agency (2021), *The Indigenous Business Factsheet*. Accessed on 28/11/2022. Retrieved from https://www.niaa.gov.au/sites/default/files/publications/ibss_factsheet.pdf

¹⁴ Office for Women (2015), a profile of Australian Women in Business. Accessed on 17/12/2022. Retrieved from https://www.pmc.gov.au/sites/default/files/publications/profile_of_australian_women_in_business.pdf

The IRG recommend:

That NAIF provide detailed data on the number of jobs generated for Aboriginal and Torres Strait Islander people through NAIF-supported projects, including by region, and what percentage of all jobs represents.

Black Cladding

The IRG have a deep concern about the practice of 'black cladding', where non-Indigenous ownership to benefit from procurement opportunities. It is imperative that NAIF ensures that business claiming to be Indigenous are properly verified. The group have been committed to this cause and have produced our own set of Indigenous Procurement Principles that helps guide discussions with governments to improve First Nations outcomes. We have spoken with NAIF via consultation about our IPP's and NAIF have been very responsive to these ideas.

The IRG recommend:

Principle 1. *Of IRG's IPP's - Consistent and effective procurement.* Ensure NAIF your proponents maximises the positive effect on Indigenous businesses and communities, provides genuine opportunities for market participation and addresses 'black cladding'¹⁵through:

- Consistently applying the definition of an Indigenous business as, at a minimum, 51 per cent Indigenous owned and controlled¹⁶.
- Consideration of a tiered level of Indigenous ownership in the selection of businesses and contractors in end-to-end procurement processes. A tiered approach could apply preferences such as:
 - First preference: 100 per cent Indigenous owned and controlled.
 - Second preference: more than 51 per cent Indigenous owned and controlled.
 - Traditional owner/Place Based Indigenous ownership.
- Applying IPP requirements to the full supply chain, including head contractors, sub-contractors and suppliers, of significant government contracts.

Free, Prior and Informed Consent (FPIC)

It is also essential that Indigenous communities have a say in the projects that affect their land. The IRG believes it is vital, that NAIF require project proponents to obtain free, prior,

¹⁵ Black cladding refers to the situation where large non-indigenous corporations enter into disingenuous partnership with Indigenous businesses and over-represent the involvement and control indigenous businesses have in order to appear more attractive in procurement selection processes.

¹⁶ Indigenous controlled organisations are variably defined as those that can demonstrate that Aboriginal and Torres Strait Islander people are involved in the daily operation of the enterprise and have effective control at least equal to the degree of ownership Indigenous. Indigenous control could include control at Board and executive level with a minimum number of Indigenous directors on the board, a minimum quorum of majority Indigenous Directors at Directors' meeting, and/or the Board chair to be Indigenous.

and informed consent (FPIC) from traditional owners for projects that take place on Aboriginal and Torres Strait Islander lands. We understand, as part of the review, NAIF have indicated that projects on Indigenous lands must comply with relevant legislation regarding land use and Indigenous rights, which includes obtaining FPIC where applicable.

The focus then is on the extent of community participation and the transparency maintained by NAIF regarding their scrutiny of project proponents to ensure compliance with relevant legislation is completed.

The IRG recommend that NAIF ensure that State and Territory governments are required to obtain FPIC from traditional owners for all projects that affect Indigenous lands. NAIF could require documentation from these proponents proving that Indigenous communities have been fully informed and have given their consent before funds are released.

Funding to State and Territory Governments

The IRG have a concern with accountability for funds channeled through State and Territory governments. We understand that NAIF's review recognises the need for consistency around accountability regardless of whom is being funded. However, there are no clear reporting and accountability mechanisms that ensure funds allocated for Indigenous outcomes are tracked and monitored particularly when it comes to funds channeled in this way.

The IRG recommend that NAIF require State and Territory governments to establish robust reporting frameworks that ensure funds allocated for Indigenous outcomes are tracked and monitored.

Indigenous Training Programs

There really needs to be consideration of training programs for Aboriginal and Torres Strait Islander people in NAIF-supported projects, with a monitored impact.

There is no specific information on how much if any funding has been allocated/directed to Indigenous training initiatives within NAIF projects. NAIF projects provide an excellent opportunity for proponents to create training programs so as to equip Indigenous workers with skills for long-term employment.

The IRG recommend:

NAIF consider making it mandatory that proponents create training programs with monitored impacts, so as to equip Indigenous workers with skills for long-term employment.

NAIF consider an equity or Co-investment opportunities for Traditional Owners

There is an opportunity for equity or co-investment for traditional owners.

The IRG recommend:

NAIF should consider providing opportunities for traditional owners to have an equity stake or co-invest in NAIF-supported projects. It is unclear to the IRG whether such these opportunities have been explored or implemented.

Projects in the Torres Strait Islands

The Torres Strait Islands could represent a unique opportunity for NAIF to make meaningful investment to foster economic growth and support cultural and environmental integrity.

There are several key areas where you could maximise impact and sustainability.

Investing in renewable energy projects. The Islands are rich in natural resources, and harnessing solar and wind power could lead to energy independence while reducing reliance on fossil fuels.

Additionally, supporting local business through low-interest loans could empower communities to thrive economically, and investing in training programs that equip locals with the skills required could help secure sustainable employment within the region.

In summary

NAIF needs to provide more transparency and specific data, particularly regarding Indigenous employment, business engagement, procurement values, and accountability for Indigenous outcomes. There are genuine gaps in the verification of Indigenous business that need to be addressed, and there needs to be a more transparent FPIC process, and the creation of equity or co-investment opportunities for traditional owners.

Attachment A

IRG Membership

- **Mr Colin Saltmere**, Chair – Managing Director of the Indjalandji-Dhidhanu Aboriginal Corporation, the Myuma and Rainbow Gateway companies, and Adjunct Professor with the University of Queensland’s Aboriginal Environments Research Centre.
- **Ms Tara Craigie** – Managing Director of J&T Craigie Pty Ltd, Indigenous Engagement Consultant at AAM Investment Group, and President at Northern Cowboys Association and Founder of Territory Rodeo Services.
- **Mr Jerome Cubillo** – Chief Executive Officer of the Northern Territory Indigenous Business Network, Chairperson of Larrakia Nation Aboriginal Corporation (LNAC), and on the Board of Ironbark Aboriginal Corporation representing LNAC.
- **Mr Troy Fraser** – Chief Executive Officer of Doomadgee Aboriginal Shire Council and formerly Community, Youth and Economic Development Manager at the Aboriginal Development Benefits Trust.
- **Mr Peter Jeffries** – Chief Executive Officer of Murujuga Aboriginal Corporation and has formerly worked with the WA Police Force, Rio Tinto, the Yamatji Marlpa Aboriginal Corporation, Woodside and his own business offering consulting services and Aboriginal cultural tourism.
- **Ms Gillian Mailman** – Managing Director of Fibre Optics NQ, Chief Executive Officer of MJB Solutions Pty Ltd, Director of Indigenous Wealth Hub, and Director of Illuminate FNQ.
- **Ms Ninielia Mills** – CEO of Nyamba Buru Yawuru (NBY), and a Traditional Owner from Yawuru country which includes Broome.
- **Ms Flora Warrior** – Principle Consultant of Saltwater Blue Consultancy Services and Traditional Owner and resident from Lag Mabuyag (Mabuiag Island in the Torres Strait) – Goemulgal people, and is from the Panai Dugong – Crocodile clan.