



Government of Western Australia
Department of Aboriginal Affairs

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OUR REF: 13/0646

YOUR REF: D109523

Lyndon Rowe
Chairperson
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Dear Mr Rowe

INQUIRY INTO MICROECONOMIC REFORM IN WESTERN AUSTRALIA

Thank you for the invitation to provide a submission to the *Inquiry into Microeconomic Reform in Western Australia*.

Please find enclosed a submission on behalf of the Department of Aboriginal Affairs (DAA) concerning microeconomic reform.

DAA welcomes the opportunity for reforms that have the potential to improve the future economic opportunities for Aboriginal people in Western Australia.

Yours sincerely

Cliff Weeks
DIRECTOR GENERAL

9 September 2013

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**Submission to the Inquiry into Microeconomic
Reform in Western Australia by the Economic
Regulation Authority**

By

**Western Australian
Department of Aboriginal Affairs**

September 2013

**Economic Regulation Authority
Inquiry into Microeconomic Reform**

Submission

Department of Aboriginal Affairs

Background

Aboriginal people in Western Australia comprise approximately 2.3 % of the State's total population, have under their control an estimated 11% of the State's land area through the Aboriginal Land Trust and receive significant supporting outlays from the State Government each year. Yet a significant number of Aboriginal people in general exist and operate on the margins of the State's economy. Aboriginal people generally are under-represented in the workforce, have low educational outcomes and are overrepresented in the health care, child support and justice systems. Much of the disadvantage that exists in the State's Aboriginal population is also becoming apparent in an expanding underclass that is emerging at the bottom of the State's mainstream economy. In general marginalised people do not have the means to economically prosper through their own competitive achievements that are independent of the social welfare system.

Outlined below are a range of suggested areas that are worthy of further investigation as economic reform measures that might assist Aboriginal people to participate more fully in the State's economic systems.

Specific Areas of Investigation

- Tax incentives to encourage and support the establishment of joint ventures between a capacity partner with an Aboriginal organisation or an Aboriginal owned business, in particular in rural and remote areas. For example, in the context of the recent Federal election campaign the consideration of a targeted lower company tax rate as an incentive to expand the Northern Territory's economy was raised.

- More systematic approach to expand opportunities and encourage a larger pool of Aboriginal people in remote communities to undertake lead-in employment in baseline positions, e.g. teachers' aids, nursing aids, community health workers, that leads to formal training through a monitor system to become qualified teachers, nurses etc. This approach would make a significant contribution towards providing in time a qualified Aboriginal workforce to staff remote Aboriginal schools, clinics etc.

- Incentives in the form of tax concessions or other incentives to encourage and assist employers to utilise Aboriginal labour sourced through remote Aboriginal Communities, e.g. provide an off-set to the costs of establishing fly-in / fly-out or drive-in / drive-out employment pathways.

- Use an expanded sporting academy approach, particularly for Aboriginal girls and linked to the TAFE system, to undertake innovative and applied vocational training opportunities to work in such areas as commerce and business.
- While the attitude of local government authorities (LGA) to small business vary according to location, significant improvements could be made through research on the variety of regulations and conditions present in LGA areas with the intention of identifying positive net benefits and a more uniform and consistent approach. Many LGA's regulations can be considered prohibitive to the establishment of micro and small businesses. Often there appears to be little flexibility, practicality and innovation towards encouraging small business start-ups.

For example, LGA regulations frequently restrict, through zoning regulations, start-up businesses from developing in specific locations. A more flexible approach from many LGAs would help support small business in their start-up phase, to optimise their exposure to customers and help reduce costs, by allowing start-up businesses to better utilise existing infrastructure and buildings. The following are provided as examples of the limitations that may be imposed:

- By-Laws that do not allow home based businesses to commence and operate citing concerns over pedestrian traffic.
 - Zoning that only allows businesses to operate from commercial zones, but provides limited locations in these zones.
 - As a consequence rent charged on available space is at a premium and therefore often unaffordable to a small business start-up.
 - Prohibitive regulations that do not allow the placement of signage, including on private property (e.g. a home fence).
 - Regulation preventing a business to start-up until it fits into the appropriate local government business category.
 - Complications with insurance or public liability.
- More pliant regulations to allow unemployed people to take up employment opportunities without the risk of losing their social housing in those regional areas where housing is at a premium, exceedingly expensive and there is no affordable rental market. Consideration to be given to a transition program that provides a flexible approach to provide a level of balance between incremental increases in income and a reduction in rental assistance. The same regulations work against people wanting to start micro or small businesses while living in government subsidised housing. Many people continue to live on social welfare in subsidised government housing, because any increase in net income often means they have to vacate social housing.
 - Provide avenues and incentives for Aboriginal youth (boys and girls) in their high school years to undertake "junior" type employment placements with the support of a "school or TAFE without walls".

- Provide access to small low cost repayment of principle only business loans to Aboriginal women to commence cottage style businesses, e.g. sewing services, food services, cleaning service, etc. Provide an avenue of formal “school without walls” instruction to help mentor participants. (School without walls - a non-traditional education program that uses community facilities as learning resources). In many instances Aboriginal women, including grandmothers provide the leadership and discipline to the development and learning of the children within the community.
- Economic drivers in regions are not always connected to the local skills or capacity of small business. This can result in industry unlocking economic gains from regions without considered long-term investment back into the foundations of the local economy. Big business/government has been reasonably successful in making economic participation opportunities available, but is not as active in developing, and measuring, strategies that ensure local participation. This can result in local business not being included in economic progress.

There are a number of examples where companies and government point to the business opportunities that large investment will make to local communities, but the reality is, small business typically does not meet the pre-requisite criteria necessary to be engaged by these projects/investments. In some instances it is recognised that while ‘outsiders’ are benefitting; locals can be excluded from the wealth creation opportunities while often being subjected to increases in local costs.