



# RESEARCH REPORT SNAPSHOT



## Joining the Real Economy: Mapping the economic potential of remote Indigenous communities

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### Introduction

The disadvantage of remote Indigenous communities is well understood. However, governments are yet to develop an effective solution for resolving this situation. Remote communities are often written off, with governments happier to leave them as a perpetual drag on the public purse rather than seeing their potential.

While remote and very remote (all referred to in the paper as 'remote') towns are never going to be burgeoning metropolises, these communities should have a level of economic activity more commensurate with their population sizes.

Many remote Indigenous communities have enough of a critical population mass to support a range of businesses and services; including cafes, hairdressers, real estate agents, supermarkets, bakeries, butcheries, agricultural and fishing supplies stores, tourism enterprises and more.

However, most of the remote Indigenous communities analysed in this paper have virtually no businesses whatsoever. This lack of businesses, particularly in larger communities, is verging on incomprehensible. Like many remote non-Indigenous communities, remote Indigenous ones could — and should — have small but functioning economies commensurate to their population size.

Utilising the latest ABS Census data and other key datasets, this paper quantitatively demonstrates that it is possible for remote communities to be participants in real economies. By comparing remote Indigenous communities to similar non-Indigenous communities, it is clear there is significant potential to get remote Indigenous Australians into the economy and to begin to genuinely 'Close the Gap'.

### Methodology

The Australia Bureau of Statistics' Australian Statistical

Geography Standard Remoteness Structure was used as a filter to identify towns with similar levels of remoteness and access to services and infrastructure. The ABS Suburbs and Localities (SAL) area type was chosen as the best approximation of a community within their available region types. The following criteria was applied to determine what represented a remote 'Indigenous' and 'non-Indigenous' community:

- Indigenous Communities: SAL has a majority (50%+) Indigenous population. SAL population is between 500 and 3,000 people. Remoteness Area Type is Remote and Very Remote.
- Non-Indigenous Communities: SAL has a 3% or less Indigenous population (under the Australian figure of 3.2% Indigenous). Population is between 500 and 3,000 people. Remoteness Area Types Remote and Very Remote.

Overall, a total of 71 communities (51 Indigenous & 20 non-Indigenous) were identified via these criteria and analysed for the purposes of this report.

Statistical Area Level 2 (SA2) data was also included in the analysis. SA2s are medium-sized general purpose areas, whose purpose in ABS datasets is to represent a community that interacts together socially and economically. SA2s are also typically the smallest size area for which data is collected for a range of non-Census datasets. SAL and SA2 data are both used in this paper to create a combined picture of the economies within communities themselves, and their surrounding local region to help develop a rigid, quantitative framework for comparing the economies of remote Indigenous and non-Indigenous communities.

### Findings

This findings of this report paint a strong picture of the stark divide in the economies of remote Indigenous and non-Indigenous SA2s, despite their significant similarities

when it comes to remoteness, access to infrastructure and services, and population size.

Significantly, we see that remote Indigenous communities trail well behind in virtually every metric. Levels of education — the foundation for economic participation — are poor. Engagement in the economy is low, and many are reliant on welfare. Of the jobs that do exist, a significant proportion are reliant on the public sector propping up the employment market — never a good sign for an economy.

#### Education in selected remote SALs (Median)

Community Type	Bachelor's Degree or Higher	Advanced Diploma & Diploma Level	Cert III & IV Level	Year 12 Completion	Cert I & II Level	Did not go to School
Indigenous SALs	5.44%	2.14%	8.85%	25.42%	0.00%	1.52%
Non-Indigenous SALs	11.69%	7.76%	19.67%	39.39%	0.00%	0.00%
Australia (All)	26.12%	9.37%	16.07%	57.00%	0.08%	1.00%

Source: ABS Census TableBuilder 2021. SALs from selected Remote & Very Remote communities. See Methodology Appendix

#### Employment in selected remote SALs (Median)

Community Type	Unemployed	Not in the Labour Force
Indigenous SALs	14.88%	58.35%
Non-Indigenous SALs	2.76%	30.07%
Australia (All)	5.10%	33.10%

Source: ABS Census TableBuilder 2021. SALs from selected Remote & Very Remote communities. See Methodology Appendix

Business ownership — the most important foundation of an economy — is almost non-existent. Only a small number of businesses are running despite the existence of populations that can support significantly higher levels of economic activity.

#### Business Ownership in selected remote SALs (Median)

Community Type	Business Owners	Employees	Business Owners %	Employees %	Employees to Business Owners Ratio
Indigenous SALs	5	163	3.29%	95.38%	32.60
Non-Indigenous SALs	67	286	21.93%	70.47%	4.27
Australia (All)	1,658,123	10,143,435	14.00%	86.00%	6.12

Source: ABS Census TableBuilder 2021. SALs from selected Remote & Very Remote communities. See Methodology Appendix

#### Businesses in the Local Economy

Community Type	# Businesses in SA2	Businesses to Population Ratio SA2
Surrounding SA2s - Indigenous SALs	51	0.01
Surrounding SA2s - Non-Indigenous SALs	634	0.12
Australia (All)	2,402,254	0.09

Source: ABS (2022). Data by region 2020 | Australian Bureau of Statistics. [online] dbr.abs.gov.au. Available at: <https://dbr.abs.gov.au/index.html> [Accessed 15 Oct. 2022]. SA2s used as a proxy for the surrounding local economies of chosen SALs. See Methodology Appendix. Data is a collation of data from individual SA2 pages on database.

Contrastingly, the high-level analysis of remote non-Indigenous communities gives us a powerful insight into what the economies of Indigenous communities could look like. The non-Indigenous towns and their surrounding local economies are home to hundreds of businesses each. They are significantly less reliant on the public sector propping up the economy, and business ownership rates are high. Ultimately the findings of the paper suggest that there is more than enough capacity for these types of remote communities — Indigenous or non-Indigenous — to sustain entrepreneurship and wider business activity.

#### Recommendations

1. Legislative reform must become a key component of each state and territory's Closing the Gap Agreement. Jurisdictions must review and reform legislation that unduly restricts the ability of remote Indigenous communities to participate in the real economy. A particular focus should be placed on reform of laws impacting land tenure that stifle business and entrepreneurship.
2. Governments must support the establishment of Indigenous-owned and Indigenous-run private businesses in remote communities in order to create local employment, meet the demand of the population, and bring these communities into the real economy.

Governments should work with communities to attract suitable private investment to help achieve these goals.

3. Governments must cease the deficit mentality they have towards remote Indigenous communities. These communities must be seen for their potential, rather than as a perpetual drag on the government purse.
4. Educational outcomes must be radically improved to ensure that people in remote Aboriginal communities have adequate skills to participate in the real economy.

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