

# INNOVATION

EDITED BY {GINA McCOLL}

## Across the great divide

Despite a recent appeal by political and business leaders, corporate Australia has failed to respond to the problem of indigenous unemployment – with a few notable and profitable exceptions. By **Kath Walters**

**WHEN THE DUST** settles on Prime Minister John Howard's crisis plan to tackle child abuse in indigenous communities in the Northern Territory, the underlying problems of poverty and unemployment faced by Aboriginal people throughout Australia will remain.

Aboriginal people are locked out of Australia's booming economy. In 2006, 186,000 indigenous people aged 15 or over were in the workforce, a participation rate of just 59 per cent, according to the Australian Bureau of Statistics. The unemployment rate for indigenous people was 14 per cent, three times the national average.

Rampant poverty is the result. Only 39 per cent of indigenous people aged 15 and over derived their main income from wages in 2002 (the most recent statistic available). Average household income was \$345 – just 59 per cent of non-indigenous household income.

The public service and not-for-profit sector are the main employers of indigenous people. But now, some of Australia's biggest companies – including miners, banks and sporting organisations – are following their

lead, tapping into a willing and available indigenous workforce. And they are seeing gains: in bottom-line returns, staff retention and morale.

But corporate Australia is not doing enough, according to the country's peak employer group, the Business Council of Australia.

Its chairman, Michael Chaney, is the former chief executive of the \$16 billion publicly listed company Wesfarmers, and one of Australia's most respected business leaders. In April, he wrote strong words to every member of the BCA, which represents the country's 100 biggest companies, pressing them to take action on indigenous issues – in particular, to give jobs to Aboriginal people.

"At a time when Australia is enjoying 16 years of unbroken growth, addressing the fact that the vast majority of indigenous Australians still have little access to basic opportunity is not only a social and economic challenge, but a moral imperative," Chaney wrote. Howard backed Chaney's call to action with a letter of support.

The response has been dismal. Reconciliation Australia says 11 BCA members have committed to developing an action plan, but only



Shelley Reys: Most companies do not need to make big changes to tap into the indigenous workforce

one has actually done it: ANZ bank.

"I am always disappointed by the failure of all elements of Australia to accept this as something we have a responsibility to deal with," says Fred Chaney, a director of Reconciliation Australia, a former federal minister for Aboriginal affairs, and Michael's brother.

"Is the country simply having another 'shock horror' debate ... or is the commitment there to deal with the issues comprehensively? My great fear is that the present contretemps about sex abuse in the Northern Territory and elsewhere will be yet another flurry of control activities and a total failure to address the underlying causal issues."

The politics of Aboriginal disadvantage is fraught, with the Left and Right engaging in sustained blame shifting for the failures of past policies. But away from the finger pointing and ethical obligations, business has self-interested reasons to have a stake in the debate.

With a national skills shortage across every industry and region, it beggars belief that most companies scouring for talent have failed to tap into a clearly identified, young, eager and under-utilised workforce. Extraordinary, that is, until the adjective indigenous is added. Then the failure becomes accepted.

However, some inventive companies are bucking the status quo. They have analysed the business case for employing Aboriginal staff across a range of factors, and found good reasons to change.

These include attracting more indigenous customers, lowering staff turnover, particularly in remote areas, and attracting the broader generation Y workforce that likes to work for companies that value cultural diversity. In addition, 60 per cent of Aboriginal people are under 25, a demographic that contrasts favourably with the broader workforce in which older workers are outnumbering the young.

Aboriginal entrepreneur and founder of Arrilla Indigenous Consultants and Services, Shelley Reys, has been helping organisations employ Aboriginal staff for 17 years. She says most companies need to build confidence in managing indigenous employees. "When looking at indigenous issues, they get

a bit nervous," Reys says. "They don't want to say or do the wrong thing, and so they end up doing nothing. We need to demystify it."

Companies that change their attitudes can see dramatic results. Fred Chaney points to Rio Tinto's Argyle Diamond mine, which increased indigenous employees from 5 per cent to 25 per cent over the past seven years. "Was there an extraordinary change in Aboriginal people that brought about the sudden jump?" he asks. "No. There was a change at the company. Aboriginal people suddenly found there was a workplace that wanted them."

ANZ bank's head of indigenous employment and training, Bruce McQualter, says successful programs employ Aboriginal people on their merits and government subsidies can torpedo an otherwise good program. "We do not accept subsidised employment," he says. "We believe it devalues the work of that trainee. When the trainee knows the employer is paying full fare, that puts the onus back on them to perform."

Reys says most companies do not need to make big changes to tap into the indigenous workforce. "It is not that different from managing any multicultural workforce," she says.

Reys analyses her clients' human-resources programs then advises on the changes needed to their recruitment, training and retention strategies. Her clients include Qantas, Telstra, TAB, Woolworths and Medicare Australia. "We create a document that shows how to remove obstacles to employing indigenous staff and provides a clear map for how to achieve their recruiting objectives," Reys says.

McQualter says ANZ's recruitment tactic has been to attract school students into traineeships. The program allows students in year 11 and 12 to study for their exams four days a week, and work in the bank one day a week. They are paid the federal award for apprentices. "We have made a small adaptation to an existing school-based program."

McQualter says the bank will employ all trainees provided they meet its standards and are prepared to move to take up a job. ANZ has committed to training 100 indigenous school children each year, and offering at least 33 full-time roles. It also pledges to have

## Footy equals life

In the debate about Aboriginal poverty and unemployment, questions arise about the economic viability of remote communities. There are not many corporate jobs in remote Australia, other than in mining companies, but the Australian Football League has been successful in providing some jobs in remote communities.

A football career is lucrative for a young indigenous man – the average AFL salary is \$200,000 a year, over a career of four to five years. The AFL has 246 indigenous people on its payroll, including 94 trainees, both boys and girls

(out of 530 in total), 72 players (out of 700 in total), and 80 in administrative and support roles.

The AFL's general manager of national and international development, David Matthews, says the league spends \$3 million on programs in indigenous communities in an effort to attract young talent into the sport, plus another \$1.5 million on its training programs.

Children must attend school to get into the AusKick program, which Matthews says is run where possible by trained local coaches. The AFL provides material for teachers who use football to teach literacy and numeracy.

## Cross-cultural understanding

Kylie Briggs, 26, is an only child and her mother is a single parent, yet she describes herself as coming from a "big family".

"I have lots of aunts, uncles and cousins," Briggs says. "Our house was always full of people."

Briggs, an indigenous woman from Shepparton, Victoria, is a management accountant for BP Australia's aviation fuel division. She has a double degree in business and accounting, majoring in computing, from La Trobe University. "I could not have succeeded without the support of my family," she says.

Indigenous family structures and cultural mores are a mystery to many non-indigenous people, and can be a source of conflict.

The responsibility to share with the extended family, common to some degree among all cultures, is rigidly structured among many Aboriginal groups. Known as the kinship system, "it is a way of sharing assets on a communal basis", ANZ bank's head of indigenous employment and training, Bruce McQualter, says.

Indigenous people may relate to and talk about their aunts and uncles as mothers and fathers, which can also lead to confusion, particularly around compassionate leave. Other cultural differences can include longer mourning

rituals, a preference to avoid direct questions, and a social aversion to being the centre of attention.

Argyle Diamonds' chief operating officer, Kevin McLeish, notes that surveys in the Kimberleys in north-western Australia reveal each Aboriginal employee has nine dependants compared with "half" a dependant for non-indigenous employees.

McLeish says accommodating cultural differences can be overstated. "There are a number of myths about Aboriginal employees. For example, we see the same absenteeism rates with Aboriginal and non-indigenous employees."

But he says it is a matter of both sides making compromises. "I have worked in mines with Muslims where they have to pray several times a day. It is no different."

Kylie Briggs' uncle, Yorta Yorta leader Paul Briggs, says "Poor people always share." He has been involved in developing education and employment programs in Shepparton, where Aboriginal unemployment has reached 90 per cent.

Paul Briggs says indigenous and non-indigenous people must discuss the degree of cultural compromise needed in workplaces as part of a broader vision of Aboriginal culture in Australia's future. "Both sides can contribute."

20 indigenous staff in management positions over the next seven years.

Mining companies Rio Tinto and Newmont Australia have both changed their recruitment processes to attract indigenous workers.

Argyle Diamonds' chief operating officer, Kevin McLeish, says Rio Tinto negotiated to lower the royalties paid to the West Australian government in 2003 from 7.5 per cent of revenue to 5 per cent of revenue in return for improving the local employment rates. (Argyle Diamonds, in the Kimberley region of north-western Australia, is owned by Rio Tinto.)

Traditional indigenous landowners insisted on better employment opportunities in their lease negotiations with Rio Tinto. But there were other reasons for the miner's change, McLeish says. Until 2003, Argyle Diamonds flew workers from southern states into and out of the mine on rotation. It led to high staff turnover. The collapse of Ansett Airlines revealed another flaw in the model as the company's travel costs soared. "In 2003, Argyle changed to become a local business from a fly-in,

fly-out operation," McLeish says. "And 50 per cent of the population here is indigenous."

Recruitment starts with half-day information sessions about the mine, which are open to the whole community (Argyle employs five full-time staff for this role). People who indicate interest attend an assessment workshop.

"We have dispensed with traditional whitefella HR techniques," McLeish says. "We are recruiting people who have never had a job, who do not have year 7 literacy or numeracy. We use experiential techniques – sport and games – with some traditional testing to find people who will value the opportunity and take on the responsibility."

Argyle then runs a work-readiness program that brings applicants up to the required levels of numeracy and literacy, and is accredited for a TAFE qualification. "The important thing is that 87 per cent of people get the qualification and, of those, 95 per cent get full-time jobs," McLeish says.

Asked whether the benefit is worth

## Recruiting, training and retaining

- Understand the costs versus the benefits, establish a business case, and employ Aboriginal staff on their merits.
- Employing indigenous staff may require some changes to human resources and training policies – although not as many as people may believe. No program will be successful without the support of the chief executive and the board.
- Do not rely solely on newspaper advertisements or the internet to reach indigenous staff. Spread the word through Aboriginal organisations, networks or specialist job placement services.
- Teach non-indigenous staff about cultural differences in communication and values, and support managers dealing with day-to-day issues.
- Consider appointing a mentor to indigenous staff, at least initially.
- Be aware that many indigenous people are long-term unemployed, and face barriers such as low literacy and numeracy rates, and being new to workplace routines.
- Be aware that in any diversity program, staff in the minority feel more comfortable about staying as their numbers grow.

## Useful links

**Reconciliation Australia**

<http://www.reconciliation.org.au>

**Arrilla Indigenous Consulting and Services**

[www.arrilla.com.au](http://www.arrilla.com.au)

**Aboriginal Employment Strategy**

[www.aboriginalemploymentstrategy.com.au](http://www.aboriginalemploymentstrategy.com.au)

Danny Lester:

'Aboriginal people contribute to the bottom line on a range of measures – morale, motivation and professionalism'



ANDREW GUILTY

the cost of such extensive measures, McLeish points out that the turnover rate for local employees (both indigenous and non-indigenous) is three times lower than for fly-in, fly-out staff. He says the more Aboriginal staff the company employs, the easier it is to keep them.

Other measures improving retention include providing cross-cultural training to supervisors and non-indigenous mining staff, and providing a clearer career path for indigenous workers to progress to management jobs. So far, superintendent is the highest level achieved by indigenous staff, a middle-management position with budget responsibilities, leading a team of 12 to 15 staff.

Companies must be clear about the benefits of indigenous staff and convinced that they outweigh the costs, according to Danny Lester, chief executive of the Aboriginal Employment Strategy, a job placement company for indigenous workers. "Employers go wrong if they employ Aboriginal people because of their corporate social responsibility program, or because they have some funds to employ them," he says. "It needs to be embedded into the corporate goals. Aboriginal people contribute to the bottom line on a range of measures – morale, motivation, and professionalism."

AES placed 934 indigenous employees in work in the past year. "We are a relationships organisation," Lester says. "We build relationships with employers, large and small, including mum-and-dad organisations. We get to know the skills and knowledge they need and what vacancies are available."

AES started in Moree, north-western New South Wales – a town renowned for racial tension – 10 years ago, and has expanded recently to seven offices, including three in Sydney. It employs 35 permanent indigenous staff, with more than 130 indigenous workers on its payroll.

Mentors play a useful role in getting the best performance from Aboriginal staff, Lester says. His company provides mentoring to both indigenous staff members and their managers. AES's government-funded mentor program is provided free to its clients. "Mentoring improves retention by about 20 per cent," Lester says. "It is an informal cultural

education process. I am not in favour of an isolated cultural education program. I think cultural education needs to be embedded in the reality of the work environment."

Newmont Australia, which conducted a comprehensive review of its indigenous employment strategies five years ago, takes a different view on cultural education. Group manager of safety and indigenous affairs, Christine Charles, says a two-day cultural awareness workshop is mandatory for all staff and managers. "It deals with indigenous notions of family, but also with the historic realities of racism; it is not sugar-coated," Charles says. "The feedback we get is that people are really challenged, but they are glad they have done it. It is not uncommon for them to say, 'I can't believe I haven't learnt about this already.'"

Newmont has increased its indigenous staff to 6 per cent of the whole company, and 15 per cent at its biggest mining site, Tanami Operations, by introducing a 10-week pre-vocational course, run in association with the Central Land Council, an indigenous organisation in Alice Springs.

The CLC's mining and employment unit co-ordinator, Harold Howard, helps Newmont run the 10-week programs. He says the CLC plays a mediating role between Newmont and its Aboriginal employees as they learn how to deal with an employer. "We understand their needs and what happens in their lives. [Newmont] needs to be flexible, but not over-flexible. Aboriginal people work as well as anyone, and we want them to get to a level where they are on top of the issues."

Companies that use performance measures to achieve change are more successful, according to the chief executive of employment consultant Co-operative Change, Janina Gawler.

Gawler started mining company Rio Tinto's indigenous employment program in 1997. "Companies need to be serious about taking on this work," she says. "It means good leadership, working with senior managers, and using performance measures that support the changes."

Those companies that ignore the issue can expect a reminder soon. Michael Chaney says BCA will provide Reconciliation Australia with a list of its members to follow up the letter. ●

## Trendlines

Peter Morris  
morris@telesis.com.au

### Global ramifications

The revelation that earnings from overseas investments have overtaken export income has big implications for Australia's industry structure and innovation profile ("Beyond exporting", *BRW*, 21 June, page 32).

Where exports are skewed towards commodities, income from foreign direct investments (FDI) shows a very different picture: of the top 100 companies investing overseas, 27 are manufacturers and 40 are service companies. Only 16 are miners and seven are in agribusiness. According to the Australian Bureau of Statistics, the overseas investments of these companies earned \$181 billion.

This performance is encouraging for a country aspiring to produce disruptive innovations – those that overturn the market status quo.

Exporters that ship commodities are invariably early-stage suppliers to the value chains they sell into. Companies with FDI are more likely to be further up the value chain and hold more strategic positions.

Taking innovations to market is Australia's Achilles heel. Australia's innovation history is peppered with great technologies being stillborn due to lack of connections with the best marketing partners. A textbook example is the triumph of VHS video cassette technology over Beta.

The best-case scenario for disruptive innovations has been to pick up a licensing deal where the invention is sold off and revenue trickles in. The real value is captured by the better-connected purchaser.

Despite its research and development effort, Australia's industry profile has been all wrong. It may be heavily engaged in global markets, but they have been largely the wrong markets, or the wrong parts of the markets.

Riding on the sheep's back and subsequent commodity waves place these exporters miles from the end users and their strategic market hot spots. This news on the FDI front changes the picture substantially. Global value chains, and the strategic partnerships holding them together, are the meat and potatoes of the global economy.

Digging down to understand just where along the value chain trade dollars are earned is important. For the past couple of decades, the Chinese have been changing the face of global manufacturing. They have begun taking some of their huge surpluses to buy up former customers in overseas markets further along the value chain and closer to customers.

They recognise that being the supplier alone means missing out on the bulk of what any value chain has to offer, not to mention having far more influence in the direction of the particular industry.

For innovators, this effect is even more pronounced. An innovator with no more leverage than the brilliance of an idea is destined to be either cast aside or picked off, forced to sell out for a pittance.

Revenue from FDI approaching \$200 billion is not much in the global scheme of things but it is a good beginning. Even more promising is that companies creating that income are mainly in services and manufacturing, not mining and agribusiness. The next opportunity is to look at building closer links between public R&D funding and investors – then Australia may see real prospects for some locally developed disruptive innovations that retain important Australian equity rather than a licensing stream.

*Peter Morris is principal of Telesis Consulting.*