

## **Economic Sector Analysis**

Victorian Traditional Owner Corporations operate within the wider economy and are not immune from the cycles and vagaries that take place in the global and national sectors of the economy, presenting both opportunities and challenges.

### ***Traditional Owner Corporations' development curve is now starting its upswing...***

The Australian economy has experienced two decades of strong growth with positive terms of trade, relatively high levels of government support for domestic business, and significant levels of investment as well as immigration growth. It is now seen by many to be in a transition phase, following the global financial crisis and changing strength of the resources sector investment.

Over this period Traditional Owner Corporations were in the process of re-establishing communities, establishing corporate organisations, and negotiating native title. They are now starting to develop the platform and capacity to operate in the economy.

### ***...while facing many of the same challenges and considering the opportunities that arise ...***

A significant proportion of the corporations' assets are held in financial institutions and instruments. As such they are impacted by the market responses to monetary policy and global trade and financial movements. The implications for investments in the long term, including tax treatment and intergenerational wealth transfer are significant issues, alongside the imperatives for investing in business and innovation.

Similarly the opportunities and interests of the corporations are connected to the fortunes of key sectors of the economy. In Victoria the construction industry is a core driver of the domestic economy while agriculture, alongside service sectors (e.g. tourism), are key drivers in terms of interstate and international trade. The corporations take a keen interest in Victoria's infrastructure, including the management of land, water and other natural resources, landscape and heritage.

The question 'of how to sustain economic growth that delivers jobs, creates prosperity and funds social services is increasingly pressing as the population ages and the terms of trade and capital investment decline,'<sup>1</sup> is important to the Federation's members.

But it is also qualified by a somewhat different position in the economy as a whole: a younger population, a starting point in a market with a much tighter appetite for risk and a more cautious outlook for growth and investment opportunity, and a growing emphasis on a

free trade and market driven environment with increasingly tighter fiscal support for enterprise.

### ***...based on a long term outlook***

Prosperity will increasingly depend on Australia's competitiveness through its ability to be innovative, to manage for the long term with responsiveness to the demand for sustainability and with broader sources of growth.

### **Traditional Owner Corporations are a 'forever' stakeholder in Australia and are inherently interested in a long term intergenerational approach that ensures the benefits flow for future generations.**

With a youthful population, a growing capacity to invest, and an interest in key sectors that impact on the long term prospects for economic growth and sustainability, there is a strong imperative to enable Traditional Owner Corporations to contribute, alongside the government's agenda, to greater prosperity and opportunity.

### **Activities for productivity and competitiveness**

The Federation is pursuing a long term approach to increasing Traditional Owner participation in the economy. Key actions within their strategic framework include:

- Promoting more efficient tax and regulatory requirements particularly for the governance of investments for long term benefits, through a proposed Indigenous Community Development Corporation (ICDC) to promote intergenerational investment opportunities
- Investing in Barpa, a joint venture company in the construction business, with global connections
- Advocating an enhanced approach to State procurement that recognises the Traditional Owner stake in the natural and built infrastructure of Victoria, and as a base to shift to the market sector for services
- Developing a program of action for the coordination and potential of investment and innovation, particularly of knowledge-based services and products that leverage traditional knowledge as an inherent point of difference and advantage in collaboration with the research and science sector
- Strengthening business through greater focus on adding value and developing structures and knowledge to help inform the management of resources such as land and carbon, water and traditional ecological knowledge.

While the Federation of Victorian Traditional Owner Corporations has made every effort to ensure the accuracy of this information, no warrantee is made as to the accuracy of the information contained in this document and no liability is accepted for any statement or opinion, or for an error or omission or for any loss or damage suffered as a result of reliance on or use of any material in the document.

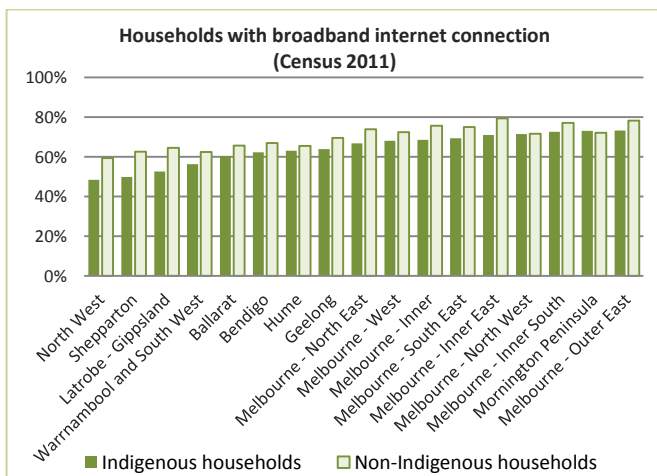
## Indicators of economic participation and savings

Economic participation and savings help underpin long term economic growth and development. Factors underpinning economic participation include education and employment, but also household factors that enable participation. Two indicators of this are internet access and vehicle ownership.

### Access to the internet

Census 2011 indicates that there were 18,320 households with at least one Indigenous person resident (Indigenous households).

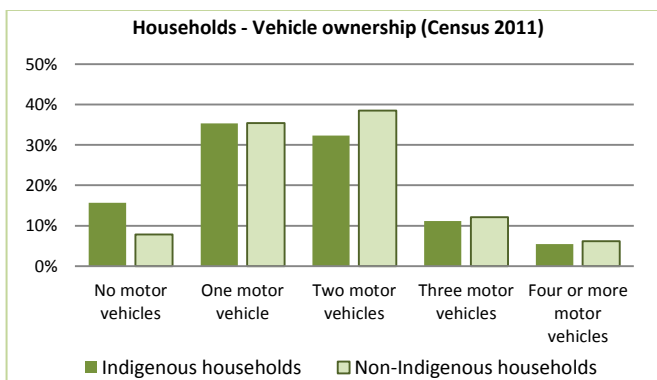
On average across Victoria 27% of Indigenous households have no internet connection, while 63% have broadband connection. In comparison, Non-Indigenous households are represented at 20% and 72% for no internet connection and broadband respectively. This data indicates that more Non-Indigenous households have broadband by 6 percentage points.



Regional areas of Victoria tend to be less well represented in having broadband and more highly represented in having no internet connection for both Indigenous and Non-Indigenous households.

### Motor vehicle ownership

Vehicles are important for social and economic participation and inclusion, whether commuting to work or participating in the wider community. Indigenous households own on average 1.5 cars.



While Indigenous households are more likely than Non-Indigenous households to have no vehicle, in having one or more vehicles, there is a fair degree of similarity overall.

## Home ownership<sup>2</sup>

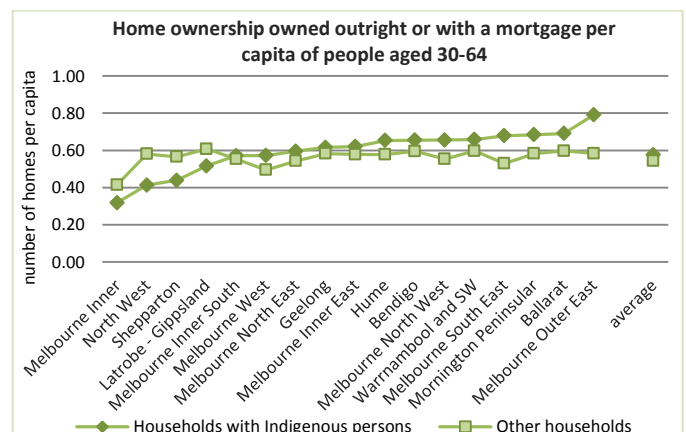
Home ownership is a strong indicator of savings and wealth creation. In Australia, over half of household wealth is in property. While home ownership is an indicator of wealth, it is also often a platform for investment and business capital.

While the level of assets for the population has risen over the last 100 years, across a mix of retirement savings, shares and other assets, there are indications that younger Australians are increasingly less likely to own their own home, and increasingly likely to have debt (HECS liabilities) from education costs.<sup>3</sup>

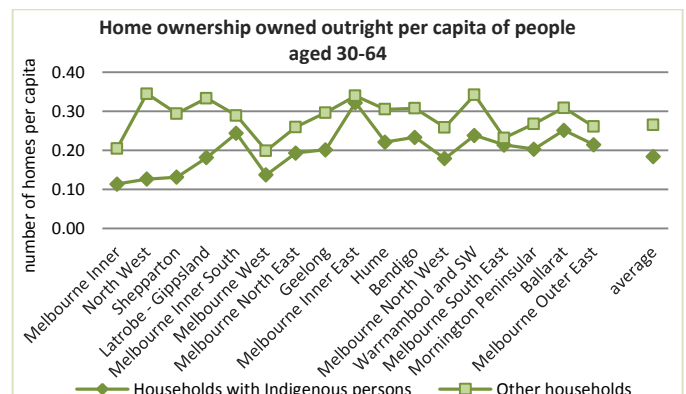
Home ownership is shown in the following graphs as a proportion of the population aged 30-64: the main period in which people buy houses.

The graph below shows that across Victoria there is a slightly higher proportion of home ownership in Indigenous households per capita of Aboriginal people in the 30-64 age groups than Other households, although there is some variation by region.

**The level of home ownership per capita tends to indicate a relatively strong commitment to savings and investment and can be seen as a positive sign for future economic growth for Aboriginal Victorians.**



However the proportion of homes owned outright (without a mortgage) by Indigenous households is relatively lower than for Other households, indicating the longer timeframes for purchasing housing.



Given the projections for the growth in working age population there is a strong need to lay the foundations to encourage and enhance savings and investment to realise the potential growth of the Aboriginal economy and contribution to the wider Victorian economy.

<sup>2</sup> This data is from Census 2011. Home ownership applies to a dwelling which is either a separate house, semi-detached, row or terrace house, townhouse, or a flat, unit or apartment. Ownership is outright or with a mortgage, including rent-to-buy schemes.

<sup>3</sup> Grattan Institute *The wealth of generations* December 2014