

The Dungala Kaiela Oration 2012

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Introduction

Thank you, Paul, for that kind introduction.

Paul and I first met almost ten years ago when I was at ANZ and he got me involved in supporting the Long Walk in 2005 and the development of MyMoola.

He has inspired me with the way he has personally made a difference for his community.

He has helped me understand the issues facing the Indigenous community here in Shepparton and in Australia more broadly.

So I would like to start by paying my respects to the Elders past and present, including Paul, who was kind enough to invite me to address you tonight.

I would also like to acknowledge the families and descendants of the Yorta Yorta people who are the custodians of these lands.

We acknowledge that the land in which we meet was the place of age old ceremonies of celebration, initiation and renewal and that the local Aboriginal peoples have had and continue to have a unique role in the life of these lands.

I would also like to acknowledge the presence of Glyn Davis and the good work the University of Melbourne has done in partnering with the Kaiela Institute and with the Shepparton Aboriginal community to build strong institutions like the Academy of Sport, Health and Education, the Rumbalara Football and Netball Club.

Having read the previous speeches it's clear that this Oration has become an important part of the Kaiela Institute's contribution to the issues affecting the Indigenous community's welfare.

So it is an honour to be invited to be part of that legacy.

Now as an American-Australian who has spent the last three years in the UK I am either the worst qualified speaker you have had since 2009 or, more hopefully, someone who brings a unique perspective to the issues we are talking about today. I'll leave it to you to judge which it turns out to be.

In a few weeks I will be coming home to Australia to take up my new role overseeing Westpac's Australian business. And I am grateful to Paul Briggs for the chance to speak to you tonight, because the challenge of having something constructive to say has forced me to reflect on what I've learned over the last three years and what that might mean for Australia and in particular for its indigenous communities.

Now I should make it clear that the views I express tonight are my own, so please.....if you're already a Westpac customer don't change to another bank because of me. And if you like what I have to say, please change to Westpac!

For the past three years I have worked at the Royal Bank of Scotland, helping clean up the biggest bank failure in history. The experience has taught me a lot about world financial markets, the role of banks in an economy, and in particular, how not to run one if you want a bank to be sustainable.

There are lots of reasons why RBS failed.

But in my view for any bank to be successful it needs to strike a balance between the interests of its customers, its people, its shareholders, and of the community at large.

If you focus exclusively on any one of those aspects, all four eventually suffer.

So coming back to Australia I am conscious of the need for banks to focus on how to serve their customers well..... for them to think carefully about their role in economic and community development.

And here at home there are few issues more pressing than the economic development of Indigenous Australia.

Quite a few years ago that old British Elder Winston Churchill said “The farther backward you can look, the farther forward you are likely to see.”

And with a continuous cultural history dating back - by some estimates – at least 65,000 years, no one can look back further than the traditional owners of these lands.

This oration, then, is about looking back to help create a vision for the successful development of not just Aboriginal communities but the whole Australian community in the future.

Acknowledging the past

Of course it has taken a long time for us to even look back 242 years let alone 65,000 years. In his historic speech for the Australian Launch of the International Year of the World’s Indigenous People on December 10, 1992 speech, Prime Minister Paul Keating praised Indigenous people’s contribution to Australia.

He said in part "Where Aboriginal Australians have been included in the life of Australia they have made remarkable contributions... They are there in the wars. In sport to an extraordinary degree. In literature and art and music. In all these things they have shaped our knowledge of this continent and of ourselves. They have shaped our identity. They are there in the Australian legend. We should never forget – they helped build this nation."

Yet despite the truth in Paul Keating’s words, it has taken a long time for Australia to talk frankly about the profound challenges Australia’s Indigenous people have faced. Not until Kevin Rudd’s 2010 apology did the government stand up and say publicly that there was a case to answer.

We all recognise the gap in social and health outcomes between indigenous and non Indigenous Australia. But it is striking that despite being one of the western world’s richest and financially strongest countries, the fact remains that if you are an Indigenous Australian then

you are likely to die at least twenty years sooner than the average white Australian.

Trachoma is another example. Trachoma is an infectious eye disease that can make you go blind and to which children are the most susceptible.

It was eradicated in the 1920s and is basically unknown in the rest of the developed world. In fact the percentage of children aged 5 to 15 who test positive to trachoma in Ghana, Mexico, Saudi Arabia, Iran, Morocco and Oman is ZERO.

However it has returned in aboriginal communities, and in Katherine, in the Northern Territory, the percentage of children aged 5 to 15 who test positive to trachoma is 25 per cent. Without treatment, they'll go blind.

How is this possible? Well one of the conventional explanations is that we need to eliminate poverty.

But if you look at the research of Sir Michael Marmot, the Australian epidemiologist now living and working in London, eliminating poverty is not enough, but rather it is improving social inclusion overall that matters.

The nasty fact of life is...where you stand on the social ladder is highly related to your chances of getting sick and how long you live.

The higher your standing in the pecking order, the healthier you are likely to be.

Let me explain it this way: 100 years ago last month the Titanic sank and over 1500 people died. But the drowning rates were not equal. Drowning rates varied with the class of passenger...it was highest in third class...lower in second class and the lowest in first class.

In Australia people in the lower social hierarchy have a higher rate of death from heart disease, stroke, lung cancer, accidents and violence including suicide. And not surprisingly the rates of each of these are highest in Australia's indigenous community.

So the question I would like to explore tonight is why do these gaps persist? And more importantly, what can we do as Australians to try to

set it right. My answer, in short, is that we are all in this together. There is new evidence to suggest that if we work together we are now at an important juncture where real progress can be made.

The new book, 'Why Nations Fail: The Origins of Power, Prosperity, and Poverty', examines centuries of economic and social history to try to understand why it is that some countries, such as South Korea, Botswana, and Chile have prospered, while neighboring countries which share geography, language, and sometimes even family ties, such as North Korea, Zimbabwe, and Bolivia--have lagged behind.

In one example the book looks at two identically-named towns of Nogales, Arizona and Nogales, Mexico. In Nogales, Mexico the average income is about one third that of Nogales, Arizona. Life expectancy is lower, fewer teenagers attend school, and crime rates are much higher.

Despite the difference in social outcomes the two towns are quite similar in terms of climate, geography, and types of diseases. They even have a very similar gene pool.

This is because the two towns are actually the same town, simply divided years ago by a chain-link fence when the border between the US and Mexico was erected.

So what can we learn from this study?

It turns out that the relative 'success' of different communities boils down to the nature of economic and political *institutions* that prevail in those areas.

By institutions they mean things like secure property rights, an unbiased system of law, and regulatory frameworks and public services that make it easy for people to open businesses, get a job, and protect their families.

The authors found that countries that had 'inclusive' economic and political institutions massively outperformed countries that had 'extractive' economic and political institutions.

The lesson here is in the word “inclusive”: the people in the community need to feel that their individual hard work and economic and political participation will be acknowledged, supported, and protected.

In most cases indigenous people theoretically have access to the same economic and political institutions as the rest of society.

So it seems to me that we must look more broadly for an answer. And it's here that I really want to pay tribute to the work that Paul Briggs and the rest of you are doing in Shepparton.

Disadvantaged children do worse in school. So helping parents and helping young children get ready for school reduces that disadvantage.

Having a job creates self-respect and status, so the work you've done creating opportunities for employment will improve both health and productivity.

Dealing with money can be intimidating, so programs like MyMoola are a great way to build more confidence which ultimately leads people to manage their money better, brighten their financial future, and in some cases to start businesses that employ more people.

And continuing to educate non indigenous Australia in the rich culture--including the innovation and scientific achievements--of indigenous Australians will lift the status of the traditional owners and will lead a healthier community, both indigenous and non indigenous.

In that context Australia's tourism industry has an important role to play, and the Bangerang Cultural Centre is a very positive step for the area.

So there are some very good things happening. The question I'd like to address now is ... “is it enough, and is it happening fast enough?”.

And here I'd like to move away from talking about the past, and look instead at the changes that are happening in the global economy and the challenges and opportunities that they might present for the future of the Yorta Yorta community in the Goulburn Valley.

Australia and the global economy

Clearly the world is now going through a period of dramatic change.

The rise of Asia, and China in particular, was well covered at this very forum last year by my former colleague Saul Eslake.

But as a reminder, in less than four years' time China's economy will be bigger than that of the United States. This will be the first time for more than 100 years that the USA will no longer be the world's largest economy.

Meanwhile, the western world scored an "own goal" through its actions in causing the crash of 2008.

Eleven European countries have changed their governments since then, the Euro and indeed the European Union are under threat, and in Spain nearly 50 per cent of young people are unemployed. In the USA things are a little brighter, but sadly for a Richmond supporter like me that's a bit like expecting finals football after the Tiges have four wins (although I must say the win over Hawthorn on Saturday was encouraging!).

So Australia, which used to be an economic outpost on the wrong side of the world now finds itself sitting on the field in the main game. We are at an exciting crossroads in our history, and yet despite the resources boom many Australians are gloomy and nervous about the future.

Reserve Bank figures show that the average net worth of each household in Australia fell by 6.5 per cent during 2011 and is now 11.5 per cent below its 2007 peak.

The higher Australian dollar has made it more challenging for our manufacturers and agricultural exporters. Higher interest rates, though reducing now, have put pressure on consumer confidence and spending.

Meanwhile technology--and the rise of the Internet in particular--is wreaking havoc with the business models of many companies, in particular retailers.

Australian banks were insulated from the crisis because of their good credit control processes, sound regulation, and lack of exposure to

Europe. But even Australian banks have been facing significant challenges on how they fund themselves.

This is because even with the commodities boom, Australia imports more than it exports, and Australian banks have to borrow increasing amounts of money from overseas to finance this.

As volatility has increased in the financial markets, overseas investors have become much more risk-averse and banks have found it much more expensive to borrow to fund their domestic lending.

At the same time, global regulators are bringing in a number of significant changes that mean that banks are being told to hold much more capital. This 'contagion of caution' means businesses and consumers in Australia are finding it harder to get credit and raise capital, and that when they can get it, the price has gone up.

The bottom line for communities like Shepparton is that you have to be in a better financial position to start a small business or buy a new home than would have been the case a few years ago.

Having said all that the outlook for Australia looks pretty good compared to Britain where I am working now.

Australia has virtually full employment, a strong and growing economy, and an overall debt to GDP level of 24 per cent, compared to 80 to 120 per cent in the northern hemisphere. We are a major producer of the hard and soft commodities that are and will continue to be, vital to the world.

As incomes rise in developing countries, the demand for food will increase. But the shortage of arable land and water in many of these countries will create demand for our agricultural commodities.

Weather, and the Australian-dollar, permitting, this should spell a reasonable economic outlook for areas like the Goulburn Valley as well.

I believe all of this has positive implications for our indigenous communities in particular. And in fact, I would argue that we are now at a critical moment in history for these communities.

Taken as a whole, Indigenous Australia is poised to experience a transformational growth in wealth. Royalty agreements with Australian resource companies will bring in billions of dollars over the next few decades to communities whose land is being used for mining developments.

And the growth in demand for workers in remote areas, plus the growth in food production in areas like the Goulburn Valley, suggests the potential for more jobs for indigenous Australians outside of the public sector.

The question now facing Indigenous leaders is therefore how to use this one-in-a-lifetime increase in wealth as a platform to develop an economically sustainable future for their people.

Since we're in a safe environment focused on idea sharing, I'd like to share a few ideas of my own.

As a banker, I'll leave it to others to think through the aspects of inclusive political institutions that need to be addressed.

But from an economic inclusion point of view, we need several things.

We need more jobs for indigenous people, because jobs create self-respect and confidence, which leads to better social inclusion and health outcomes.

This means businesses, including banks, need to commit to creating jobs and pathways to employment for indigenous people like internships, on-the-job-training programs, and apprenticeships.

A number of local companies here in Shepparton have been active in this and banks like Westpac and ANZ have also made large commitments to aboriginal employment.

Educational institutions need to continue to offer training programs and return to work programs that help indigenous people to find and keep jobs. This means working with the employers as well to make sure that both hard and soft skills are supported.

Governments need to continue to support both public and private sector employment initiatives by funding training programs, cutting red tape, tax breaks, and helping link potential employers to job seekers.

South Australia provides a great example of how communities can work together to make a difference. The South Australian Premier's Social Inclusion in Mining and Energy Award encourages companies to innovate in this area.

Oz Minerals won the award in 2011 for their Pre-Employment Training Program, which allows local Indigenous Australians who have not worked in the mining industry to gain a qualification.

A similar programme might boost Indigenous participation in the Goulburn Valley's agricultural sector, which is the region's growth engine. Agriculture represents 10% of the economy here in the Goulburn Valley but only 3% of Aboriginal employment.

Indigenous business and entrepreneurship is another area of development we should encourage. Micro-finance initiatives are a good idea, but a prerequisite for this is business education.

Business ideas that get funded need to have a reasonable chance of creating employment and being sustainable, rather than just being another form of handout.

In Canada recently, a prominent First Nations Chief has complained about some of his people wanting money to invest without having any kind of business plan or development strategy.

He pointed out that the Tribes that win are the ones that act like professional businesses.

I believe it has to start with every child being educated about personal finance. Elders who are managing the money should also be expected to get more extensive financial education: This could be accomplished for example through educational partnerships with bank training departments and business schools.

Banks also have a role to assist indigenous people to participate in the modern payment system, which offers better security and convenience than cash.

So I was pleased to read the other day that a number of banks, including Westpac, have signed up to support fee-free ATMs in some remote areas.

Beyond these efforts, Indigenous groups need to make sure that any windfall payments they receive are invested wisely to support long term development of their community.

In some cases, this means working with trusted advisors to invest the money well, with income from these investments used to support community initiatives.

Another area that some leaders have called for is Indigenous banks. Unfortunately around the world the track record here is not great.

They have been tried in Canada and the US. The Canadian bank is small but growing. In the US banks have found it hard to lend to Native Americans given their semi-sovereign status, so a Native American bank was needed to get around this.

Closer to home, some Maori in New Zealand are now considering founding their own bank again, having tried since the late 1800s and failed.

The problem is basically that banking requires a certain scale and diversification to be sustainable, the skill sets involved are in short supply, and regulatory costs are high and rising.

A more effective idea might be a self-funded Aboriginal investment fund overseen by or working in tandem with an Australian Indigenous development board. Canada has a similar development board.

Investment can then be prioritised and funds allocated where needs or expected results per dollar spent are greatest.

A self-funded, self-governed option would over time separate Indigenous Australia from dependence on federal funding and put destiny back in their hands. As the old saying goes, "Money talks."

With potentially billions of dollars coming into Indigenous hands over time, there would be the opportunity to buy into and influence the behaviour of corporations as a major shareholder.

From that position of strength the Indigenous community could demand changes in diversity policy and other corporate behaviour to the benefit of their communities.

Closing thoughts

My final thoughts tonight are about the opportunity here in the Goulburn Valley.

In the future, Indigenous Australians will make up a larger portion of this region's workforce.

The question for the Yorta Yorta community and for potential employers is how to increase the value of your human capital.

We need to ensure more Aboriginal children get started and supported through their education, and that education is targeted toward the needs of industries that will drive future growth.

I believe there is real hope, and there is real progress, particularly in the Shepparton community. But this is a journey that is far from over.

The Long Walk has brought us to a cross roads.

This year marks the 20th anniversary of Eddie Koiki Mabo's historic victory over the State of Queensland, overturning the 205-year-old legal doctrine of *terra nullius*.

Changes in the Australian economy, powered by technology and developments in Asia, create a once in a lifetime opportunity for Aboriginal people to create a brighter future for themselves and their children.

We need work together to ensure that Aboriginal people have true equality in what we say is an egalitarian society. That there is no gap in

opportunity or in the ambition of young Aboriginal people to achieve their potential.

I once asked Paul Briggs what his vision of success was. He said to me, simply, that it was 'young aboriginal children skipping to school.'

I know that under the guidance of people like Paul Briggs and with the support of the many influential and supportive Australians here in this room, the finish line for that long walk may be much closer than we expect.

In the words of the Rumbalara Football Netball Club....."We're the boys from mighty "Rumba" and we're always on the ball... Our elders give us inspiration and we haven't any fearWe're the best in the Goulburn Valley and we're out to heed your call."

Let us all heed the call.

Thank you.