Ecotourism and indigenous micro-enterprise formation in northern Australia opportunities and constraints

Don Fuller*, Jeremy Buultjens, Eileen Cummings

*School of Business Economics, Flinders University, Adelaide, Australia
School of Tourism and Hospitality Management, Southern Cross University, P.O. Box 157, Lismore, NSW 2480, Australia
South East Arnhem Land Region, Northern Australia

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Abstract

Indigenous Australians suffer considerable social and economic disadvantage. The challenge for Indigenous communities and policy makers is to discover or create opportunities that will provide sustainable development. Tourism is seen as one sector that could possibly provide such opportunities. Indigenous tourism enterprises are in most situations likely to be micro businesses. Micro businesses, Indigenous and non-Indigenous, have relatively high failure rates so it is important to undertake substantial planning to avoid failure. This paper presents the results of a planning process undertaken by an Indigenous clan planning to operate their own ecotourism micro-enterprise within Ngukurr, an Indigenous community in northern Australia. The study highlights the fact tourism provides support for economic development because Indigenous enterprises often have some competitive advantages. In addition, the study highlights the fact that communities often do not have the capacity to undertake all the tasks necessary to establish and operate a commercially successful ecotourism enterprise. Partnerships with other stakeholders within the region can help overcome this constraint. Finally, it is noted that the CDEP scheme has the potential to satisfy the need for funds that cannot be satisfied through normal channels.

1. Introduction

In many developed countries, such as the United States, Canada and Australia, Indigenous peoples’ standards of living in terms of economic, educational and basic human standards are far inferior to that of the dominant groups in these societies (Bravo, 1997). In Australia, a number of studies have highlighted the relatively low socio-economic status of Indigenous Australians (see Altman & Nieuwenhuysen, 1979; Stanley, 1985; Elena, Loveday, Stanley, & Young, 1988; Daly 1995). Many of the major difficulties experienced by Indigenous people have actually worsened over time.

Various governments have attempted to assist Indigenous people overcome their disadvantaged position, however some people argue that such assistance can often place many Indigenous Australians in a poverty trap (for example, see Pearson, 2000). A consequence is such that “passive welfare” has undermined Aboriginal Law, traditional values and relationships. Pearson, (2000) defines passive welfare as transfers from Federal and State budgets to individuals and families, without reciprocation. In order to overcome such “passive welfare” Indigenous people must become increasingly self-reliant.

A major problem Indigenous Australians experience is a very high rate of unemployment. For example, Indigenous Australians have an unemployment rate that is four times higher than that of the general population. Lack of job skills, lack of education and training and local employment opportunities are the main causes for
this level of unemployment. A result of this high unemployment is that Indigenous incomes are significantly lower (two thirds of the national average) than non-Indigenous Australians.

In order to overcome the high unemployment rates being experienced there needs to be increased Indigenous access to the mainstream labour market. However, access may be limited since many Indigenous people live in rural and remote regions. In these regions the major source of employment is the small business sector. Unfortunately, Indigenous people have found it difficult to make inroads into the small business sector either as employees or owners. The number of Indigenous Australians who are self-employed, or who are classified as employers within small enterprises, while increasing, remains far too low (Fuller, Dansie, Jones, & Holmes, 1999).

A low level of Indigenous small business ownership and entrepreneurship has important implications for aggregate Indigenous employment, not only because of the direct employment effects as owner-operators but, even more importantly, because of the potential for increased Aboriginal and Torres Strait Islander employment as employees in Indigenous owned and managed enterprises (Miller, 1985).

The current labour market realities for Indigenous people, especially in remote communities, make it very important to ensure the development and establishment of profitable Indigenous owned and managed businesses. One sector, identified by the Royal Commission into Aboriginal Deaths in Custody (RCIADC, 1991), as providing potential for Indigenous economic development is tourism, including arts and crafts. This recognition resulted in the formulation of the National Aboriginal and Torres Strait Islander Tourism Industry Strategy (NATSITIS) (ATSIC, 1997).

In order to gain the benefits from participation in tourism it is important development is undertaken in an appropriate manner. A community approach to tourism development, a process by which individuals, their families and the community as a whole can initiate and generate their own solutions to developing a tourism venture, can build long-term community capacity by fostering the integration of economic, social, cultural and environmental objectives (Vodden, 2002). Such an approach to Indigenous tourism development emphasises local involvement in, and control of, the development process. However, for a small tourism venture to succeed there has to be a substantial degree of planning.

This paper uses an active research case study methodology to illustrate the importance of adequate business planning within a community involvement framework that acknowledges the importance of cultural values. It is also important to recognise the need to achieve tangible results, without which, motivation and momentum for actual successful business implementation may be lost.

The data and information sourced from this case study relates to an Indigenous clan involved in the process of establishing an ecotourism business as an extension to an existing boat transport enterprise. In order to establish itself as an ecotourism venture the business needs to ensure that it meets certain requirements. The first requirement is that the enterprise is offering a real ecotourism product. Despite there being a number of definitions of ecotourism it is generally accepted that it premised on principles that emphasises nature’s intrinsic value, the importance of community self-determination and participation, a preference for small-scale operations and has an educational component (see Stern, Lassoie, Lee, & Deshler, 2003). The project under investigation meets all the requirements of an ecotourism venture.

The business was utilising the homelands of the owner, in South Eastern Arnhem Land in Northern Australia. The researchers were actively involved in this process by providing technical assistance in the formulation of business and financial plans. As a result, a number of proposals have been advanced in relation to future directions for improving the commercial potential of the Indigenous tourism enterprise. It is expected that these proposals will have broad applicability to the formation of Indigenous micro-enterprises in a range of development settings.

The following section discusses the importance of Indigenous owned and managed small enterprises to the process of economic and human development. The methods employed in the study that inform the investigation reported in this paper are then examined. The next section outlines the background and socio-demographic characteristics of the Indigenous community of Ngukurr. The social, physical and economic factors that affect the commercial viability of the Indigenous ecotourism enterprise examined in this paper are then discussed. Finally, the main conclusions and themes are discussed.

2. Indigenous enterprise development

Fuller et al. (2001) have found that many Indigenous people have ambitions to establish businesses in a range of sectors including tourism. As a rapidly growing industry sector, tourism represents an important means of potential income generation for Indigenous communities. It is also characterised by the need for relatively low levels of government intervention and support. Potential for Indigenous involvement occurs in the hospitality and retail services area, in cultural, safari, wilderness and bush tucker tours, as employees of National Parks organisations, and also in the
production and sale of arts and crafts. Cultural tourism is particularly important since it allows the utilisation of land and the cultural ‘assets’ of Indigenous Australians.

Despite this enthusiasm for tourism, the sector presents considerable dilemmas and potential problems for Indigenous peoples (Altman & Finlayson, 1992). It can be the most difficult task to balance cultural integrity with concepts of commercialisation. The sensitivity of cultural expressions marketed through tourism does not always receive sufficient respect from tourists and operators.

In addition, sometimes pressure associated with the need to maximise short-term profit or provide employment opportunities can result in insufficient consultation, planning and can result in short cuts being taken by developers and funding agencies.

Tourism also has a considerable potential for destructive intrusions into Indigenous community life. Costs may include environmental damage, tourism trespass into Indigenous communities and associated invasion of privacy. Along with these aspects is the considerable potential for cultural clashes relating to differences in attitudes and value systems. Many Indigenous people for example, find many questions asked by non-Indigenous tourists about Indigenous cultural aspects as offensive and an inappropriate means of transferring knowledge about land and ceremonial matters.

Another issue facing Indigenous tourism providers is the problematic nature of demand for Indigenous product. There appears to be a substantial level of interest amongst international visitors. For example, according to the Federal Minister for Tourism “… last year almost 500,000 international visitors had an Indigenous tourism experience” (Australian Tourist Commission, 2004b). However, this level of demand is unlikely to be matched by the domestic sector. Determining the level of domestic demand is a widely acknowledged research gap (see ATSIC, 1997; p. 44; Boyle, 2001; Pitcher, van Oosterzee, & Palmer, 1999; p. 28; Ryan & Huyton, 2002; p. 635; Zeppel, 1999) and has important repercussion for Indigenous tourism because of the importance of the domestic market to Australian tourism.

The Northern Territory has a substantial history in Indigenous cultural tourism (Finlayson & Madden, 1995), however, Ryan and Huyton, (2001), in a study of visitors to Katherine, found that only about a third of tourists indicated a high level of interest in Aboriginal tourism products. Tourists who indicated high interest are younger, often female, are better educated and are from North America or Northern Europe (Ryan & Huyton, 2002). In their study, Ryan and Huyton, (2001) established that there was a higher level of interest in natural and adventure-based activities amongst visitors to Katherine. The visitors interested in these experiences share the characteristics of those interested in Indigenous tourism. This suggests that Indigenous tourism operators are likely to be in competition with mainstream nature and adventure-based operators (Ryan & Huyton, 2000). It also suggests that Indigenous operators may be able to add value to nature and adventure-based activities through the provision of a cultural component to their product.

Another issue faced by Indigenous tourism enterprise in northern Australia is that its viability is affected by problems similar to those faced by a number of other Indigenous and non-Indigenous businesses in remote areas. These problems include remoteness from key suppliers, distance from markets, access to management skills and skilled labour, and harsh climate and physical conditions (Young, 1988). In addition, these problems are exacerbated by additional constraints. These include problems stemming from attributes culturally specific to Indigenous Australians living in remote regions of the northern Australia. Other problems are of a historical nature and largely the result of decisions taken by non-Indigenous people.

Notwithstanding the promise offered by tourism there has been a “less than desirable success rate” in Indigenous tourism enterprises, although this rate may not necessarily be lower than for non-Indigenous tourism enterprises (ATSIC, 1994). One factor limiting success is access to start up and developmental capital (Finlayson & Madden, 1995; Fiszbein, 1997). There are various government schemes that have been developed in an attempt to overcome this problem and to build capacity, unfortunately a number of these programs may be difficult for Indigenous people to access (Buultjens, Waller, Graham, & Carson, 2002).

Despite suffering economic disadvantage on both the supply and demand sides, Indigenous tourism enterprises are to a degree protected from competition by their relative remoteness. The key challenges facing such Indigenous businesses lie in the need for adequate training and management support as well as access to adequate sources of finance at a reasonable level of cost. In addition, it is essential to create an environment where savings and capital formation occurs through the development of entrepreneurship that guides such organisations (Wheelen & Hunger, 2000; Thompson & Strickland, 2001). In this context, it is important to appreciate that questions of economic development are inextricably linked with social and cultural factors.

Indigenous economic systems differ significantly from the abstract models of market allocation, exchange and distribution favoured by neo-classical economists. It is likely for example, that culture can be expected to influence the objectives and choices of Indigenous owner managers of a small enterprise (McKinley, 1998). The conventional goal of maximising profit to the exclusion of other important objectives may come into question.
Culture may be expected, a priori, to affect an objective such as maximising efficiency in the production and consumption of goods and services. In some societies for example, extensive consultation and negotiation may be seen as more important than reducing the amount of time involved in a production process. Alternatively, spiritual and religious concerns may be given increased priority in ways that lead to the interruption of production schedules. Both social and business objectives therefore, become important in the Indigenous management of small enterprise. Some elements of the neo-classical approach, such as the conditions required for an efficient allocation of resources, are likely to remain important. However, an over reliance upon this approach to measure development and explain under-development is likely to prove insufficient in any attempt to understand the complex interrelationships which characterise these questions.

Clearly when establishing an Indigenous tourism enterprise it is very important to consider more that just profitability of the venture. Indigenous control, authenticity of product, the level of community involvement with tourists and the consideration of cultural and spiritual values will underpin the success of the enterprise.

3. Research Method

This research utilised inductive field research and therefore the findings are presented as a field-based case study. The inductive field research methodology is in the involved research tradition whereby the researchers involve themselves directly in the research site, immersing themselves in the world of the actors (the organisational participants), seeking to understand their context, activities, behaviours, attitudes and processes. Field research aims to inductively identify and explain concepts, variables and their relationships as they emerge from observations on site in the field, rather than deductively predetermining them from literature or prior published studies (Parker, 1994; Patton, 1980). The methodology is inherently multi-method in that it typically employs observations, semi-structured interviews, and document analysis. It does not follow a predetermined script as per a traditional positivist study, instead it was being flexible in the application of changing methods and procedures according to the data sources identified and findings gradually made on site (Atkinson & Shaffir, 1998).

Another important aspect that the researchers were very aware of was the need for ethical engagement with the communities (Schuler, Aberdeen, & Dyer, 1999) through the observation of ethics protocols (for example, see http://aiatsis.gov.au/corp/docs/EthicsGuideA4.pdf).

The selection of a case for study is always a crucial step in the field research process. Since case selection is a matter of obtaining access to an organisational type that represents the particular category of organisation, operation and issue being studied, purposeful selection is the order of the day. The more the researcher has foreknowledge of a particular case setting, the more appropriate it may be as a subject of study—offering easier site access and affording the researchers greater familiarity with the organisation’s history and context (Jorgensen, 1989; Silverman, 2000).

In this case study, two of the researchers have had long-term personal associations with senior members of the Ngukurr community. Such past connections were crucial to accessing the enterprise, given the cultural tradition that, for access by any researcher, an invitation must be extended by senior Indigenous members of a community.

This field study employed multiple methods—physical site inspection, interviews and archival document analysis—all conducted at various points in time over a longitudinal period. In the qualitative research tradition this affords the opportunity for more extensive data access, lessened observer bias, and triangulation which enhances the validity and reliability of findings (McKinnon, 1988; Atkinson & Shaffir, 1998; Creswell, 1998; Silverman, 2000). Thus cross validation of data is facilitated, as well as the combination of contextual and temporal observations with actors’ interpretations and social constructions of their work and roles obtained from interviews. Fieldwork involving the enterprise was conducted from mid-1999 till mid-2001.

The first stage in the research process involved an analysis of the respective strengths and weaknesses of the enterprise, (i.e. the internal environment), and the opportunities and threats confronting the business (i.e. the organisation’s external environment) — a “SWOT” analysis. A SWOT analysis essentially outlines a frank appraisal of the current situation of the enterprise — internally and externally, and its advantage and disadvantage. This involves an interpretation of the enterprise’s current strategic status by the planning process participants. It draws together a complex mix of industry, market, political, community and cultural factors and attempts to juxtapose them as a basis for further planning that incorporates vision grounded in a clear appreciation of both possibilities and limitations (Wheelan & Hunger, 2000).

The SWOT analysis employed in this research utilised the weighted scoring methodology of Flavel and Williams, (1996). Each major strength category identified for the project is weighted in importance against the other strength categories out of a total score of 1.0. This weighting process is repeated for the categories of weaknesses, opportunities and threats. Following extensive discussion with Indigenous stakeholders, each
individual strength, weakness, opportunity and threat is also given a percentage score (out of a maximum of 100 per cent) to indicate its estimated degree of intensity. An average intensity percentage score is computed for each major category within strengths, weaknesses, opportunities and threats and then multiplied with the importance weighting attributed to the relevant category to produce a weighted intensity score for that category. This then provides a basis for assessing the relative significance to the project of particular categories of strength, weakness, opportunity and threat. It also allows for the deduction of total weakness scores from total strength scores, and total threats scores from total opportunities scores, thereby allowing a diagnosis of the extent of positive strategic potential inherent in the enterprise. The SWOT analysis is presented in Table 1. It should be emphasised that the features and rankings used in the SWOT analysis are those determined principally by Indigenous stakeholders of the enterprise.

In the light of the SWOT analysis, a project mission statement was determined from which key strategic objectives were developed. This then led to the development of strategies aimed at facilitating the ultimate achievement of the objectives. A financial plan was prepared as an integral component of a business plan for the enterprise. This plan was prepared in accordance with the methodology recommended by the Aboriginal and Torres Strait Islander Commission (2000).

Indigenous people within Australia and elsewhere have emphasised three main themes in models of community development (Fuller, 2003). These are (1) economic self-reliance, (2) improved governance and (3) the importance of Indigenous culture to economic and human development within communities. There has also been wide agreement on the need to link the economic, governance and ecological imperatives of community development (Vodden, 2002).

### 4. Ngukurr—background and socio-demographic characteristics

Ngukurr is an example of a remote Indigenous community in northern Australia where Indigenous entrepreneurs are currently attempting to face the challenges of ecotourism development. The community is located on the Roper River in south-eastern Arnhem Land, 280 k east of the Northern Territory regional centre of Katherine. The geographical location of Ngukurr can be seen in Diagram 1. According to census data (Australian Bureau of Statistics (ABS), 1998), the total population was 901 persons as at 30 June 1996. Ninety-three per cent of the population identified as Indigenous Australians.

An Anglican mission was established on the lands of the Ngalakan people in 1901. Indigenous peoples from other clans were encouraged to move from their clan estates to the community. Seven main clans are now located in the community. These clans are known as the Ngalakan, Nungulbooyu, Wandarang, Mara, Alawa, Ngandi and Rittrangu. They have come together to form the community of Ngukurr and the community is now known as Yugal Mangi (all the clans living together).

Compared to the non-Indigenous population at Ngukurr, as well as the non-Indigenous population of the Northern Territory, a far higher proportion of Indigenous Australians were located in the younger age range of 0–14. Forty-two per cent of the Indigenous population within Ngukurr could be found in this age range. This compared with 22 per cent of the non-Indigenous population at Ngukurr and the community is now known as Yugal Mangi (all the clans living together).

| Table 1: SWOT analysis table
| Strengths | Resources | Land | 78.75 | 0.15 | 11.81 |
| Strengths | Ecotourism assets | 63.63 | 0.15 | 9.54 |
| Strengths | Sources of finance | CDEP | 72.50 | 0.15 | 10.87 |
| Strengths | Other financial sources | 60.00 | 0.15 | 9.00 |
| Weaknesses | Human resources | 56.00 | 0.08 | 4.48 |
| Weaknesses | Skills | 74.00 | 0.07 | 5.18 |
| Weaknesses | Sub-total | 1.00 | 66.75 |
| Opportunities | Planning and marketing/ cultural issues | 58.75 | 0.30 | 17.63 |
| Opportunities | Facilities and finance | 50.00 | 0.30 | 15.00 |
| Opportunities | Training | 70.00 | 0.20 | 14.00 |
| Opportunities | Infrastructure | 48.75 | 0.20 | 9.75 |
| Opportunities | Sub-total | 1.00 | 56.38 |
| Threats | Provision of tourism facilities | 80.00 | 0.20 | 16.00 |
| Threats | Access to markets | 77.50 | 0.20 | 15.50 |
| Threats | Marketing | 66.66 | 0.20 | 13.33 |
| Threats | Employment | 70.00 | 0.20 | 14.00 |
| Threats | Commercial viability | 60.00 | 0.20 | 12.00 |
| Threats | Sub-total | 1.00 | 70.83 |
| Threats | Product-market threats/ competition | 67.14 | 1.00 | 67.14 |
| Final SWOT score | 14.00 |


*The full analysis is available from authors.
of females were found to have reached this age range (ABS, 1998).

Sixty-nine per cent of the Indigenous community spoke an Indigenous dialect (ABS, 1998). This provides an important insight into the continuing importance of traditional language as a means of communication within the community. In addition, Kriol remains an important form of communication through the adaptation and integration of the traditional language with English. These methods of communication have important implications for the ease with which Indigenous people from Ngukurr can discuss business and commercial concepts with the mainstream commercial community.

The great bulk of the employed Ngukurr population were dependent on the Federal Government’s Community Development Employment Projects Scheme (CDEP). The CDEP scheme allows unemployed Indigenous people to forgo the unemployment benefit that they would otherwise be entitled to, in exchange for the payment of a wage in return for work in their community. Usually, CDEP participants carry out relatively unskilled community development tasks such as rubbish collection or building maintenance. CDEP employment is usually part-time and participants do not earn wages that exceed the equivalent of their unemployment benefit unless the CDEP organisation in which they work can generate additional income through commercial activity (Fuller & Howard, 2000).

CDEP is also a key program with regard to the promotion of Indigenous owned and operated small businesses. The scheme can contribute substantially to the potential profitability of small enterprise by paying the wages of CDEP participants who work within an approved enterprise. In addition, the CDEP scheme makes available funding for capital and operational expenditure for Indigenous owned and operated enterprises. Due principally to the prominence of CDEP in employment arrangements, the Indigenous male unemployment rate in Ngukurr was 8.3 per cent and the female rate 6.1 per cent. The overall Indigenous labour force participation rate in the community was a relatively low 49 per cent. This compares with an Indigenous rate of 42 per cent and a non-Indigenous rate of 75 per cent, for the Northern Territory as a whole (ABS, 1998).

The Indigenous median individual income of $144 in Ngukurr was substantially below the $571 for non-Indigenous persons. With respect to educational qualifications, 27 per cent of Indigenous people at Ngukurr had left school by the age of 15, and a high 40 per cent by the age of 16 years. In addition, 79 per cent of Indigenous people reported that they held no qualifications. A further 19 per cent did not respond to the question (ABS, 1998). Such relatively low skill levels have major implications for the achievement of commercial business outcomes within the community, and
suggests that the provision of vocationally based training would be a good investment of government funds.

In Ngukurr over 90 per cent of individuals were employed within the industry classification, government administration and defense. This reflects the current relatively low level of Indigenous business development within the community and the high level of dependence on CDEP. Seventy three per cent of males and females were employed in the occupational group laborers and related workers. A further 18 per cent of males and 8 per cent of females worked as intermediate production and transport workers or in elementary clerical, sales and service.

5. The boat transport and ecotourism enterprise

The senior traditional owner-operator of the boat transport enterprise regards the eco-tourism business as a natural extension of current activities, where he frequently transports members of the community by boat for payment. During the wet season access roads to the community are frequently impassable or cut by the flooded Roper and Wilton Rivers. It is intended that the enterprise would continue to focus on providing boat transport to enable people to cross the flooded rivers to gain access to the Roper highway—the main road to the regional center of Katherine. This would enable people from the Ngukurr community to journey to Katherine for shopping, health, recreational and other purposes. The boat would also be used for the cartage of food, materials and other items across the Roper and Wilton Rivers and from the community of Ngukurr. It could also be used for the cartage of provisions, materials and machinery to contractors working on highways and pastoral properties adjacent to the Roper and Wilton rivers in both the wet and dry seasons. An important capital requirement for the enterprise is a boat licensed to carry 10 – 12 people with an 80 HP motor, and a 4WD vehicle for transporting tourists overland.

The focus for the micro-business would shift to tourism during the dry season, with the boat being used to convey groups of people in a safari style operation to camp and scenic locations along the rivers. There would be two types of tours—a day trip and an ‘adventure’ tour over 2 days involving overnight camping. Day-time activities would include guided Indigenous cultural tours and other activities reliant on the rivers, banks and environs. Bird watching, bushwalking, crocodile spotting, fishing, crabbing and camping are potential attractions for tourists along and near the Roper and Wilton Rivers. Boat tours will offer the opportunity for visits to cultural sites as well as providing scenic tours. Potential cultural activities that could be included in tours would include dancing, painting, handicraft, hunting and gathering. The adventure tour would involve the use of high quality safari tent accommodation and meals. All activities combined would provide an excellent ecotourism product.

The Indigenous owner-operator stated that the primary objective in expanding the enterprise to include the ecotourism venture is to derive economic benefit for himself and to provide employment and income opportunities, particularly for the younger members of the family, within the relatively remote community. The owner-operator believes that the severe social problems currently being experienced by youth — such as petrol sniffing and the abuse of alcohol, tobacco and other substances — can be ameliorated if younger members of the communities can be provided with meaningful employment opportunities.

Compared with a land-based enterprise, the use of the Roper and Wilton Rivers for a business based on boat transport, is not complicated by ownership issues, since no group, clan or individual is regarded by the Indigenous residents as the traditional owner(s) of the river. In this sense, the rivers may be regarded as communal goods, with similar characteristics to a public good. In particular, the rivers are not characterised by what economists refer to as ‘depletability’, nor ‘excludability’. Thus, their use is not depleted by an additional user, and it is difficult to prevent individuals from accessing the resources of the rivers. In the context of Indigenous people living within the region, it is also important that the rivers do not have exclusive spiritual meaning for one particular individual or group, but rather the community as a whole. However, because it is planned to allow tourists to disembark and camp at various points along the river, extensive consultation with the seven main clans will be necessary, to ensure that individuals and their respective clans, agree with the use of their land by the enterprise. The owner-operator and employees of the business will be required to exercise control over visitors, to ensure they do not trespass upon sacred lands or have an adverse impact upon the environment. The owner-operator intends to be responsible for the strategic management of the enterprise and to also manage the operation on a day-to-day basis with the assistance of his sons.

6. SWOT analysis for the enterprise

The following sections summarise the principal strengths, weaknesses, opportunities and threats confronting the proposed ecotourism enterprise, as outlined in Table 1.

6.1. Strengths

There were a number of strengths identified for this business. The relationship between the senior traditional
owner-operator and other traditional owners of land within the region of Ngukurr is seen to be an important strength. There are no ownership restriction regarding access to the river however landing along the banks can only be facilitated through consultation and agreement with clan leaders living at Ngukurr. The owner-operator is a senior influential male within the Ngukurr community who has deep knowledge of Indigenous traditions and culture. The researchers were able to establish that he has support from other clan leaders in the community through their interviews with these people. The owner’s involvement will be particularly valuable in facilitating the necessary consultation amongst clans in the community.

The owner has wide experience operating river craft, particularly along the Roper and Wilton Rivers and is regarded as particularly skilled within this area. In addition, he has completed a 4-year apprenticeship as a mechanic and operator of heavy machinery and can therefore provide maintenance for the boats. The owner also has access to a number of potential staff to work within the organisation. He is also well known and respected by non-Indigenous tourist operators working within the surrounding region. This is likely to assist in the establishment of potential joint-venture operations.

Despite the need to conduct a detailed survey of the land and river systems on which the tourism activities of the enterprise will operate, it is apparent that the physical attributes of the Roper and Wilton Rivers, and surrounding region constitute one of the enterprise’s main strengths. The attractions of the area include excellent fishing, abundant birds and other wildlife such as crocodiles and water buffalo, scenic views and the opportunity for guided tours by Indigenous people to Indigenous cultural and historical sites. The sites of a base camp have been chosen for the enterprise.

The owner is planning to secure a non-Indigenous joint-venture partner for the business. The partner, to be chosen from the operators currently operating in the region, is to assist with the development of infrastructure for the venture. At present, the non-Indigenous tourist operators provide day-long scenic river trips, fishing, or overnight safari tours only on non-Indigenous lands since they are excluded from Indigenous areas. Therefore, these operators view access to Indigenous lands as an important opportunity for their businesses.

In the planning process it has been assumed that Federal government business program funding will be available from the CDEP to assist initially with the payment of wages and operational expenses for the business. Funds will also be sought from this program to assist with initial capital outlays and the provision of training to staff in required business skills. General staff and labour are available from the community with extensive knowledge of the physical environment and its features. Access to finance from private sector financial intermediaries to cover initial establishment costs is not likely to be an important internal strength for the business. This is due principally to a lack of credit history for the Indigenous traditional owner-operator and a lack of assets and equity that can be used as collateral for a loan from a mainstream financial intermediary.

6.2. Weaknesses

The enterprise is likely to suffer a number of internal weaknesses associated with organisational arrangements. Important constraints are likely with regard to lack of skills and experience in planning, business management, financial management, marketing and product research and development. There are likely to be five full-time and five part-time employees required to operate the enterprise. Neither the owner nor his sons, who will be the key employees, have undertaken training related to business management. Therefore, there will be a need to provide training in the operation and management of a tourist operation including the technical skills to maintain the capital equipment at a required operating standard. Training should be made available on-site but travel may be necessary to regional centres to obtain the range of management skills required.

Under existing Aboriginal Land Rights legal arrangements it is likely to prove difficult to sub-lease sites to a non-Indigenous tourist operator. The *Aboriginal Land Rights (N.T.) Act* 1976, enables the grant of interests in Aboriginal Land to others for business purposes. In each case the Land Trust must be directed by the relevant Land Council (in this case the Northern Land Council), which is required to satisfy itself that traditional Aboriginal owners understand the nature of the arrangement. In addition, the Northern Land Council must ensure that any Aboriginal community or group affected by the proposed grant has been consulted and that the terms and conditions are “reasonable”. While such safeguards appear reasonable, Land Councils generally have become highly politicised bodies, where proposals to lease Aboriginal land by a joint-venture party may be held up for many years by a failure to achieve agreement from all affected Aboriginal communities or groups. As the full Northern Land Council is composed of traditional owners from throughout the north of Australia, protracted debate is possible involving traditional owners with land interests and concerns far removed from those at Ngukurr, within south-eastern Arnhem Land, for example. This can have the effect of preventing the particular traditional owners of Aboriginal Land from using their land for new economic ventures, no matter how potentially attractive this may be from a commercial view point. In some instances, the more financially attractive such new
ventures appear to other traditional owners involved in decisions by the full Northern Land Council, the higher the resistance that may be expected. This arises because traditional owners not directly involved due to land ownership arrangements become increasingly concerned that they will not be a beneficiary of such project development. In addition, they become concerned that such project development outside their lands may strengthen the economic and political influence of the relevant Indigenous land-owners, at their expense. This may present issues for this development.

Currently, the land on which tours are to be conducted does not have well-developed infrastructure. In particular, the roads and tracks in the area and accommodation for resident staff need to be improved. Facilities for tourists also need to be provided. There is also a need to improve access to electricity and water and the means of dealing with wastes in an environmentally sustainable manner. While it is evident that the region possesses a range of high-quality ecotourism assets, it will necessary to undertake a full evaluation and establish an inventory of such assets. This will include land and resource capability mapping involving an evaluation of potential activities that may be conducted on the land and water bodies, to ensure the sustainability of the enterprise.

As discussed, difficulties which have affected the commercial viability of Indigenous enterprise in northern Australia have been categorised by Young (1988) as difficulties which confront most economic enterprises throughout northern Australia. These problems which inevitably result in increased costs of production and reduced competitiveness include remoteness from key suppliers, distance from markets, access to management skills and skilled labour and harsh climate and physical conditions.

However, they also include factors particular to Indigenous culture including kinship networks, human-land relationships, reciprocal relationships and responsibilities involving the exchange of goods and services, attitudes to economic development, growth, saving and investment and accumulation and acquisition and spiritual and ceremonial values and obligations.

Finally, there are a number of government assistance packages available for Indigenous people planning to start a business however most of these programs are complicated and difficult to access. In addition, they provide little start-up capital and on-going support (see Buultjens et al., 2002).

6.3. Opportunities

Tourism in the North of Australia has shown a steady growth during recent years and projections by tourism agencies indicate a continuation of that trend. Antella, (2002) for example, projects a growth in international tourism to the ‘Top End’ of the Northern Territory exceeding 15 per cent by 2005 (base year 2000). Interstate and intra-territory growth in tourist numbers is forecast to increase by 9 per cent over the same time period. The Northern Territory Tourist Bureau has advised that there are growing opportunities to provide for an increasing demand for safari, wilderness and ecotourism experiences from the United States and Europe, in relatively safe and secure environments. It is tourists from these countries who exhibit a high level of interest in the history, traditions and culture of Indigenous people in Australia (Ryan & Huyton, 2002). These countries are likely to provide the main niche visitor markets for this ecotourism enterprise. However, as discussed previously the optimistic forecasts have to be moderated by the lack of clear data on the level of demand for Indigenous tourism product.

Transport links to the main regional centre of Katherine are good, as are services to communities, such as Ngukurr. There is also the high potential to establish joint-venture operations with tourist operators, already active within the region on non-Aboriginal Land. As many high-quality ecotourism assets are on Aboriginal Land, existing operators are keen to forge mutually beneficial joint-venture operations with Indigenous traditional owners. With careful planning and implementation there is the opportunity to develop and operate a profitable and competitive Indigenous ecotourism enterprise, employing members of the local community.

6.4. Threats

Despite the anticipated growth in tourism in the Northern Territory, the environment is judged to be highly competitive. Northern Territory tourist organisations consider that occupancy rates are unlikely to reach 70 per cent over the next 2 years and that price discounting is likely to occur in an attempt to improve market share (Antella, 2002). As demand grows in the Ngukurr region, it is likely that other ecotourism providers will be attracted to enter the market. While such operators will be effectively prevented from accessing ecotourism assets located on Aboriginal land, they will have access to the river systems. A small operation of the type proposed may find it increasingly difficult to compete against larger more highly diversified ecotourism operators. Local factors may also threaten the enterprise. For example, disputes between tourist operators and Indigenous traditional owners involved in joint-venture operations may arise regarding the timing and use of Aboriginal Land or cultural activities for tourists. Such disputes may arise principally because of different cultural priorities between
Indigenous landowners and non-Indigenous ecotourism operators. For example, Indigenous traditional landowners may regard observance of ceremony as more important at a particular time, compared with satisfying the needs of tourists.

In addition, competition from existing boat tours within the region on Aboriginal lands and from non-Indigenous tourism operators in the case study area, is likely to prove a threat to the commercial viability of the enterprise. A survey of potential competition from information provided by the Northern Territory Tourist Commission indicated 36 tours and safaris offered by 13 Tour and Safari operators in the ‘Top End’ of the Northern Territory and in the Kimberley Region of Western Australia. The survey also indicated 19 boat cruises offered by Boat Cruise operators at eight locations in the Top End of the Northern Territory and Kununurra, Western Australia. Existing boat tours on Aboriginal Lands such as Kakadu and Nitmiluk are also likely to provide an external competitive threat to the enterprise. A total of 50 fishing tour operators were also identified in Top End of the Northern Territory. Interviews with at least two business operators within each of these categories, as well as discussions with Territory Tourism authorities, indicated a high interest in targeting a niche market by providing features and attractions designed for specific overseas markets. Relatively young, high-income European tourists from Italy and Germany, as well as the United States, were seen to present an important potential market. All operators interviewed saw the need and value of establishing joint-venture operations with Indigenous landowners.

Another possible threat may be the necessity to gain government licensing to transport ecotourism visitors by boat, bus and other associated forms of transport. This has important implications for the training and qualifications of drivers and crew as well as the operational capability of equipment.

The venture will need to be marketed effectively and the appropriate market niche chosen carefully. The distance of potential ecotourism visitors from the proposed enterprise will increase the difficulty of marketing the venture, particularly without a joint-venture partner already accessing target overseas markets.

7. SWOT weighting

On completion of the identification of the Strengths, Weaknesses, Opportunities and Threats, a weighting was applied to the identified items. A SWOT score of approximately 14 was the final outcome for the exercise (see Table 1). Flavel and Williams, (1996) state that a final score of this magnitude indicates the need for further analysis before committing resources. Such analysis should be directed at further developing strategies to capitalise on existing strengths and opportunities and defend against internal weaknesses and external threats.

7.1. Mission and objectives

Once the SWOT analysis was conducted a mission statement was formulated in consultation with the traditional owner-operator and Indigenous stakeholders with regard to the ecotourism and boat transport enterprise. The determination of the mission statement allowed the objectives for the enterprise to be formulated.

The mission statement agreed for this enterprise was:

To provide the opportunity for people from other cultures to experience the culture and country of the people of the Ngukurr region. To enable the people of Ngukurr to conduct a financially viable ecotourism enterprise, aimed at providing increased financial and employment opportunities, especially for the young Indigenous members of the Ngukurr community.

The key objectives of the ecotourism enterprise were developed from the mission statement in consultation with Indigenous stakeholders. The objectives were to:

1. Establish commercial arrangements with carefully selected non-Indigenous joint-venture partners.
2. Seek technical assistance in the planning, development and marketing of ecotourism experiences on Indigenous land with an emphasis on attracting visitors from overseas.
3. Prepare a marketing plan for the proposed new ecotourism enterprise.
4. Set sales targets which will achieve an agreed return on investment.
5. Achieve sales targets within 3 years.
6. Provide full and part time employment opportunities for at least five people from the local community during the first year of operation.
7. Ensure a sustainable balance between economic use and protection of Indigenous land.

7.2. Business Strategies

Following the SWOT analysis and development of objectives, the following strategies were decided upon in consultation with Indigenous stakeholders.

1. Enter into consultation with representatives of the clans living at Ngukurr, the representative of the Northern Land Council and relevant government agencies.
2. Determine the most suitable sites for safari camps and the most suitable forms of accommodation.
3. Seek an appropriate joint-venture partner with experience in tourism at the international level and negotiate an agreement.
4. Undertake an assessment of existing or potential competition.
5. Assess the suitability of the Roper River and landing areas along the river for boat cruising, camping, wildlife watching, bush walking and Indigenous cultural experiences. Implementation of this strategy will include the conduct of programs aimed at assessing the land, features, wildlife and landing points.
6. Compile an audit of skills available from the local community that may be utilised by the proposed enterprise.
7. Identify the staff required to manage and operate the ecotourism facility and identify training requirements, through a training needs analysis.
8. Identify constraints to site developments, including those imposed by Indigenous people in relation to sacred sites for example, as well as government regulation.
9. Prepare an implementation plan for the development of the enterprise, which takes into account the above strategies.
10. Identify possible sources of finance from both private and public sector agencies to assist in establishing the proposed enterprise.

7.3. Financial aspects of proposed enterprise

As part of the business planning process a financial plan was drawn up (see Table 2). The boat transport activity provides a valuable core business for the further expansion of the enterprise. Roads in the area are impassable during the wet season and travel out of the community during this part of the year is only possible by boat or light aircraft. Given the relatively high price of air travel, there is a high and consistent demand for boat transport.

It is envisaged by the Indigenous owner-operator that the ecotourism business would offer day trips as well as ‘adventure trips’ of 2 days duration. Day trips would operate on a weekly basis during the season while there would be four adventure trips during this time. It is estimated that the enterprise is therefore forecast to generate a total potential revenue of $US64,000 per annum.

ATSIC (2000) defines fixed costs include the total business running costs, interest and repayments, the opportunity cost of the owner-operator’s labour and the return on the owner-operator’s investment. Following this methodology fixed costs have been estimated at $US38,000. Total variable costs, which include the cost of labour, fuel and boat repairs and maintenance on all trips, are estimated to be SUS18,700. It is therefore forecast that the enterprise has the potential to earn a before tax base profit of $US7,000 per annum after allowing for an opportunity cost of the owner-operator’s labour of $US12,500.

Table 2
Financial analysis for the business

<table>
<thead>
<tr>
<th>Item</th>
<th>Justification</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>($US per annum)</td>
</tr>
<tr>
<td>Boat transport</td>
<td>High demand for 18 weeks each year (wet season) due to high price of air travel. Eight return trips per day—an average of 10 passengers @ $US20 per person one way</td>
<td>28,800</td>
</tr>
<tr>
<td>Tourism tours</td>
<td>One per week throughout the dry season. An average of 10 passengers @ $US62.50 per person</td>
<td>21,250</td>
</tr>
<tr>
<td>Adventure tours</td>
<td>Four adventure trips each season. Ten passengers on each trip @ $US350 per head for the trip</td>
<td>14,000</td>
</tr>
<tr>
<td>Total revenue</td>
<td></td>
<td>64,000</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed costs</td>
<td>Fixed costs are defined by ATSIC to include the following items (ATSIC, 2000)</td>
<td></td>
</tr>
<tr>
<td>Total business running costs</td>
<td></td>
<td>19,700</td>
</tr>
<tr>
<td>Interest and repayments</td>
<td></td>
<td>5700</td>
</tr>
<tr>
<td>Opportunity cost of the owner-operator’s labour</td>
<td></td>
<td>12,500</td>
</tr>
<tr>
<td>Return on the owner-operator’s investment</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total fixed costs</td>
<td></td>
<td>38,000</td>
</tr>
<tr>
<td>Total variable costs</td>
<td>Total variable costs include the cost of labour, fuel and boat repairs and maintenance on all trips</td>
<td>18,700</td>
</tr>
<tr>
<td>Total costs</td>
<td></td>
<td>56,700</td>
</tr>
<tr>
<td>Before tax profit</td>
<td></td>
<td>7000</td>
</tr>
</tbody>
</table>
The variable costs cited above include estimated labour costs of US$11,000. If these were to be paid by the Federal government’s community employment scheme (CDEP), the amount of pretax profit could be increased to US$18,000. Some funding for capital investment could also be expected. However, there are some limitations associated with using CDEP as a funding source. These include a restriction on the number of hours worked that can be funded by CDEP, as well as no weekend work. In this context it is important to note that the Federal Government launched an Indigenous tourism business program designed to assist Indigenous tourism ventures, during December 2003, following the release of the Tourism White Paper (Australian Tourist Commission, 2004a).

The required start-up and running costs of the boat transport operation are relatively low. The fact that the largest capital item necessary to the operation of the business, a suitable boat, is already owned by the prospective owner-operator of the enterprise is an important factor in producing this outcome. The financial plan lists the boat as an asset worth US$30,000, a sum that would otherwise have contributed a major component toward the start-up costs of the business. Start-up costs of the business are estimated to be US$27,000, while running costs are estimated to be US$19,700. It should be noted that these estimates have not included capital investment that may be required for the improvement of staff accommodation, upgrading of tracks, or the construction of a facility that can be used as a base for tours.

8. Conclusion

The SWOT and financial plan presented in this paper serves to emphasise several important themes regarding the key factors for success or failure in Indigenous tourism ventures. It is important in this context that most of the themes apparent in this case study are also present to some extent, in other Indigenous business enterprises in relatively remote regions (for example, Fuller & Jones, 1999; Fuller 2001; Fuller, Antella, Cummings, Scales, & Simon, 2001; Fuller, & Parker, 2002). It is proposed that future research will continue to examine the opportunities and constraints to commercially successful Indigenous tourism ventures.

Most importantly, the financial plan undertaken for this case study suggests that in spite of the obstacles that need to be overcome, there is potential for an Indigenous-owned and operated small enterprise focused on the growing ecotourism market to be established and achieve commercial viability. Such a business could yield substantial economic and social benefits for the owner-operators, employees and the wider community. It is expected that the field of ecotourism will provide valuable potential commercial benefits to Indigenous communities and lead to further project developments, while at the same time, ensuring minimal cultural and environmental impacts. In addition, the ecotourism venture will educate the wider community about aspects of Ngukurr culture.

A second important theme of this paper is that the enterprise is likely to suffer from a number of organizational constraints and in particular, a lack of skills and business experience in planning, business management, financial management and control, marketing and product research and development. Indigenous people with access to substantial valuable ecotourism assets who wish to establish small businesses often lack the necessary education and training required in order to effectively manage a small enterprise. Despite the existence of various programs attempting to address these issues most have been relatively unsuccessful (Buultjens et al., 2002). This would appear to increase the likelihood that viable, commercial ventures depend on the establishment of joint ventures with main-stream tourism operators.

Third, as pointed out in the SWOT, this enterprise has a need to source funds that may be difficult to satisfy through normal commercial channels. Indigenous people face difficulties accessing such institutions, due to lower income and asset levels as well as a lack of familiarity with the procedures of financial institutions and the inability to prepare the formal business and financial plans required by mainstream commercial lenders. It is apparent that the Community Development Employment Projects (CDEP) scheme has the potential to play an important role in this regard. The financial resources that the scheme bring into the community play an important role in indirectly supporting Indigenous-owned and operated small enterprises. In the financial year 1999–2000, the Ngukurr program for example, expended around US$1.35 million in the form of payments for wages and a further US$420,000 for capital and recurrent expenditure purposes within potential small business operations. Such levels of expenditure serve to stimulate demand for the goods and services available from a range of Indigenous micro-enterprises. The Federal government scheme is also a key program with regard to the promotion of Indigenous-owned and operated small businesses. The scheme has the potential to contribute significantly to the commercial viability of small enterprises by paying the wages of participants who work within an approved enterprise. However, the manner in which the program is administered negates a number of the opportunities offered by the scheme. For example, there was evidence from the community at Ngukurr that some small businesses were required to remit their revenue streams to the non-Indigenous officials of the Local Government Community Council. This had the effect of denying the Indigenous owner-operators the funds necessary to invest in business development and growth.
The business planning process conducted for this enterprise also suggests that the achievement of the business objectives for Indigenous business enterprise, especially in the tourism sector, will often depend upon its ability to market its services. The skills and experience required to promote and market a business in interstate and international markets are usually lacking. For this reason, securing an appropriate joint-venture partner with experience in tourism in national and international markets will also be an important advantage. An example of a successful joint-venture operation within this region is that provided by Nitmuluk Tours. This is a joint venture between Travel North and the local Jawoyn people, the traditional owners of Nitmuluk (Katherine) Gorge. This successful partnership has been in operation for more than 9 years.

The joint-venture partner will be able to compensate in part, for these skill deficiencies by taking responsibility for the marketing of the business and the training of Indigenous employees. However, the financial analysis suggests that the enterprise has the potential to achieve commercial viability in the absence of a suitable joint-venture partner. In the absence of a joint-venture partner business success for this ecotourism venture would be enhanced if management, marketing and planning support could be provided by the Northern Territory Tourist Commission or the Northern Territory Office of Aboriginal Development.

Finally, the business planning process for this enterprise demonstrated that it is likely to prove difficult to sub-lease Indigenous sites to non-Indigenous tourist operators even though, both the Aboriginal Land Rights (N.T.) Act 1976, and the Native Title Act 1992, both enable the grant of interests of Aboriginal Land to others for business purposes, founded on the need to preserve the title and interests of Indigenous landowners. It is likely that any joint-venture partner to an Indigenous economic enterprise will seek to have some form of tenure, rather than a license, over a project such as an ecotourism facility. The provision of Aboriginal land and access to high quality ecotourism assets, is likely to represent an important contribution by Indigenous Australians to the equity required in a joint venture. However, given the highly politicised nature of many Land Council deliberations concerning the commercial use of Aboriginal Land, it is now necessary that the current unwieldy approval mechanisms be streamlined to enable Indigenous people to utilise their now substantial assets as an important means of enabling Indigenous economic and human development.

References


