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IBA SUBMISSION

Standing Committee on Indigenous Affairs - Inquiry into Pathways and Participation Opportunities for Indigenous Australians in Employment and Business

INDIGENOUS
BUSINESS
AUSTRALIA

The design of our new brand was inspired by artwork from Indigenous artist Penny Evans.

Acknowledgement

IBA acknowledges the Traditional Owners of Country throughout Australia.

We honour the resilience, ingenuity and continuing connection to country, culture and community of all Aboriginal and Torres Strait Islander people across Australia and to their cultures and histories which are a source of shared pride for all Australians.

We pay our respects to Aboriginal and Torres Strait Islanders Elders past, present and emerging.

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Recommendations

Recommendation 1: Achieving improved Aboriginal and Torres Strait Islander employment and business outcomes requires a supportive economic development and policy framework with clear strategies, including coordination between the Commonwealth, States and Territories aimed at supporting and generating both employment and business opportunity. To frame a system that is directed towards achieving improved outcomes, IBA considers it essential that the policy and program framework is developed by and for Aboriginal and Torres Strait Islander people.

Make provision for programs and policies to measure and report upon their impact upon the lives and livelihoods of Aboriginal and Torres Strait Islander people, including measures that focus specifically on economic independence, economic empowerment and inter-generational wealth transfer.

Recommendation 2: Indigenous businesses are far more likely to employ Aboriginal and Torres Strait Islander people than other businesses – continuing to support and grow the Indigenous business sector, which has increased in size from 10,000 in 2006 to between 17,400 and 19,000 in 2016. Accordingly, supporting the continued growth of the Indigenous business sector will impact upon improved employment outcomes.

Support for the continued growth and scale of the Indigenous business sector should include:

(i) Better research data on Indigenous businesses to help develop evidence-based, demand driven policy frameworks, assist Indigenous businesses grow, obtain economic insights and unlock new opportunities

(ii) Growing more procurement opportunities and increasing procurement targets for even greater impact

(iii) Unlocking IBA's potential by removing legislative constraints (such as the restriction on borrowing) so IBA can meet demand and support more customers.

(iv) Encouraging private sector investment into Indigenous enterprises through appropriate tax incentives to support the growth of the social impact investing market

Recommendation 3: Generate greater employer-driven demand for Indigenous employees.

Consider increasing targets for Indigenous employment in the public service and the private sector, consider the role of tax incentives to support companies with aim for high Indigenous employment outcomes, including the potential for "Opportunity Zones" to be developed in Australia.

Recommendation 4: Empower more Aboriginal and Torres Strait Islander people to benefit from home ownership through additional funding for the Indigenous Home Ownership Program (IHOP).

Home ownership is key to economic independence for Aboriginal and Torres Strait Islander Australians and is a critical tool for improving many life outcomes.

It provides a stable and secure asset, and an intergenerational asset from which to build long-term wealth. Home ownership delivers a range of social and economic benefits for home owners, including improved employment and education outcomes.

1. Introduction

Indigenous Business Australia (IBA) welcomes the opportunity to provide a submission to the House Standing Committee on Indigenous Affairs' Inquiry into the Pathways and Participation Opportunities for Indigenous Australians in Employment and Business.

IBA also welcomes the Government's continuing commitment to strengthening and advancing employment and economic development outcomes for Aboriginal and Torres Strait Islander people.[1]

Historically, Aboriginal and Torres Strait Islander people have been excluded from meaningful participation in economic activity and this exclusion continues today. Because of this ongoing financial and economic exclusion, Aboriginal and Torres Strait Islander people can face additional challenges in pursuing economic development opportunities. Indeed, the recent Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry highlighted that Aboriginal and Torres Strait Islander people, "are the predominant group of people consistently associated with financial exclusion".[2]

However, there are also many stories of success, positive economic development outcomes and wealth creation. The substantial growth in the number of Indigenous entrepreneurs and businesses over the past decade – estimated at 10,400 in 2006 to 17,900 in 2016[3] – is an example of the resilience and ingenuity of Aboriginal and Torres Strait Islander people in addressing the ongoing challenges of financial exclusion, and the steps that are being taken to develop intergenerational wealth, develop new skills and harness new opportunities. IBA is proud of the role we play as a customer-facing service-delivery agency supporting the economic development aspirations of our customers with our products and services.

We touch more upon the role of Indigenous businesses in providing for employment pathways later in this submission, which outlines:

(i) the need for an economic development policy framework developed by and for Aboriginal and Torres Strait Islander people that includes appropriate indicators and measures, including measures that focus on economic independence and economic empowerment
(ii) suggestions for growing the scale of Indigenous businesses and the key role of Indigenous businesses in generating pathways to employment
(iii) the role of home ownership in leading to improved employment outcomes for Aboriginal and Torres Strait Islander people
(iv) success stories and lessons from IBA's long involvement and experience as a customer-facing Aboriginal and Torres Strait Islander economic development practice.

[1] 'Indigenous' and 'Aboriginal and Torres Strait Islander' are used interchangeably throughout this document.
[2] Background Paper 19: *Aboriginal and Torres Strait Islander Consumers of Financial Products, Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, https://financialservices.royalcommission.gov.au/publications/Documents/aboriginal-and-torres-strait-islander-consumers-of-financial-products-background-paper-19.pdf
[3] Shirodkar S et al, *Ongoing Growth in the Number of Indigenous Australians in Business*, CAEPR Working Paper 125/2018.

2. About IBA

IBA is a commercially-focused organisation that was established to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency, and to advance the commercial and economic interests of Aboriginal and Torres Strait Islander people by accumulating and using a substantial capital asset for their benefit.[4]

2020 marks 30 years since IBA was first established, then as the Aboriginal and Torres Strait Islander Commercial Development Corporation, in 1990.

However, the past three years have been a period of substantial change for IBA as we have chartered a new strategic direction, launched a range of new products and solutions, and significantly increased our levels of lending and investment.

Since 1 July 2016, IBA has deployed over $1 billion through our investment and lending activity, which is over 9 times the level of Government funding provided to IBA by way of capital during that period and is a significant uplift on prior periods. This deployment demonstrates that IBA is a largely self-funded organisation, with the vast majority of our funding coming from the returns on our loan and investment portfolios. As we operate with 15% few staff than we had just a few years ago, it also reflects a significant increase in the demand for, and productivity of our organisation and investment in new ways of working and technology.

In pursuing our purpose, IBA works alongside our Aboriginal and Torres Strait Islander customers to:

- achieve their aspirations for home ownership;
- support and assist businesses and entrepreneurs; and,
- facilitate wealth-generating investments.

Our commercially focused products and services enable and assist Aboriginal and Torres Strait Islander people to move towards greater participation in the economy, including by:

- generating employment opportunities and pathways for Aboriginal and Torres Strait Islander people
- supporting the creation of successful Aboriginal and Torres Strait Islander-owned enterprises.

Through our work and our activities:

- we influence, partner and engage with the private and public sectors to deepen our impact; and
- we contribute towards the wellbeing and economic prosperity of our customers and their communities through both direct and indirect impacts, including by generating jobs, and contributing to the improved health and safety of our customers, their families and communities.

Our vision is for a nation in which Aboriginal and Torres Strait Islander people are economically independent and an integral part of the economy.

IBA works to assist Aboriginal and Torres Strait Islander people to have the same opportunities as every other Australian. We work with our customers to support their aspirations for financial inclusion, wealth creation and ultimately, economic prosperity and economic independence.

[4] *Aboriginal and Torres Strait Islander Act 2005* – s 146.

IBA's operations are predominantly self-funded, an outcome which is achieved by reinvesting returns from our loan and investment portfolios and by injecting additional capital realised from previous investments.

Further detail about IBA is included at Attachment A.

3. Policy frameworks: learning from history

The Australian Government has been directly involved in funding Indigenous economic development programs since 1969, however, the first attempt to develop an overarching strategy and framework for economic development outcomes did not occur until 1987.

Until that point, mainstream service delivery agencies had prime carriage of early strategies (to the extent they existed) which typically focused on employment and training, rather than a wider economic agenda that ties together all the relevant elements (of what might broadly be described as economic well-being) to achieve economic independence, economic empowerment and success.

An example of earlier flawed approaches was the National Employment Strategy for Aboriginals, which was introduced in 1977 with a focus on employment outcomes. The then Department of Employment and Industrial Relations had main carriage of the strategy and received the significant majority of additional funds.

When later evaluated, the strategy was found to be highly flawed. The 2007 National Vocational Education and Training Research and Evaluation Program Report: An evaluation of Indigenous employment programs[5] (the NVETR evaluation) summarised that evaluation as follows:

> *The report found that the Commonwealth's National Employment Strategy for Aborigines, introduced in 1977, had not been implemented as a cohesive strategy and provided, at best, marginal benefit. Major failings in the delivery of labour market assistance to Indigenous people were identified as:*
>
> - *an almost exclusive concern for participation in the regular labour market as employees*
> - *a lack of identification of the barriers to employment in certain circumstances and, therefore, the provision of inappropriate responses*
> - *an attempt to replicate regular employment conditions in situations which have neither the economic base to support them, nor Aboriginal lifestyles compatible with those conditions*
> - *a failure to include significant Aboriginal involvement in the decision-making process at all levels, particularly at the local level*

In 1987, the Aboriginal Employment Development Policy (the AEDP) was introduced by the Commonwealth Government, which included the following as 'broad objectives':

- employment equity with other Australians; that is, to increase the proportion of Aboriginal people aged 15 and above who are employed from 37 per cent to 60 per cent
- income equity with other Australians; that is, a doubling of the median income of Aboriginals
- equitable participation in primary, secondary and tertiary education
- a reduction of Aboriginal welfare dependency to a level commensurate with that of other Australians; that is, a reduction in Aboriginal dependency on the unemployment benefit from the current level of around 30 per cent of the working-age population to only 5 per cent.

The policy was a suite of (mainly existing) programs aimed at addressing Indigenous disadvantage in the labour market, and many of those programs were placed under the auspices of ATSIC upon its establishment in 1990.

[5] Milsom, N. & Dockery, A., "A Review of Indigenous Employment Programs. A National Vocational Education and Training Research and Evaluation Program Report", available <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/a-review-of-indigenous-employment-programs>

Only one program of note was outside ATSIC – the "Training for Aboriginals Program" which came within the portfolio of the Australian Government employment department.

The AEDP also ran into difficulties – its targets were challenged as being unachievable and it was criticised for lacking clarity.[6] It was argued that the totally unrealistic goal of statistical equality in employment and income meant that the policy was destined to fail. In particular, it was considered that causes were too deep-rooted and that the original targets for jobs were based on dated data on age profiles, resulting in a gross understatement of the number of jobs required.

In 1999, the AEDP was replaced by the Indigenous Employment Policy (IEP). Like its predecessor, the IEP was an umbrella program which encompassed both Indigenous-specific programs and mainstream employment programs and services. It had three elements:

- Job Network
- the Indigenous Employment Program (which replaced the Training for Aboriginals Program and included CDEP, the Corporate Leaders for Indigenous Employment Project, Wage Assistance, Structured Training and Employment Projects, the National Indigenous Cadetship project, Indigenous Employment Centres and the Voluntary Service to Indigenous Communities)
- the Indigenous Small Business Fund.

The NVETR evaluation comments that there seemed to be no discussion of the policy's objectives in the context of broader policy issues of self-determination or maintenance of Indigenous culture.

The AEDP was then replaced in the context of the 2005-06 Budget, when the government announced a new national strategy – the Indigenous Economic Development Strategy (the IEDS).

The IEDS was introduced as a whole-of-government approach to removing barriers to Indigenous Australians achieving true economic independence. It aimed to increase levels of Indigenous employment, self-employment and business development and help Indigenous Australians gain and manage assets and participate in the broader economy.

The IEDS aimed for a coordinated approach by all levels of government that would help Indigenous Australians improve things for themselves, their families and their communities. It drew together the range of mainstream and Indigenous-specific programs and services, and linked to support offered through the corporate, community and philanthropic sectors.

The IEDS was ultimately replaced by the policy framework established by the Closing the Gap framework, where, despite various initiatives, the Indigenous employment rate in 2018 was around 49%, compared to around 75% for non-Indigenous Australians.[7]

Translating lessons from history into policy frameworks

With these observations from the past in mind, lessons include that to best pursue improved employment and business outcomes, the policy framework needs to be supportive and underpinned by a clear strategy which includes considering all interacting and relevant elements of a person's economic well-being. Importantly too,

[6] Altman J. (1991). *Appropriate income support for Aboriginal Australians: Options for the 1990s.* Paper no. 12/1991, Centre for Aboriginal Economic Policy Research, Canberra.
[7] Department of Prime Minister and Cabinet, *Closing the Gap Report 2020*

IBA considers it essential that policy and program frameworks addressing Aboriginal and Torres Strait Islander matters be developed by and for Aboriginal and Torres Strait Islander people.

Working within such a framework, it would then be possible for programs and policies to be built around a 'theory of change'[8] approach to explain how activities being carried out leading to a series of results that contribute to achieving the final intended impacts. This would assist to design more realistic goals, clarify accountabilities and establish a common understanding of the strategies to be used to achieve the goals.

Noting that in any framework there will be complex relationships between determinants and outcomes and each part of a policy framework is linked (e.g. education is linked to employment and both are linked with income), IBA also considers it important that in articulating the intent of economic development policy frameworks that indicators and measures associated with economic independence and economic empowerment be adopted, to assist with the collection of data and understanding as to what leads to success.

[8] Rogers, R., 'Theory of Change', UNICEF Methodological Briefs, Impact Evaluation No.2, available <https://www.unicef-irc.org/publications/747-theory-of-change-methodological-briefs-impact-evaluation-no-2.html>

4. Supporting Indigenous employment outcomes – a systems-level approach

Having a good job can be transformational and secure employment can impact significantly to improve a person's socio-economic status. Being employed not only improves a person's income, but also contributes to their financial independence and financial inclusion and to individual and family health, wellbeing and social outcomes. Aboriginal and Torres Strait Islander households with stable employment enjoy higher quality housing and are more likely to be homeowners, have improved children's developmental outcomes, lower rates of arrest and incarceration, and a reduced likelihood of being a victim of crime.[9]

Employment is also a key indicator as to a person's economic participation, and a person's ability to achieve success with employment outcomes will be closely related to other personal and life circumstances including:

- early childhood education
- reading, writing and numeracy skills
- school attendance, including year 12 attainment, education and training
- healthy lives and well-being (including good mental health)
- imprisonment and engagement with the justice system
- access to safe and supportive communities.

Accordingly, in addressing discrete issues (e.g. gaps in rates of employment) it is important to take a systems-level view of the factors that contribute towards and lead to particular statistical outcomes in formulating policy and program responses (which, as we have noted above, need to be developed by Aboriginal and Torres Strait Islander people). The fact that employment outcomes for those Aboriginal and Torres Strait Islander people with higher levels of education are virtually identical to employment rates with non-Indigenous Australians highlights the importance of considering and activating all elements of a system to address a challenge and change outcomes.

As a participant in the current economic development policy framework, IBA's statutory purpose places it at the commercial end of the economic development spectrum. Nonetheless, our various products, services and activities contribute strongly towards the generation of employment pathways, and to support the economic empowerment and economic well-being that provides better chances of success in life outcomes, including in accessing and generating employment opportunities.

IBA's contributions towards employment and business outcomes

The following sections outlines some of IBA's contributions towards employment outcomes – through the support IBA provides Aboriginal and Torres Strait Islander-owned enterprise development and growth (including support and finance for Aboriginal and Torres Strait Islander entrepreneurs and businesses), the significant social and economic benefits of home ownership and the importance of providing opportunities for economic independence and empowerment for Aboriginal and Torres Strait Islander organisations, communities and individuals.

[9] Gray.M et al, *The Economic and Social Benefits of Increasing Indigenous Employment*, CAEPR Issue paper, 2014.

IBA's Business Solutions Program

Research indicates that Indigenous majority-owned businesses are far more likely to employ Indigenous Australians than non-Indigenous businesses.[10] It follows, therefore, that increasing the number of Indigenous-owned businesses will increase Indigenous employment.

Indigenous-owned and operated businesses play a significant role in improving employment outcomes, financial independence, governance and resilience and building inter-generational wealth.

Through IBA's Business Solutions Program, IBA invests in the development and growth of Aboriginal and Torres Strait Islander businesses. Our products and services assist at every part of the business cycle – and include a range of financial products and capability and capacity development supports to assist Aboriginal and Torres Strait Islander people in starting, purchasing or growing viable businesses, and to leverage opportunities from the Government's successful IPP. We know that merely providing business finance does not guarantee success. Accordingly, IBA also provides tailored combinations of finance products with wrap-around support: capability development support, skills training and expert advice to build the successful growth of Indigenous enterprises. As noted above, the numbers of Indigenous businesses have grown substantially over the past decade – from 10,400 in 2006 to 17,900 in 2016.[11]

IBA also delivers the Business Development and Assistance Program (BDAP) via a funding agreement with the Australian Government – but our full suite of services extends well beyond the requirements of this agreement. In 2018-19 we again exceeded our contractual targets under this funding agreement.

Reports from Deloitte Access Economics and the Australian National University (ANU) show that when IBA provides support services to businesses, they have greater economic success,[12] and business owners self-report as having improved financial security, motivation, self-esteem and pride in culture.[13]

The support provided by IBA to the Indigenous Business sector also helps grow the significant contribution that sector makes to the Australian economy – including by creating jobs and generating flow-on value add from our lending products.

The ongoing study in which IBA is engaged with the ANU similarly highlights the significant contribution to the Australian economy from IBA's customers (i.e. Indigenous businesses).

This study calculated that IBA's client base:

- generated over $1.2 billion in aggregate turnover just in 2016-17[14]
- that just in 2016-17 IBA's customer base contributed over $430 million to Australia's GDP
- had an average turnover in 2016-17 of $1.64 million, almost 13% higher than average turnover of all Australian businesses
- saw an average annual growth in turnover of 10% from 2001-02 to 2016-17 (despite the challenges posed by the Global Economic Crisis during that period).

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[10] Hunter.B, *Indigenous Employment and Businesses: Whose Business is it to Employ Indigenous Workers?* CAEPR working paper, 2014.
[11] Shirodkar S et al, *Ongoing Growth in the Number of Indigenous Australians in Business*, CAEPR Working Paper 125/2018.
[12] Hunter B and Shirodkar S, *Indigenous Business Australia: Client Analysis*, 2019
[13] Deloitte Access Economics, *Business Solutions Program – Economic and Social Impact Analysis,* October 2019
[14] Hunter B and Shirodkar S, *Indigenous Business Australia: Client Analysis*, 2019.

As with our Housing Solutions program (outlined below), IBA continues to experience growing demand for the range of products and services provided by IBA's Business Solutions Program, and the results outlined above are results about which IBA is proud, particularly as we grow our understanding as to the profound positive social, cultural and economic impacts experienced by our customers of such successful outcomes.

IBA's Housing Solutions Program

Home ownership is key to economic independence for Aboriginal and Torres Strait Islander Australians and IBA assists Aboriginal and Torres Strait Islander people into home ownership by providing home loans at concessional interest rates, with low deposit requirements and flexible repayment terms.

Just as stable employment provides the opportunity for home ownership, being a homeowner is more likely to keep a person in stable employment, and over time, increase their income.[15]

Accordingly, by providing access to home loans to people who are excluded from accessing mainstream lenders (additionally our loans are overwhelmingly to first home buyers), IBA's Housing Solutions program contributes to improved employment outcomes for Aboriginal and Torres Strait Islander people.

Beyond assisting to generate an enabling environment that supports and provides incentives for positive employment outcomes, IBA's Housing Solutions program also delivers other beneficial impacts, including better health, education, self-esteem and other social outcomes for Aboriginal and Torres Strait Islander people.[16] Home ownership additionally provides an asset base for Aboriginal and Torres Strait Islander Australians to pursue other business, investment and wealth creation opportunities.

Indeed, in their report investigating the social and economic impact of IBA's Housing Solutions program, Deloitte Access Economics conservatively estimated that the program has generated:[17]

- $483 million in economic activity;
- $895 million in social and economic benefits for home loan recipients;
- an average of 29 full- time-equivalent jobs per year from 1975-16 to 2017-18; and
- considerable savings to Government through avoided Commonwealth Rent Assistance and Homelessness payments.

IBA's Investment and Asset Management Program

IBA's Investment and Asset Management Program supports the success and financial inclusion of Aboriginal and Torres Strait Islander people through providing access to commercial investment opportunities. This program does not receive annual budget appropriations from the Commonwealth, with its operating expenses funded entirely from returns from IBA's investments portfolio.

By providing opportunities to our Indigenous partners and co-investors to directly invest in businesses and assets (sectors we target include tourism, retail and commercial property) in joint ventures where IBA builds the commercial capability and capacity of our partners, we generate impact by:

- generating wealth, increasing commercial capability and capacity and economic independence for our Aboriginal and Torres Strait Islander investors

[15] Phibbs.P, *Housing Assistance and Non-Shelter Outcomes,* Australian Housing and Urban Research Institute Report, 2005
[16] Deloitte Access Economics, *Indigenous Homeownership Program – Impact Analysis,* January 2019
[17] Deloitte Access Economics, *Indigenous Homeownership Program – Impact Analysis,* January 2019

- building supply chain impacts and goals into targets, such as employment and training opportunities for Aboriginal and Torres Strait Islander people

Indeed, as an impact investor, our business model is based on a shared value proposition and our investment activities also deliver important social and economic outcomes for our co-investors and Aboriginal and Torres Strait Islander groups, whilst also delivering financial returns – in 2018-19:

- we supported 203 jobs for Aboriginal and Torres Strait Islanders through our investment portfolio (including in remote locations where limited opportunities for employment may be available)
- total salaries, wages and job-relevant training benefits of over $12.6 million were delivered to Aboriginal and Torres Strait Islander people.

In 2018-19, IBA's Investment and Asset Management Program also procured more than $2.8 million worth of goods and services from Indigenous suppliers (and IBA's total spending overall on Aboriginal and Torres Strait Islander suppliers in 2018-19 totalled $11.0 million, more than double our target).

Examples of the beneficial impact on employment opportunities in remote Australia for Aboriginal and Torres Strait Islander people arising from the activities of IBA's Investment and Asset Management Program are included below.

Case study example – Julalikari Council Aboriginal Corporation, Tennant Creek, Northern Territory

GREGORY BARNES AT THE TENNANT CREEK IGA.

Julalikari Council Aboriginal Corporation (JCAC) serves Aboriginal communities in Tennant Creek and the greater Barkly area, and has a mission to promote sustainable economic and social development in the region.

In 2008, IBA partnered with JCAC to purchase the Tennant Creek Food Barn with IBA holding 90% ownership and JCAC holding 10%. IBA provided a business loan to JCAC to purchase their 10% holding, which will be fully repaid by 2022. In 2018, IBA sold 40% of our ownership to JCAC, with IBA and JCAC now being equal partners, and with JCAC on track to becoming the sole owner within the next five years. In 2019, the partnership acquired the Tennant Creek BP service station, merging the businesses together. This consolidation enabled tax, management and operating efficiencies across both businesses.

JCAC's partnership with IBA has assisted to increase their asset wealth and create a sustainable income stream, enabling a greater focus on their vital community programs. Indigenous employment has increased from 14% in 2008 to over 25% at 30 June 2019. The IGA provides a better range of fresh produce to community members and procurement opportunities in the local community. A future pathways program from training into employment is planned which will continue to grow job outcomes for Aboriginal people in the community.

Case study – Wilpena Pound Resort, Flinders Ranges, South Australia

Located in South Australia's Ikara–Flinders Ranges National Park, Wilpena Pound Resort is a joint venture of IBA and the Adnyamathanha Traditional Lands Association (ATLA). The four-star resort is the only accommodation in the Flinders Ranges National Park. To broaden its market appeal, the resort developed the Ikara Safari Camp, consisting of a central facility and 15 upscale safari tends.

This important collaborative venture creates Indigenous economic development opportunities in remote South Australia and has strong cultural outcomes.

The investment has created wealth and an ongoing income stream for ATLA, with IBA's strategy to sell down the equity in the resort to ATLA over time, thereby increasing Indigenous ownership of Wilpena Pound Resort.

ATLA confirmed that there was strong interest from numerous ATLA members to work at the resort.

As part of a management agreement between the two organisations, IBA Tourism Asset Management works closely with the Adnyamathanha people (Yura) to help them achieve their goal of creating a sustainable economic future.

The Yura Engagement Strategy, developed to drive the social outcomes at the resort, has demonstrated great success.

Aboriginal people now make up over 50 per cent of staff at the resort. A focus on training outcomes, a key pillar of the engagement strategy, has seen a growing number of Yura staff members step up to work in key roles, such as the front office, for the first time.

Showcasing the local culture has been another key feature of the relationship. Activities such as guided walks and daily Welcome to Country ceremonies have provided an extra source of employment for Aboriginal people and improved revenue for the resort.

5. Opportunities to improve Aboriginal and Torres Strait Islander employment outcomes

(i) Support the continued growth of the Indigenous Business Sector

As noted above, Indigenous businesses are far more likely to employ Aboriginal and Torres Strait Islander people than other people. They are also a source of pride for Aboriginal and Torres Strait Islander people and contribute to feelings of economic independence. As IBA's work with ANU has demonstrated (described above), the positive contribution of Indigenous businesses to the broader Australian economy has been significant and continues to grow.

Following are recommendations about how the Aboriginal and Torres Strait Islander Business Sector can be supported to continue its growth.

Better research data on Indigenous businesses

It is important that data and evidence-based responses support the continued growth of the Indigenous Business Sector. Accurate research data can help lay the foundations for appropriate program and policy responses, and help Indigenous businesses grow and obtain economic insights to unlock new opportunities.

Data from traditional sources, such as the Australian Bureau of Statistics often lacks detail needed to develop a fulsome understanding of the Indigenous Business Sector and will miss the nuances that define the character of Indigenous businesses. Data to unlock insights and opportunities can be particularly important in remote and regional communities, where it is necessary to understand community-level options that exist. Through data, communities and Aboriginal and Torres Strait Islander businesses and entrepreneurs can build businesses that are responsive to community and cultural demands (and leverage initiatives like the Indigenous Procurement Policy), and which are more likely to be successful and to generate employment opportunities.

Grow more procurement opportunities and increase procurement targets for even greater impact

The Federal Government's Indigenous Procurement Policy and equivalent State Government procurement policies have had a significant effect in growing the number of Indigenous businesses and creating new opportunities for entrepreneurs. These policies have arguably also assisted grow the prominence of the Indigenous Business Sector. It is important to build on this momentum for the numerous Indigenous businesses who do not benefit from procurement policies.

Initiatives like the Business Council of Australia's "Raising the Bar" project will assist further stimulate the economic conditions for Indigenous businesses to prosper – and will assist demonstrate the value to other sectors (e.g. the Tertiary education sector, the local government sector) of introducing targets for Indigenous goods and services into their procurement spend.

Ongoing work is required to grow procurement opportunities and to improve Indigenous participation in the economy, and to push organisations to take a leadership in including Indigenous businesses in their supply chain in a meaningful way.

The Indigenous Procurement Policy includes targets based on a three-year average of the contracts that each portfolio awarded in previous years. The targets for 2019-20 are 3 per cent for the number of contracts and 1 per cent for the value of contracts (increasing by 0.25 per cent each year to 3 per cent in 2027-28). Based on a reflection that Aboriginal and Torres Strait Islander people represent 3 per cent of the population, that target

(3 per cent), should be the floor, rather than the target. Extending the target beyond just a population-based arrangement would see significant increases in opportunities (including in employment outcomes) going to Indigenous communities and businesses across Australia.

Unlock IBA's potential by removing constraints so we can meet demand and support more customers

In establishing IBA, Parliament's clear intention was to create an entity able to undertake activities on an independent commercial basis to achieve its statutory purpose.

Our operations are predominantly self-funded and they operate in the open market.

As is well documented, the Australia's Indigenous population is the fastest growing (by more than 17% since the last Census) and the youngest (more than 50% of people are younger than 25) demographic in Australia. Customer demand for IBA's range of products and services continues to grow.

Our ability to grow and to meet customer demand is constrained by the existing provisions of the *Aboriginal and Torres Strait Islander Act 2005* (Cth), which place limitations on IBA's ability to undertake normal, everyday, commercial activities like borrowing money to raise capital and to act flexibly to provide the financial and business services and support that our customers need and demand.

IBA presently delivers some of its services that support the continued growth of the Indigenous Business Sector pursuant to a contract with the National Indigenous Australians Agency (NIAA), however, our full suite of services and products goes well beyond the requirements of that contractual arrangement.

After several budgetary cycles operating under this contractual arrangement, IBA looks forward to working with the Government to restore IBA's longstanding appropriation for delivery of the Business Development and Assistance Program and also to restore funding for this program to prior levels.

Encourage private sector investment into Indigenous enterprises

Appropriately directed private sector finance also can play a role in addressing issues of persistent disadvantage and exclusion, and social impact investing can assist deliver market-based solutions to assist with participation in economic and social life.

IBA welcomes the Australian Government's ongoing efforts to establish the Social Impact Investing Taskforce and to grow opportunities for social impact investing to generate positive social outcomes and impact, particularly insofar as those efforts are directed towards improved Aboriginal and Torres Strait Islander outcomes.

As a long-term impact investor in Australia, IBA's observations about growing the opportunities for Social Impact Investing for Aboriginal and Torres Strait Islander outcomes are as follows:

1. Access to Aboriginal and Torres Strait Islander investment opportunities is difficult – opportunities typically exist within specific sectors, and potential investors may not have exposure, access or awareness of ready opportunities. Similarly, there is often a wide gulf of cultural understanding between non-Indigenous and Aboriginal and Torres Strait Islander partners
2. These, and other supply-related barriers feed into demand- related barriers, which include:
    - Levels of trust from Aboriginal and Torres Strait Islander entities in partnering with non-Indigenous stakeholders may be low

- The relatively small size and remoteness of communities and opportunities makes the ultimate market potential of many enterprises limited and reduces the potential for outside investment
- Capability: Although this is rapidly changing, Aboriginal and Torres Strait Islander entrepreneurs may not have the financial and managerial expertise necessary to support external investment
- Governance: uncertainty in community and group politics and dynamics and the independence of project governance can create significant uncertainty for outside investors.

3. To connect the market and address some of these barriers will require new sets of skills to emerge in Australia, including:
    - Assisting Aboriginal and Torres Strait Islander-led projects and enterprises to become investment ready (capital is only accessible for commercially viable projects that have a developed business model)[18]
    - Care in developing and structuring financial products (e.g. funds) to attract capital
    - Identification, matching and coordinating capital between investors and projects
    - Refocusing social impact investment by aligning the social impact outcomes that Aboriginal and Torres Strait Islander enterprise want to achieve and then matching a suitable investor (as opposed to Indigenous enterprise having to fit within the investor's wants/objectives)
    - Educating investors and advisors about opportunities in Aboriginal and Torres Strait Islander enterprises
4. Undoubtedly these skills will continue to emerge as social impact investment gains traction in Australia and the impact investing sector becomes better educated and informed about, and willing to explore investment opportunities in Aboriginal and Torres Strait Islander outcomes.

In addition to the above, consideration could also be given to the creation of tax incentives to encourage investment in Indigenous enterprises. The Australian tax system presently encourages investment in early stage innovation companies by establishing tax offsets and exemptions on capital gains tax in certain circumstances. An equivalent scheme should be established to incentivise private sector investment into Indigenous enterprises.

(ii) Generate greater employer-driven demand for Indigenous employees

The Australian Government currently has a target of 3 per cent for Indigenous employment in the public service, and in some departments this target is higher. Where a program is being delivered solely to Aboriginal and Torres Strait Islanders, delivery can be more effective with higher levels of indigenous staff with appropriate cultural understanding. This is particularly important in regional and remote areas where English can often be a second language and language, reading and literacy barriers exist. As with the proposal for driving greater demand for Indigenous businesses through procurement (above), presumably the rate of 3 per cent reflects the Aboriginal and Torres Strait Islander population rate in Australia. IBA considers that the rate of 3 per cent should be considered a floor target, and that the public service could take the initiative to strive for greater targets.

[18] In IBA's experience, many Aboriginal and Torres Strait Islander-led economic development projects are at the preloan phase and require assistance with the feasibility aspects of such opportunities. It is evident that there not sufficient funding available across the Indigenous economic development environment, however, there is increasing demand for support of that nature. Although IBA has the capability, IBA is restricted by our funding and legislative constraints in delivering such support.

As for the private sector – in other submissions, IBA has suggested that the tax system could be better utilised to support positive economic development outcomes by generating incentives for private enterprises. The tax system in this manner could be deployed to provide incentives for firms to employ of Aboriginal and Torres Strait Islander people (with care taken to ensure that any such policy initiatives were designed to ensure the effective promotion of Indigenous representation in senior roles and ownership roles), by delivering tax offsets or tax-free status if certain targets are met.

IBA also considers that the "Opportunity Zone" approach adopted in the USA is a model worth exploring for its potential to stimulate additional investment in remote regions or areas that are economically depressed (and where presumably employment options would be limited). Opportunity zones are designed to encourage economic development and job creation by providing incentives (tax benefits) to investors who invest eligible capital into the opportunity zone.

(iii) Empower more Aboriginal and Torres Strait Islander people to benefit from home ownership

Safe and secure housing plays a critical role in supporting and encouraging workforce participation and creating incentives to taking up and remaining in work.

Home ownership is key to economic independence for Aboriginal and Torres Strait Islander Australians and is a critical tool for improving many life outcomes. It provides a stable and secure asset, and an intergenerational asset from which to build long-term wealth. Home ownership delivers a range of social and economic benefits for home owners, including improved employment and education outcomes.

IBA has a decades-long track record of demonstrating that it can effectively service the needs of Aboriginal and Torres Strait Islander Australians financially capable of pursuing home ownership but restricted by circumstance. Presently, IBA cannot meet demand for its home loans, which are only available to aspiring Aboriginal and Torres Strait Islander home owners who are unable to access mainstream finance. Our customers are overwhelmingly lower income earners and first home buyers.

Our inability to meet customer demand is constrained by the existing provisions of the *Aboriginal and Torres Strait Islander Act 2005* (Cth), which place limitations on IBA's ability to undertake normal, everyday, commercial activities like borrowing money.

With access to additional capital, IBA will be able to better meet demand and to make available the significant social and economic benefits of home ownership, including significantly improved employment outcomes, to more Aboriginal and Torres Strait Islander people.

6. Concluding remarks

As an organisation with a unique mandate that supports the financial inclusion, wealth creation and ultimately, the economic independence of Aboriginal and Torres Strait Islander people, IBA looks forward to following the progress of this Inquiry so as to enhance opportunities for participation in the economy and in addressing barriers to that participation.

Despite 2020 marking 30 years since IBA was first established, then as the Aboriginal and Torres Strait Islander Commercial Development Corporation, we continue to explore new opportunities and improved outcomes for our customers. For example, with the devastating fires in Southern Australia, there are undoubtedly opportunities to activate the significant Indigenous know-how and experience that exists in land and fire management, and to generate new economies based on Indigenous-led opportunities.

We have also recently welcomed the commencement of construction on a satellite ground station that we are financing on land owned by the Centre for Appropriate Technology, an Indigenous organisation based in Alice Springs, and which will be leased out to a global communications company. Indigenous businesses are undertaking some of the construction works and will have an ongoing facilities management role – generating employment opportunities for Aboriginal people in Central Australia.

These are just a few examples that demonstrate that to unlock economic opportunities, it is critical to look forward to new economies and industries, and to reimagine what's possible.

Attachment A – Additional detail about IBA

Our national footprint

IBA has a national footprint with staff and offices located across urban, regional, and remote Australia. At 30 June 2019, IBA's Indigenous staff level was 32.1%. We are culturally connected, capable, and sensitive. We travel into communities and visit customers where they live and work, and we visit Indigenous Business Hubs around the country. To extend the reach of our products and services into more remote and inaccessible regions, we enter into partnership arrangements with local Indigenous businesses, consultants, experts and organisations to provide support services.

The following series of maps display the geographical intensity of our business lending activity in our Business Solutions Program, the location of our investments in our Investment and Asset Management Program, and the spread of co-investors in our Indigenous Prosperity Fund and Indigenous Real Estate Investment Trust.

These maps demonstrate the enormous breadth of IBA's work supporting our customers across Australia, and our strong presence in remote and regional Australia.

IBA's 2018-19 Business Lending Activity

Location of IBA Investments

Spread of Aboriginal and Torres Strait Islander co-investors in the Indigenous Prosperity Fund and Indigenous Real Estate Investment Trust

Geographic distribution of approved housing loan customers

IBA's work amplifying our support for Indigenous enterprises and economic development outcomes through networks and partnerships

In addition to the financial products and services we provide, IBA also acts as an agent of change by building strong relationships with businesses and communities to develop networks to amplify the ability of our customers to grow the success of their ideas and aspirations, and contribute towards successful economic development and improvements in lives and livelihoods, now and into the future.

Strong Women Strong Business

Building on the success of the 'Strong Women, Strong Business' conference in 2018, in 2019 IBA launched the Strong Women Strong Business mentoring platform, to assist Aboriginal and Torres Strait Islander women in business to connect and drive economic and social growth in their communities. Over 170 women have already signed up to the platform and are able to access and provide support and advice, tailored content to build business skills, find or become a mentor, and grow their networks.

More than 1,300 Indigenous women also engage and network via our Strong Women Strong Business Facebook group. The network of women come from all around Australia, and to recongise the importance of continuing our focus on remote and regional areas, in 2020 IBA is holding the Strong Women Strong Business conference in Darwin in April, where it will focus on capacity building and will cover innovation, technology, financial literacy, trade and markets.

Futures Forum

In 2019, IBA launched our inaugural youth conference, the Futures Forum – a three-day workshop at Murrook Cultural Centre with 40 Aboriginal and Torres Strait Islander people aged 18-30 from across Australia, who came together to discuss the future of business and its intersection with Indigenous culture. Participants collectively designed an Indigenous Business Model– a first of their kind that is considerate of commercial realities and cultural obligations. Futures Forum built a network of like-minded young people who will lead economic development in their communities and who will assist inform IBA of the future needs of Aboriginal and Torres Strait Islander youth.

MURRA Indigenous Business Master Class Program

Entrepreneurship and business skills provide a clear path to achieving financial success and economic independence for Aboriginal and Torres Strait Islander people. The MURRA Indigenous Business Master Class Program, facilitated by Melbourne Business School, aligns with IBA's legislative mandate and increases the capabilities and business literacy of Aboriginal and Torres Strait Islander entrepreneurs in their communities. IBA will continue to partner with and support the MURRA program, with its next phase expanding focus from business owners, to include a new program for early ventures and local community development.

IBA is proud to have supported participants in the 2019 MURRA graduating class to be an ongoing supporter of the MURRA program.

Accelerate with IBA – Business accelerator programs

IBA partnered with The Difference Incubator to deliver an accelerator program tailored for Indigenous entrepreneurs. The program combines formal training with a network of advisors to assist participants in taking their business to the next level. The 2019 cohort included eleven participants who worked through an intensive four-block program spread over five months. 'Accelerate with IBA' helps to develop and grow viable

businesses that additionally deliver social impact outcomes (e.g. employment opportunities) for the community.

Partnerships to build the success of Indigenous businesses

To support our service delivery and to amplify and extend our own services and activities, IBA partners with and provides funding to peak bodies and industry leaders to deliver mentoring, support and resources to Indigenous businesses, including start-ups.

In 2018-19 we committed $2.9 million to partnerships to provide business to business services. This commitment resulted in over 400 supports to start-ups and growing businesses. Examples of our partnership approach and the outcomes generated include the following:

- Morrgul is a not-for-profit entity based in Broome which provides business to business services for Indigenous enterprises in the Kimberley. IBA contributes funding to Morrgul to support start-ups and existing businesses with capacity building, training and workshops, procurement and bookkeeping services. Morrgul assists businesses across a range of industries to take opportunities to grow and improve and with IBA's assistance supported 20 new and existing businesses in the last financial year.

- WAITOC is the peak representative for Aboriginal tours and experiences in Western Australia and its aim is to create a vibrant Aboriginal component of WA's tourism industry, raising the profile of Aboriginal tourism at state, national and International level. Further to this WAITOC is leading the agenda to establish a national representative body for Indigenous tourism.

  WAITOC and IBA have partnered over the last four years in a funding arrangement that has helped grow 39 Indigenous tourism businesses and created over 104 full time equivalent jobs. This initiative provides capability building, networking and trade show participation for Indigenous businesses and encourages business owners to embrace, celebrate and share their cultural identity and knowledge with others while focusing on economic, social and employment outcomes.

- In 2018, IBA entered into a partnership agreement with Outback Academy Australia, a not-for-profit Indigenous-led organisation committed to accelerating opportunities for Aboriginal business, employment, education, health and wellbeing. IBA is funding the Outback Academy's focus on innovative business incubator models and its development of the East West Alliance for ethical and sustainable businesses in bushfoods, botanicals and other land-based enterprises. With these funds Outback Academy is supporting at least 21 start-ups with business support, capability development, technical expertise and direct links to companies looking for supply chain development opportunities.

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The design of our new brand was inspired by artwork from Indigenous artist Penny Evans.