

**University of Melbourne**



**Dilin Duwa Centre for Indigenous Business Leadership  
Submission to**

**The Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs Inquiry into  
economic self-determination and opportunities for First Nations Australians**

*We acknowledge the traditional owners of the countries on which we live and work on  
Wurundjeri, Boonwurrung, Taungurung and Wiradjuri, we acknowledge their Elders past  
and present.*

Dilin Duwa Centre for Indigenous Business Leadership (Dilin Duwa) welcomes the opportunity to provide a response to this Joint Standing Committee Inquiry. Dilin Duwa is a research centre with the mission to advance Indigenous Business and Leadership research and to inform policy and decision-making in Indigenous business towards an economically powerful Indigenous business sector. Dilin Duwa has an international network of Founding and Global members who are established and leading academics covering the areas of Indigenous business, leadership, policy and Indigenous economics.

The following researchers have contributed to this submission, comprised of academics associated with the Dilin Duwa:

**Associate Professor Michelle Evans:** Associate Professor of Leadership, Department of Management and Marketing, Faculty of Business and Economics and Melbourne Business School and Director of Dilin Duwa.

**Associate Professor Cain Polidano:** Melbourne Institute: Applied Economic & Social Research, Faculty of Business and Economics and Founding member of Dilin Duwa.

**Associate Professor Julie Moschion:** School of Economics, University of Queensland and Founding member of Dilin Duwa.

**Dr Sarah Dahmann:** Research Fellow, Melbourne Institute: Applied Economic & Social Research, Faculty of Business and Economics.

**Dr Miguel Ruiz:** Research Fellow and Assistant Professor, Melbourne Institute: Applied Economic & Social Research, Faculty of Business and Economics

**Yashua Kalera:** Foundation Fellow, Melbourne Institute: Applied Economic & Social Research, Faculty of Business and Economics.

**Dr Dinah Hippolyte-Blake:** Research Manager, Dilin Duwa Centre for Indigenous Business Leadership, University of Melbourne

Over the past five years researchers at the University of Melbourne's Dilin Duwa Centre for Indigenous Business Leadership have been working on research pertaining to Indigenous businesses and leadership including foundational statistical work to understand the economic contribution of Indigenous Australia. Working with the Australian Bureau of Statistics and Indigenous business data custodians, Dilin Duwa researchers have developed a methodology to produce a national longitudinal Indigenous business dataset. The Indigenous Economic Power Project generates a series of Snapshots to share the very powerful view of Indigenous business and corporations' contributions to the Australian economy. What follows is empirical research that aims to address questions under consideration by the Joint Standing Committee. We have focused on Themes 1 and 2:

1. Opportunities for, and barriers to training, employment and business development;
2. Impediments to building the economic and social infrastructure required to support economic prosperity in the long term, including barriers to building the economic and social infrastructure required to support industry and business to expand and create jobs.

In contemporary Australia, jobs are a vital socio-economic vehicle. Jobs bring financial reward for effort, dignity through contribution and connection to the broader society. First Nations unemployment is a complex problem as the reasons are many and varied such as low levels of skills, training and education, poor health, geographic location, criminal justice records, racial discrimination and uncompetitive resume (Gray, Hunter and Lohar, 2012: 1). The Closing the Gap socio-economic outcome area 8: Strong economic participation and development of Aboriginal and Torres Strait Islander people and communities —is reflected by aggregate employment figures.

Current employment services and their suitability to the specific needs of First Nations job seekers present formidable challenges to addressing employment for First Nations peoples. Presently, jobseekers who receive income support payments and who face obligation requirements are referred to Centrelink Workforce Australia employment services, which are provided by employment service contractors. Once registered with Workforce Australia, jobseekers are assessed using the Jobseeker Classification Instrument (JCSI) which measures the jobseeker's relative difficulty in gaining and maintaining employment, identifies the appropriate level of support required and appropriate payments needed to incentivise contractors to support job seekers into work. The JCSI assesses the jobseeker's capabilities to find full time work but does not consider opportunities for employment that meet the individual's needs. For First Nations peoples, these needs include the need for a fulfilling job in a culturally safe environment with accommodation for their cultural obligations and their geographic constraints, especially in rural and remote areas, which can limit their ability to work continuously. Increasing First Nations employment requires dedicated and target-driven accountability mechanisms such as an independent office, to ensure employment services address the needs of First Nations people and oversee audit targets and commitments pertaining to First Nations employment.

The economic structures of rural and remote regions are also a challenge to First Nations peoples seeking employment in these areas. The 2023 Closing the Gap dashboard states that the country is on track to reach the target of 62% employment of First Nations peoples between the ages of 25-64 from a current (2021) percentage measurement of 55.7%. However, aggregate statistics obscure differences in the regional and remote story about First Nations employment. Statistics from the Household Income and Labour Dynamics Australia for 2020 and 2021 reveal employment of First Nations people in rural and remote areas is only 48% and 31% respectively compared to 54% in urban areas. In comparison for others in the population, employment rates vary less by region – with rates of 55% and 61% in rural and remote areas respectively and 60% in urban areas.

Due to the smaller and narrower economic base in rural and remote regions the nature of jobs available in those areas is more limited. Across all communities and ethnic groups, entrepreneurship has been found to be an effective means to enhance community wealth generation, levels of employment and self-determination. Initiatives such as the Dilin Duwa Regional and Online Series that drive and support

First Nations entrepreneurship in rural and regional areas through business training and development provide opportunities to address some of these challenges.

Australian governments singular focus on employment as a key indicator and lever for economic development omits other economic indicators such as business ownership and success, home ownership, and savings through superannuation. Whilst First Nations employment remains below the Australian average, there are an increasing number of First Nations people obtaining higher degrees, achieving professional employment, and establishing businesses. This growing socially mobile part of the First Nations population is important to note, especially when considering the rising levels of business ownership. Indigenous entrepreneurship is growing rapidly, with many of the businesses performing to the average of small businesses in Australia (Polidano et al., 2022).

These First Nations led economic vehicles provide “significant economic, social and cultural contributions to Australia” (Evans et al., 2021: 5) that cannot be measured by financial ratios alone. And it is in understanding the access barriers and conversion of opportunities by First Nations people seeking to participate fully in the economy that we must invest. Investment in data and research will bring evidence base so desperately required for policy development and program design.

Recent research conducted by Dilin Duwa Centre for Indigenous Business Leadership describes a snapshot of the Indigenous business ecosystem in 2021-22, based on Business Longitudinal Analysis Data Environment (BLADE) and the Person Level Integrated Data Asset (PLIDA)—two data assets from the Australian Bureau of Statistics (ABS)—and six Indigenous Businesses Registries. It is the first study to not only include businesses on one of six Indigenous Business Registries (including ORIC), but to also include sole traders and partnerships that are at least 50% Indigenous owned, based on owner self-identification in the Australian Census and in Centrelink records. Understanding the ecosystem is a necessary first step, especially for identifying opportunities and barriers to Indigenous employment and business development (Inquiry’s Theme 1) and for building the infrastructure to support long-term economic prosperity (Inquiry’s Theme 2).

The research shows that the Indigenous ecosystem makes an important contribution to the Australian economy, with 13,693 active and alive (trading) businesses and corporations in 2021-22, generating \$16.1 billion in revenue—a figure that is similar to the revenue generated by the Australian timber industry. These businesses employ 116,795 people, which is around the same as the nationwide workforce of The Coles Group, with an annual wage bill of \$4.2 billion in 2021-22. Registered businesses are responsible for around 70 per cent of the revenue and jobs generated. Indigenous-owned sole traders and partnerships, in turn—even though being smaller businesses and more often in rural and remote areas—have seen a dramatic increase in the last 10 years: the number of Indigenous-owned sole traders almost tripled from 1,951 in 2012 to 5,377 in 2022, an annual average growth of 11 per cent. Indigenous-owned partnerships growth, while more modest, is at a strong rate of 6 per cent per year, with Indigenous-owned partnerships increasing from 1,774 to 3,124 over the same period. These figures paint a picture of a vibrant Indigenous business ecosystem that is contributing significantly to Australia’s economy.

The research also looks back at the impacts of COVID-19 lockdowns and recovery to 2021-22, which uncovers two different stories of impact on the Indigenous business ecosystem, with implications for the targeting of government support more generally for the sector. We find that 82 per cent of registry businesses that were trading in 2018-19 have been able to continue trading (survived) until 2021-22. When compared to the 72 per cent survival rate of non-Indigenous businesses that were also trading in 2018-19 over this period, this is a strong result. Statistical analysis suggests that is in part due to the strong financial position of registry businesses coming into the pandemic, but also because these businesses, especially in Construction, continued to benefit from preferential procurement policies. In contrast, we find that small Indigenous-owned firms, especially sole traders, that were not on registries and that do not typically compete for procurement contracts, were more affected by COVID-19. Only 64 per cent of Indigenous-owned sole traders trading in 2018-19 survived to 2021-22. While it is true that small firms were more vulnerable in general, compared to the rate of survival of non-

Indigenous sole traders (69 %) the rate is low, especially when considering they are more likely to be in sectors and regions that were less impacted. These two stories of COVID-19 reflect two distinct segments of the Indigenous business ecosystem. The first and largest, is registered Indigenous businesses, which are typically strong, resilient, well-equipped for procurement and generate over 80,000 jobs in total. The second is small Indigenous-owned sole traders and partnerships who employ few people are not typically well-equipped for procurement and are less resilient. However, they are fast growing in number, with the promise to be more significant players if they can become sustainable. The rate of survival was only 64 % for Indigenous sole traders. Sole traders are small firms and are less likely than other business types to have employees, which means that much of the responsibility for keeping these businesses operational during COVID-19 fell directly on the owner-manager. These pressures, combined with financial burdens and managing the domestic impacts of lockdown – such as caring for and protecting family and others in the community – may have placed too much of a burden on these owner-managers. Self-identified Indigenous sole trader survival rates were also lower than their non-Indigenous comparators, which could be an indication that Indigenous businesses may have faced more difficult circumstances during COVID-19.

The targeting of any support for Indigenous-owned partnerships will depend crucially on the Indigenous ownership criteria. New data produced in this research shows that 88 per cent (2,680 of 3,046) of all currently trading partnerships with 50 per cent Indigenous ownership would be excluded if the definition of an Indigenous business is resolved to be 51 per cent or more. One suggestion is that the definition of Indigenous business include discussion of the application of the definition for registries as compared to a more general acceptable Indigenous business definition for businesses not choosing to register for procurement and visibility reasons.

Thus, as well as continuing to support registry businesses through preferential procurement policy, which is appropriate given that registry businesses are large employers, governments should also focus on how best to support small Indigenous businesses in scaling-up their activities to compete for procurement contracts and become more sustainable. While opportunities exist in the Indigenous business ecosystem now, how to take these opportunities is a key challenge for small Indigenous businesses. Important factors for small Indigenous businesses are their business stage and their capacity to scale-up. Many smaller businesses do not have sufficient capital and/or associated resources to scale-up and many small businesses are satisfied with the scale of their operations. These two different groups of Indigenous businesses still require business acumen expertise and access to the education alongside bespoke capital opportunities.

Developing business acumen and business networks for Indigenous business leaders is central to meeting the challenges ahead. Prior research has found that Australian Indigenous entrepreneurs face several unique challenges, including a lack of business role-models, limited business networks and low levels of formal business education. Thus, bespoke Indigenous business education programs like the MURRA Indigenous Business Master Class program, as well as supported equity access to undergraduate and postgraduate business education is the first level solution to building greater business acumen. Further, the development of bespoke award Indigenous business education like the University of Melbourne’s Graduate Certificate in Indigenous business leadership with build a new generation of literacy around Indigenous ways of doing business contributing. Finally, equity access to short courses and bespoke education such as finance, capital raising, governance, sales will enable Indigenous entrepreneurs in time greater levels of technical and strategic education to advance their business. Business acumen development will in turn allow Indigenous entrepreneurs to better recognise and exploit opportunities for their enterprises, thus generating positive economic outcomes for Indigenous communities and reducing the economic and social divide.

Small Indigenous-owned businesses face barriers to accessing finance to establish and grow their business. Finance markets are not yet ready to provide capital to small businesses in their early stages. High levels of uncertainty associated with early-stage enterprises make financiers reluctant to finance these businesses. This challenge is exacerbated for First Nations businesses due to the lower levels of collateral available, limited access to personal wealth, and the banking sector’s lack of confidence in

the sector which makes it difficult for them to attain low-cost finance, build a customer base, win contracts, and establish links with reliable suppliers (Evans and Polidano, 2022). Indigenous businesses stand to benefit enormously from research that addresses the challenges of trust they face. Continued support to build upon the national longitudinal Indigenous business and economic dataset to understand the composition and economic contribution of the Indigenous business ecosystem to the Australian economy is needed to develop trust in the sector and inform effective policy environments that support First Nations business to access finance.

In addition to these insights, further research is needed to provide more detailed evidence on the Inquiry's themes.

1. For a complete picture of all Indigenous-owned businesses in Australia, coverage of data needs to include information on self-identified Indigenous companies. The ABS is currently undertaking work to build company ownership data that could similarly be linked to administrative Indigenous identifiers and companies in BLADE as has been done for this research. This work is crucial to providing insights into how tightening access to preferential procurement by increasing minimum Indigenous ownership beyond 50 per cent is likely to affect procurement outcomes and potentially flow-on effects to community, including Indigenous employment.
2. We are extending the COVID-19 analysis to explore, in more detail, the circumstances of Indigenous sole traders and how the pandemic impacted their business survival, which can point to possible support measures.
3. We also plan to integrate federal government procurement (AusTender and Indigenous Preferential Procurement Reporting Solution) and grant (Grant Connect) data that will enable analysis of the outcomes and impacts from government procurement and grant programs.
4. Finally, future work will also focus on Indigenous employment outcomes associated with the Indigenous business and corporation ecosystem, including analysis of training investments, job retention, career progression and pay levels.

This work requires a long-term funding commitment to build a national Indigenous business and economic dataset to produce longitudinal Indigenous business statistics to understand the sector's social and economic contribution, the impact of policy across different sectors and segments of the sector and how it is contributing to socio economic outcomes for Indigenous communities. Concomitant to a long-term funding commitment to build the longitudinal data asset is the commitment to an enhanced national data infrastructure that provides access for solely statistical purposes to existing national data assets and that can be mobilised and leveraged across the data ecosystem while ensuring appropriate Indigenous governance of data. A significant challenge is efficiently and securely sharing data across the data ecosystem with different systems, definitions and applications. Increasing data integration through established and enforcing common data standards and interoperability frameworks will facilitate seamless data exchange to improve data accuracy and quality.

**Key Recommendations to the Inquiry:**

Dilin Duwa has identified opportunities for and barriers to training, employment and business development (Inquiry's Theme 1) and impediments to building the economic and social infrastructure required to support economic prosperity in the long term, including barriers to building the economic and social infrastructure required to support industry and business to expand and create jobs (Inquiry's Theme 2). Throughout this submission we have also made several recommendations to seize existing opportunities and address the existing barriers and impediments identified.

1. Make a long-term funding commitment towards the building of the national longitudinal Indigenous business and economic dataset (Indigenous Economic Power Project led by Dilin Duwa) to understand the composition and economic contribution of the Indigenous business ecosystem to the Australian economy to grow trust in Indigenous businesses and Indigenous business leaders.
2. Establish a dedicated and target-driven accountability mechanism such as an independent office, to ensure employment services across urban, regional and remote Australia address the needs of



First Nations people and oversee audit targets and commitments pertaining to First Nations employment.

3. Increase support to Indigenous-led initiatives that drive First Nations entrepreneurship in rural and regional areas through business training and development to improve First Nations employment and self-determination in regional and remote areas.
4. Delineation between registered partnerships which may require meeting criteria of 51% Indigenous ownership and non-registered partnerships where a more general acceptable Indigenous business definition of 50% Indigenous ownership is acceptable. For the non-registered partnerships, adopting a 51% ownership criteria for support (outside of IPP) would exclude more than 85% of partnerships that are exactly 50% Indigenous owned. For non-registered partnerships, further investigation into 50% Indigenous owned partnerships that includes consideration of the Indigenous ownership criteria including joint venture partnership agreements towards the development of Indigenous capability over the life of the joint venture agreement to build towards greater Indigenous ownership i.e. 51% ownership.
5. Provide support to small Indigenous businesses to scale-up their activities to compete for procurement contracts and become more sustainable.
6. Support bespoke Indigenous business education programs and equity access to undergraduate and postgraduate business education and short courses to build Indigenous business leader acumen and networks.

For any enquires on the points in this submission, please contact Associate Professor Michelle Evans via Email: [REDACTED]

Yours in unity

Associate Professor Michelle Evans

Director, Dilin Duwa Centre for Indigenous Business Leadership

The University of Melbourne and Melbourne Business School

## References

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