

An Inquiry into economic self-determination and opportunities for First Nations Australians

Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs

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Authors

Dr Zannie Langford



Dr Richard Martin



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Executive Summary and Recommendations

This submission represents the opinions of the contributing authors listed in this document. It does not necessarily represent an official position of The University of Queensland. It is based on research undertaken by Dr Zannie Langford into financial investment in rural development and First Nations business development (undertaken in collaboration with Supply Nation) and by Dr Richard Martin through long term research with First Nations people on connections to land and aspirations for future land use. This submission responds to Terms of Reference 1 (Opportunities for, and barriers to training, employment and business development) and 3 (Options to unlock capital and leverage intellectual property, the Indigenous Estate and First Nations skills to elevate First Nations people as economic partners).

Our research supports the following findings:

1. Our research shows that Indigenous businesses in Australia manage over \$10 billion in annual revenue and employ more than 70,000 workers, up from 4.9 billion in annual revenue in 2018.
2. Indigenous businesses are approximately 9 times more likely to hire Indigenous people than would be expected based on population data.
3. Smaller businesses (less than \$1 million annual revenue) employ First Nations workers at twice the rate of larger businesses (greater than \$1 million annual revenue), and regional and remote businesses employ First Nations workers at twice the rate of those based in major cities.
4. Indigenous enterprises vary greatly according to their location. Most enterprises in remote Australia are Indigenous corporations registered with ORIC, and tend to be registered charities. 80% of active ORIC corporations are located in regional and remote areas. In contrast, the vast majority of Supply Nation registered enterprises are located in major cities. Supply Nation enterprises nonetheless represent the majority overall, including in regional and remote areas.
5. Supply Nation enterprises have grown significantly through opportunities available under the IPP. However, these opportunities are concentrated in a relatively narrow range of sectors. In FY 2021-22, Supply Nation recorded a total spend of \$3.8 billion by government and corporate members, but over half of this was by just three members: the Commonwealth Department of Defence, Fortescue Metal Group and Rio Tinto.
6. To unlock capital to support business development on the Indigenous Estate, extensive work and significant initial investment is often required to establish the business initially – for example, through scoping of land use options or the development of pilot projects. Businesses which are established with strong governance structures through sufficient early investment are often in a position to negotiate better terms with investors, leading to stronger participation of First Nations people as economic partners.

On the basis of these findings, we make the following specific recommendations:

1. Supporting small business and regional and remote businesses is likely to generate proportionally stronger benefits for Indigenous workers than support for larger Indigenous businesses.
2. Expanding the reach of the IPP across a wider range of industries and preferencing enterprises which demonstrate strong employment and training outcomes may support regional and remote development. Support for regional and remote not-for-profits which support labour force development and work readiness is also necessary for successful for-profit business development.
3. Unlocking capital to develop businesses on the Indigenous Estate can offer an important business growth pathway, but significant investment in initial business development work is often required to develop strong financial partnerships that genuinely elevate First Nations people as economic partners.

The research in relation to these findings and recommendation is presented below.

Terms of reference

ToR 1: Options for, and barriers to training, employment and business development

The First Nations business sector has grown rapidly over the last decade, largely due to the success of the government's Indigenous Procurement Policy (IPP) and related policies implemented by private companies. Our research shows that Indigenous businesses in Australia manage over \$10 billion in annual revenue and employ more than 70,000 workersⁱ, up from 4.9 billion in annual revenue in 2018ⁱⁱ.

Table 1 Size of the Indigenous business sector in Australiaⁱⁱⁱ

	Active businesses	Annual Income (\$ billion)	Assets (\$ billion)	Employees	Indigenous Employees
ORIC	1,412	3.1	4.4	17,231	n/r
Supply Nation	3,688	~4.9 (2.6 – 6.6+)	n/r	38,226	13,181
Other owner-managers	~11,148	~2.4 (1.9 – 4.3)	n/r	~15,566	>11,148
Total	~16,248	~10.4	>4.4	71,023	>24,329

Employment

A study of 183 Indigenous businesses in Queensland in 2013 found that these businesses were 100 times more likely to employ Indigenous workers than non-Indigenous businesses, with 47% of employees identifying as Indigenous^{iv}. Recent analysis of 3,688 Indigenous businesses registered with Supply Nation Australia-wide shows that 34% of employees of these businesses identify as Indigenous. As currently 3.8% of the population is Indigenous, this indicates that these businesses are approximately 9 times more likely to hire Indigenous people than would be expected based on population data. **Indigenous businesses differ in their rates of Indigenous employment.** Smaller businesses (less than \$1 million annual revenue) employ First Nations workers at twice the rate of larger businesses (greater than \$1 million annual revenue), and regional and remote businesses employ First Nations workers at twice the rate of those based in major cities^v (Figures 1 & 2). **Supporting small and regional and remote businesses could therefore be expected to generate strong benefits for Indigenous workers.**

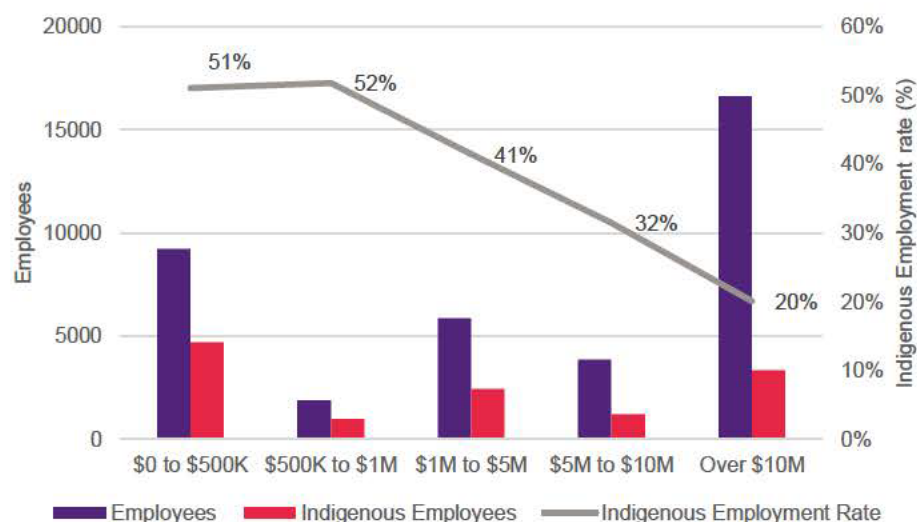


Figure 1 Indigenous employment in Supply Nation businesses by revenue, showing that smaller businesses (<\$1 million annual revenue) employ Indigenous workers at higher rates than larger businesses^{vi}

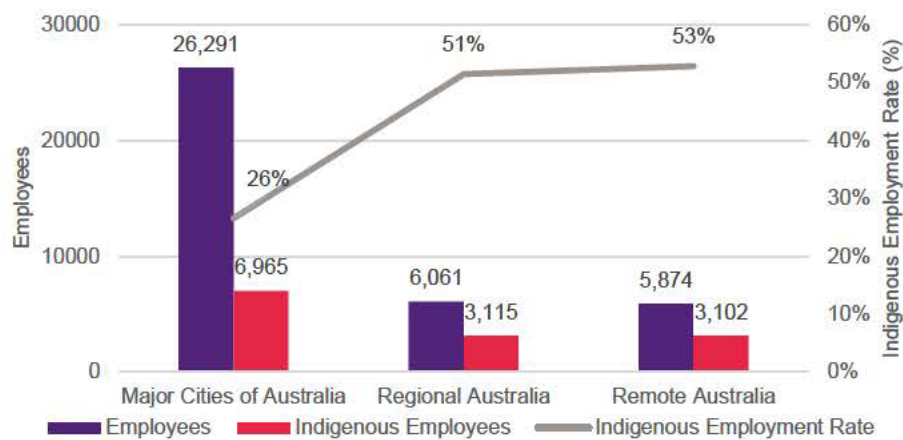


Figure 2 Indigenous employment in Supply Nation businesses by remoteness, showing that regional and remote businesses employ Indigenous workers at twice the rate of those in major cities ^{vii}

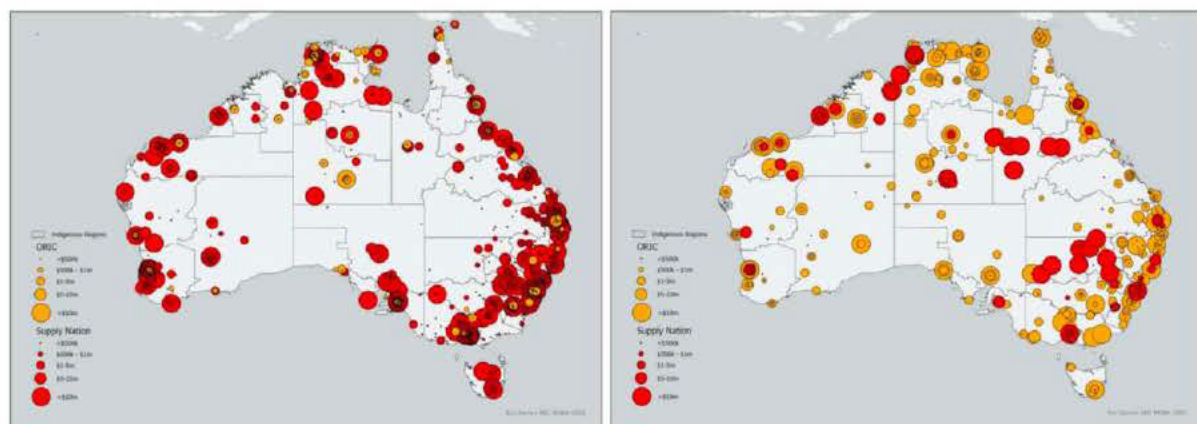
Regional and remote business development

The Closing the Gap economic participation goals seek to increase the proportion of First Nations Australians who are employed to 62% by 2031. This target has been met in Sydney, Melbourne, Brisbane, Tasmania, and the ACT (Table 2). However, Adelaide, Perth, and all regional and remote areas outside of Tasmania and the ACT are yet to meet this target.^{viii} This suggests that supporting regional and remote businesses which can demonstrate strong employment outcomes in remote areas can support achieving Closing the Gap economic participation outcomes.

Table 2 Proportion of First Nations Australians aged 25 to 64 years who are employed by location by Closing the Gap economic participation status (green: target achieved; and red: target not achieved).^{ix}

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Major cities	62.3	65.3	63.7	56.8	54.8		73.1		62.1
Inner regional	58.2	59.8	56	47.5	55	62	70		57.6
Outer regional	55.2	53.3	53.9	46.7	44.3	63.1		56.2	54.1
Remote	55.9	37.9	47.5	55.4	54.9	62.1		33.3	45.5
Very remote	41.9		49.2	35.4	35.3	68.1		25.4	35

Most enterprises in remote Australia are Indigenous corporations registered with ORIC, which tend to be registered charities^x. Figure 3 shows the geographic distribution of registered Indigenous enterprises. 59% of active ORIC enterprises and 2% of Supply Nation enterprises are registered charities or not-for-profit organisations. 80% of active ORIC corporations are located in regional and remote areas, compared to 21% of Supply Nation registered enterprises.



a) For-profit Indigenous enterprises

b) Charities and not-for-profit Indigenous enterprises

Figure 3 Geographic distribution of ORIC and Supply Nation registered Indigenous enterprises^{xi}

Supply Nation enterprises nonetheless represent the majority of regional and remote businesses. Supply Nation enterprises have grown significantly through opportunities available under the IPP. However, these opportunities are concentrated in a relatively narrow range of sectors. In FY 2021-22, Supply Nation recorded a total spend of \$3.8 billion by government and corporate members, but over half of this was by just three members: the Commonwealth Department of Defence, Fortescue Metal Group and Rio Tinto^{xii}.

Supply Nation business development could be supported through the IPP. Rural business growth could be supported by expanding the influence of the IPP across a wider range of industries. Rural employment could be supported by preferencing tenders from businesses which **already** demonstrate strong social benefits and training and employment in rural areas^{xiii}.

ORIC corporation owned businesses and not-for-profits also play an important role in developing rural labour force work readiness needed for the successful operation of for-profit businesses. Government investment in enterprises which demonstrate strong social benefits is needed in many areas to support long-term regional economic growth.

Recommendation 1:

Supporting small business and regional and remote businesses is likely to generate proportionally stronger benefits for Indigenous workers than support for larger Indigenous businesses.

Recommendation 2:

Expanding the reach of the IPP across a wider range of industries and preferencing enterprises which demonstrate strong employment and training outcomes may support regional and remote development. Support for regional and remote not-for-profits which support labour force development and work readiness is also necessary for successful for-profit business development.

ToR 2: Options to unlock capital and leverage intellectual property, the Indigenous Estate and First Nations skills to elevate First Nations people as economic partners

Dr Langford's research examines how financial partnerships between investors and First Nations people are formed to establish agricultural businesses on the Indigenous Estate. In this context, financial investors can provide a source of capital to First Nations businesses to support business development^{xiv}. However, these investors typically seek to invest in established businesses with well-defined and proven income streams, rather than in emerging opportunities in greenfield projects^{xv}. It is not the case that connecting landholders and investors and reducing 'red tape' will inevitably lead to sustainable investments^{xvi}. To unlock capital to support business development on the Indigenous Estate, extensive work and significant initial investment is often required to establish the business initially – for example, through scoping of land use options or the development of pilot projects^{xvii}. Businesses which are established with strong governance structures through sufficient early investment are often in a position to negotiate better terms with investors^{xviii}, leading to stronger participation of First Nations people as economic partners. The development of strong business structures could be supported by Indigenous corporations, government bodies, private sector entities, or other third parties.

In regional and remote areas, business development on the Indigenous Estate may offer important social benefits, however, establishing such businesses is often expensive and time-consuming. These businesses may require significant initial governance support: it cannot be assumed that simply connecting investors with landholders will lead to strong partnerships and positive socioeconomic outcomes.

Recommendation:

Unlocking capital to develop businesses on the Indigenous Estate can offer an important business growth pathway, but significant investment in initial business development work is often required to develop strong financial partnerships that genuinely elevate First Nations people as economic partners.

Contributing authors

This submission has been written by the following authors.

- **Dr Zannie Langford**, Senior Lecturer, School of Agriculture and Food Sustainability.
<https://researchers.uq.edu.au/researcher/26048>

Dr Zannie Langford is a Senior Lecturer at the University of Queensland. Her research examines rural development in Australia and abroad. Her recent research includes an examination of the geographies of Indigenous business in Australia, undertaken in collaboration with Supply Nation.

- **Dr Richard Martin**, Senior Lecturer, School of Social Science.
<https://researchers.uq.edu.au/researcher/2303>

Dr Richard Martin is a Senior Lecturer at the University of Queensland. He has carried out anthropological research with Indigenous people since 2007, including extensive applied research relating to native title, cultural heritage, loss and compensation.

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ⁱ See Langford, Z. (2023). The geographies of Indigenous business in Australia: An analysis of scale, industry and remoteness. *Supply Nation Research Report 8*. [https://supplynation.org.au/research-paper/the-geographies-of-First Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/](https://supplynation.org.au/research-paper/the-geographies-of-First-Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/)

ⁱⁱ See Evans, M., Polidano, C., Moschion, J., Langton, M., Storey, M., Jensen, P., & Kurland, S. (2021) First Nations Businesses Sector Snapshot Study, Insights from I-BLADE 1.0. The University of Melbourne. <https://fbe.unimelb.edu.au/ib/asssets/snapshot/Rfq03898-M-and-M-Snapshot-Study.pdf>

ⁱⁱⁱ Reproduced from Langford, Z. (2023). The geographies of Indigenous business in Australia: An analysis of scale, industry and remoteness. *Supply Nation Research Report 8*. <https://supplynation.org.au/research-paper/the-geographies-of-First Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/>

^{iv} See: Hunter, B. (2015). Whose business is it to employ Indigenous workers? *The Economic and Labour Relations Review* 26(4), 631-651. <http://doi.org/10.1177/1035304615598526>

^v Supply Nation registered businesses with annual revenue of \$0 to \$1 million employ on average 51% First Nations employees. This declines to 41% First Nations employees for businesses managing \$1 million to \$5 million, 32% First Nations employees for businesses managing \$5 million to \$10 million, and 20% First Nations employees for businesses managing over \$10 million. Supply Nation registered regional and remote businesses employ on average 51% and 53% First Nations workers respectively, while those in major cities employ on average 26% First Nations workers. Data from Langford (2023).

^{vi} Figure reproduced from Langford, Z. (2023). The geographies of Indigenous business in Australia: An analysis of scale, industry and remoteness. *Supply Nation Research Report 8*. <https://supplynation.org.au/research-paper/the-geographies-of-First Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/>

^{vii} Figure reproduced from Langford, Z. (2023). The geographies of Indigenous business in Australia: An analysis of scale, industry and remoteness. *Supply Nation Research Report 8*. <https://supplynation.org.au/research-paper/the-geographies-of-First Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/>

^{viii} Major cities that have achieved 62% First Nations employment include Sydney, Victoria, Brisbane and Canberra. Perth and South Australia have not yet achieved this, with First Nations employment rates of 56.8% and 54.8% respectively. Regional and remote areas in Tasmania and the ACT currently exceed 62% First Nations employment rate. No other regional or remote areas in Australia exceed 62% First Nations employment rate (Australian Government Productivity Commission 2024).

^{ix} Table reproduced from Langford & Martin (2024). Submission to the Indigenous Procurement Policy (IPP) reform.

^x Data in this paragraph from Langford, Z. (2023). The geographies of Indigenous business in Australia: An analysis of scale, industry and remoteness. *Supply Nation Research Report 8*. <https://supplynation.org.au/research-paper/the-geographies-of-First Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/>

^{xi} Figure reproduced from Langford, Z. (2023). The geographies of Indigenous business in Australia: An analysis of scale, industry and remoteness. *Supply Nation Research Report 8*. <https://supplynation.org.au/research-paper/the-geographies-of-First Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/>

^{xii} See page 13 of Langford, Z. (2023). The geographies of Indigenous business in Australia: An analysis of scale, industry and remoteness. *Supply Nation Research Report 8*. <https://supplynation.org.au/research-paper/the-geographies-of-First Nations-business-in-australia-an-analysis-of-scale-industry-and-remoteness/>

^{xiii} See Langford & Martin (2024). Submission to the Indigenous Procurement Policy (IPP) reform.

^{xiv} See:

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^{xviii} See:

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