



Supply Nation

Supply Nation Submission

Joint Standing Committee on Aboriginal and Torres Strait
Islander Affairs

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

“Opportunities for, and barriers to, First Nation business
development”

May 2024

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About Supply Nation

Supply Nation is a non-profit organisation that aims to grow the Aboriginal and Torres Strait Islander (First Nations) business sector through the promotion of supplier diversity in Australia.

Since 2009, Supply Nation has worked with Aboriginal and Torres Strait Islander businesses along with procurement teams from government and corporate Australia to help shape today's emerging and rapidly evolving Indigenous business sector with a vision and purpose to facilitate a prosperous, vibrant and sustainable Indigenous business sector.

In doing so, Supply Nation actively works towards driving the understanding of our corporate and government members that the purchasing power of businesses can be used to deliver positive social outcomes and, through facilitating connections between Indigenous businesses and our members' procurement departments to develop procurement policies that modify and redirect procurement spend to include the traditionally underutilised Indigenous business sector, can have significant and measurable long term business benefits as a catalyst for growth for Indigenous businesses and resultantly can have a meaningful impact on Indigenous economic self-determination.

First Nations Economic Self-Determination

First Nations Economic Self-Determination refers to the ability of Aboriginal and Torres Strait Islander communities to exercise control over their own economic development and resources, guided by their own values, priorities, and decision-making processes.

Some of the relevant key components of First Nations Economic Self-Determination relevant to this inquiry and Supply Nations expertise include Entrepreneurship and Business Development, where First Nations people cultivate entrepreneurship and business ventures that contribute to community well-being and sustainability, leveraging local assets, knowledge, and partnerships to create self-economic opportunities.

By advancing First Nations Economic Self-Determination, Indigenous communities strive to reduce dependency, alleviate poverty, and build sustainable economies that empower present and future generations to thrive while preserving cultural heritage and promoting self-reliance.

Key Addressable Terms of Reference Points

As a result of Supply Nation tenure of over 10 years of working with Aboriginal and Torres Strait Islander businesses along with procurement teams from government and corporate Australia to help shape today's emerging and rapidly evolving Indigenous business sector, Supply Nation considers itself to have the demonstrated knowledge, experience and understanding of First Nations business and the Corporate procurement processes to be able to authoritatively comment on The Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs inquire and report with specific regard to the Terms of Reference point "Opportunities for, and barriers to training, employment and business development" - , with specific reference to Opportunities for, and barriers to, First Nation business development.

Opportunities for, and barriers to, First Nation business development.

Supply Nation views First Nation business development holding significant potential for economic empowerment and community prosperity, sustained by opportunities such as leveraging cultural capital, government support initiatives, and social procurement policies. However, limited access to capital, regulatory complexities, challenges in infrastructure and education and employment amongst other factors can be seen to persist as barriers to this.

Addressing these obstacles requires collaborative efforts aimed at nurturing entrepreneurship, enhancing access to capital and resources, and promoting culturally sensitive and sustainable business practices, ultimately advancing Indigenous self-determination and economic resilience.

Barriers to First Nation's business development.

First Nation business development often faces several unique challenges and barriers as opposed to standard business development. Some of these include:

- **A failure to recognise that First Nation businesses are businesses first and not being able to compete as businesses as opposed to community benefit organisations.**
 - First Nations business, as expanded on further by the underlying points regarding Community Benefit and Indigenous employment points, must be allowed to compete as a business in the first instance and afforded the opportunity to operate as such in order to be able to function successfully and profitably.

The opportunity and ability for a First Nations business to operate successfully and profitably and grow through development then affords the First Nations business sector to enable its owners, employees and stakeholders to see benefit through economic self-determination and to also organically offer effective economic benefit to community through skilled employment and economic growth.

- **An unreal expectation on First Nation businesses to facilitate and contribute higher than average benefit to community.**
 - By definition and via their association with being of Aboriginal or Torres Strait Islander descent, First Nation businesses have historically and commonly been expected to contribute a significant amount more economic benefit or economic relief back to First Nations communities as to that of standard western businesses. This expectation happens regularly at the pre-procurement stage and can have a detrimental effect on the First Nations business to operate successfully and profitably as opposed to Western businesses through placing undue and additional pressure on being competitive owing to the First Nation increased perceived obligation to spend more of its profits on First Nations community benefit as opposed to re-investing into the business.

Whilst this occurs organically through cultural and social factors, it should not be an expectation tied to procurement.

- **An unreal expectation on First Nations Businesses to have higher than average Indigenous employment Levels.**

- As with the above expanded point, it is commonly expected and perceived that First Nations businesses must have a higher-than-average level of First Nations employment by definition of them being a First Nations business.

This expectation, and at times unrealistic and unmanageable expectation, can once again have an effect on a First Nations business being a successful and competitive business through the common requirement of prioritising First Nations employment levels as opposed to the Skill and Capability levels of the business, often requiring First Nations businesses to resultantly hire unskilled First Nations persons which can inhibit the businesses ability to operate competitively in the market. This perception and requirement also has a flow on detrimental effect to First Nations economic benefit through not offering the opportunity for First Nations persons to become trained and proficient in skilled professions and employment positions.

- **Unreal expectations around Indigenous Involvement levels in First Nations businesses – E.g. perceived “Black Cladding”.**

- The recognition of Aboriginal and Torres Strait Islander businesses as distinct entities with unique cultural, social, and economic values is fundamental for creating a supportive and inclusive environment for Indigenous economic development. However, defining what constitutes an Aboriginal or Torres Strait Islander business can be complex and interpretive due to varying factors such as heritage, ownership levels, operations (including partnerships/supply chain arrangements), community involvement/benefit & perceived Indigenous involvement in the business.

Currently, there is no agreed industry or community definition of what a First Nations business is or should be. Opinion in this area ranges from being 50% Indigenous owned as a minimum to being 100% Indigenous owned, Indigenous managed and controlled with limited non-Indigenous operations reliability supported by high levels of Indigenous employment.

The effects of actual or perceived “black cladding” can be wide ranging and quite damaging, not just for consumer and government confidence in general, but as a result, can be significantly more detrimental to First Nations peoples and community.

In the void of any agreed definition of what a First Nations business is, the perception of what “Black Cladding” is and its perceived extensive occurrence could have an adverse detrimental effect on consumer confidence in engaging with any business that is associated with Indigenous persons and the opinion that any business associated with the involvement of Indigenous peoples as owners or operators is, or could be, engaging in misleading or deceptive conduct.

- **Limited Access to Capital.**

- Many Indigenous entrepreneurs face challenges in accessing capital for starting or expanding businesses. This can be due to factors such as lack of collateral, credit history, or financial literacy, as well as limited access to mainstream financial institutions.

- **Education and Skills Development.**

- Limited access to quality education, training programs and successful business role models can hinder the development of entrepreneurial skills and business acumen within First Nations communities. Investments in education and skills development are crucial for empowering Indigenous entrepreneurs and enhancing their competitiveness.

- **Cultural and Social Factors.**
 - Cultural values, traditions, and social dynamics within Indigenous communities can influence business practices and decision-making processes reflective of cultural beliefs and practices that can at times be at odds with standard businesses and industry practices. Balancing traditional values with the demands of the modern business world can present unique challenges for Indigenous entrepreneurs and corporate businesses alike.
- **Regulatory and Legal Environments.**
 - Indigenous businesses operating in remote areas may face additional regulatory requirements and legal complexities, particularly when operating on traditional lands or in sectors subject to specific Indigenous rights or environmental regulations. Navigating these legal frameworks can be challenging and costly.

Opportunities for Aboriginal and Torres Strait Islander business development.

Opportunities for addressing the barriers to Aboriginal and Torres Strait Islander business development and leveraging opportunities requires a multi-faceted approach involving collaboration between governments, First Nations communities & private sector partners. This approach should ideally prioritize Indigenous self-determination, cultural preservation, and economic empowerment.

- **Improved education and understanding to recognise First Nations businesses as being businesses first.**
 - Supply Nation believes that efforts should be made to educate industry as to the need for First Nations businesses to both be seen as businesses first, and be afforded the opportunity to operate as such, to enable First Nations businesses to be successful and profitable, situating First Nations businesses to offer their owners, stakeholders and community opportunities for Economic independence.

This extends to education around placing unreal expectations of First Nation business to be the primary community benefactors and employers of First Nations peoples.
- **Agreed definition of a First Nations Business affording growth & Investment opportunities and First Nations involvement.**
 - Supply Nations encourages for there to be an agreed definition of what a First Nations business is considered to be, advocating for such a definition to be agreed at being Majority First Nations owned (at least 51%) with First Nations Management and Control, encompassing demonstrated First Nations involvement in, and authority for, the decision making and operational practices of the business. This allows for business expansion and growth through shareholding investment, skilled personnel hiring, capacity partnering and builds intergenerational skills and knowledge in business operations and entrepreneurship.
- **Cultural Capital.**
 - First Nation communities possess rich cultural heritage and traditional knowledge that can be leveraged in various industries, such as tourism, arts, and cultural events.
- **Government Support.**
 - Increased funding and implementation of government programs and initiatives aimed at supporting First Nations businesses entrepreneurship and business development, including grants, loans, capacity-building programs.
- **Community Engagement.**
 - Utilising community networks and support systems to foster entrepreneurship and create opportunities for collaboration and partnerships.

- **Land and Resource Rights.**
 - Increased access to land and natural resources can provide opportunities for businesses in sectors such as agriculture, forestry, and eco-tourism.
- **Social Procurement Policies.**
 - Continued focus on implementation of government and corporate social procurement policies that prioritize engaging Indigenous businesses, creating new market opportunities.
- **Education and Skills Development**
 - Investments in education and skills development tailored to First Nations communities can empower individuals to start and grow businesses.
- **Technology and Innovation**
 - Implementation of and access to technology and innovation hubs can enable First Nations entrepreneurs to overcome geographical barriers and reach broader markets.
- **Recognition and Reconciliation.**
 - Growing recognition of Indigenous rights and reconciliation efforts can lead to increased support for First Nations businesses and entrepreneurship.

Summary

Supply Nation believes that in addressing these barriers and leveraging opportunities requires a multi-faceted approach involving collaboration between governments, Indigenous communities, private sector partners, and civil society organizations. This approach should ideally prioritize Indigenous self-determination, cultural preservation, and economic empowerment to facilitate economic self-determination and affords First Nations businesses to develop and grow to facilitate organic community benefit opportunities.

END of SUBMISSION
