

## Developing Indigenous enterprises

- 1.1 One of the most significant current statistics demonstrating Indigenous Australians disadvantage is that there is a life expectancy gap of seventeen years between Indigenous and non Indigenous people. Figures from the Australian Bureau of Statistics (ABS) show Indigenous mortality rates between 2001 and 2005 were three times that of non Indigenous people in Queensland, Western Australia, South Australia and the Northern Territory.<sup>1</sup>
- 1.2 The Commonwealth Government has taken steps towards closing the gaps, with a focus on the following areas:
  - Healthy homes;
  - Safe communities;
  - Health;
  - Early childhood;
  - Schooling;
  - Economic participation; and
  - Governance and leadership.<sup>2</sup>
- 1.3 Indigenous economic development means involvement by Indigenous people in employment, in business and in building assets and wealth in the communities and regions where they live.

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1 Australian Bureau of Statistics, *The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples*, 2008, cat. no. 4704.0.

2 First Steps in Closing the Gap Budget 2008-09, <http://www.budget.gov.au> accessed 13 Oct 08.

Successful Indigenous businesses offer jobs, develop ideas and skills, provide role models for others and bring money into the community.

- 1.4 At the Australia 2020 Summit in April 2008, there was discussion about the need to drive economic development, entrepreneurship and development of Indigenous enterprises if the gap of disadvantage for Indigenous Australians is going to be closed.<sup>3</sup>
- 1.5 The small business sector is a significant employer of Australians. ABS Statistics from 2000-01 indicate that the small business sector employs nearly 50 per cent of all the people working in the private sector. There were more than 1 122 000 small non-agricultural businesses operating in Australia in 2000-01. This comprised 540 000 non-employing small businesses and 582 100 employing small businesses.<sup>4</sup>
- 1.6 Non Indigenous people are three times more likely to own and run their own business than Indigenous people and, for Indigenous people, this factor is further influenced by remoteness. In 2006, six per cent of employed Indigenous people indicated they worked in their own business. This compares with 17 per cent of employed non Indigenous people. The proportion of employed Indigenous people who worked in their own business was highest in major cities (seven per cent) and lowest in very remote areas (two per cent). The rate of non Indigenous people who worked in their own business was similar regardless of remoteness.<sup>5</sup>
- 1.7 This is a critical statistic and one that shaped the Terms of Reference for this inquiry. If the rate of Indigenous participation in small business was increased, there is likely to be a flow on effect of employment and increased economic participation which could further close the gap between Indigenous and non Indigenous people.
- 1.8 Across Australia there is a diversity of Indigenous businesses and a keen determination from individual and community Indigenous entrepreneurs to grow these businesses. Building on the strengths and competitive advantage of Indigenous businesses is an important element in closing the gap on Indigenous disadvantage.

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3 'Options for the Future of Indigenous Australians', *Australia 2020 Summit Final Report 2008* [www.australia2020.gov.au](http://www.australia2020.gov.au), accessed 13 Oct 08.

4 Australian Bureau of Statistics, *Small Business in Australia*, 2001, cat. no. 1321.0.

5 Australian Bureau of Statistics, *Population Characteristics, Aboriginal and Torres Strait Islander Australians*, 2006, cat. no. 4713.0.

- 1.9 Indigenous self employment and participation in the ownership of Indigenous enterprises enables individuals, families and ultimately communities to reduce reliance on government welfare and improve self sufficiency. Increased levels of economic participation can also provide positive role models for young people and so improve social outcomes across generations.
- 1.10 From submissions, hearings and visits to a selection of businesses around Australia, the Committee was impressed by the diversity and extent of Indigenous business structures and the desire of individuals and communities to develop and grow businesses that would bring economic independence and, in many instances, provide employment pathways for family and community members.
- 1.11 During the course of the inquiry the Committee heard from a range of industry sectors and entrepreneurs: from one person businesses such as Ms Lani Blanco Francis' Indigenous employment consultancy in Redfern Sydney, to those operated by communities, such the Larrakia Development Cooperation in Darwin, and others established as joint partnerships, such as Gunya Australia.<sup>6</sup>
- 1.12 One of the challenges facing the Committee in the course of this inquiry was the very diversity of businesses and their spread across locations.
- 1.13 The Committee heard from metropolitan based businesses such as Mr David Potter's Bundoora Street Sound and Vision in Victoria, through to community partners in the 'Tjunga' Australian Research Council (ARC) Project who travelled to Canberra from Anangu Pitjantjatjara Yankunyatjara (APY) lands in remote South Australia.<sup>7</sup>

## Setting the context

- 1.14 On 19 June 2008, the Committee agreed to undertake an inquiry into developing Indigenous enterprises, as referred by the Minister for Families, Housing, Community Services and Indigenous Affairs.
- 1.15 The Terms of Reference called on the Committee to inquire into and report on opportunities for Aboriginal and Torres Strait Islander

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6 Mr Paul Conlon, *Transcript of Evidence*, 25 July 2008, p. 32.

7 Mr David Potter, *Transcript of Evidence*, 14 July 2008, p. 29; Ms Deidre Tedmanson, *Transcript of Evidence*, 18 September 2008, p. 13.

people to grow small and medium-size business. This included Indigenous controlled enterprises and business in which Indigenous people are joint venture partners. In particular, the Committee was to focus on:

- whether current government, industry and community programs offering specific enterprise support programs and services to Indigenous enterprises are effective, particularly in building sustainable relationships with the broader business sector;
- identifying areas of Indigenous commercial advantage and strength;
- the feasibility of adapting the United States of America minority business/development council model to the Australian context; and
- whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.

## **Conduct of the inquiry**

- 1.16 The Committee sought submissions from Indigenous organisations, business support services, academics and Indigenous business owners. In addition, submissions were sought from relevant Australian Government ministers and state and territory governments.
- 1.17 The Committee received 69 submissions, as well as 5 supplementary submissions. A list of submissions is at Appendix A.
- 1.18 The Committee received 18 exhibits. These are listed at Appendix B.
- 1.19 The Committee held 10 public hearings across Australia, in Canberra, Perth, Darwin, Sydney, Melbourne, Kununurra and Brisbane and a number of briefings from government agencies. The Committee also conducted inspections in Kununurra and Darwin.
- 1.20 In keeping with the topic of the inquiry, for all hearings outside of Parliament House the Committee sought to use venues which were Indigenous operated or had a strong affiliation with Indigenous business. The Committee also sought to use Indigenous catering services during its travel.

## Scope of the report

- 1.21 Following the Terms of Reference, the report considers the factors that may impact on the development of Indigenous enterprises. The Committee's investigation of the Indigenous business sector assesses some of the policy implications of the present business landscape with a view to preserving good models and opening new opportunities for Indigenous businesses across the spectrum of Indigenous enterprise.
- 1.22 The Committee is also aware that the Australian Government is currently undertaking consultation around the development of an Indigenous Economic Development Strategy (IEDS) due to be launched later this year.
- 1.23 During the course of the inquiry, the issue of the Community Development Employment Program (CDEP) was raised, with the Committee hearing evidence on both the positive<sup>8</sup> and negative<sup>9</sup> aspects to CDEP. The Committee is aware of the current consultations around the discussion paper *'Increasing Indigenous economic opportunity - A discussion paper on the future of the CDEP and the Indigenous Employment Program (IEP)'*<sup>10</sup>. It is not the intention of the Committee to make a comment regarding CDEP.
- 1.24 Chapter 2 provides a context for the issues encountered in building Indigenous enterprises. It considers the drivers, cultural issues, scope and contribution of Indigenous businesses. The chapter then focuses on sectors where Indigenous businesses may be clustered due to identified or potential competitive advantage, and examines some of the issues affecting development in these sectors.
- 1.25 The wide range of government, industry and community programs which support the development of Indigenous enterprises are presented in Chapter 3. The chapter discusses some of the issues raised around different programs, with the Committee making comment on strengths and weaknesses observed during the course of the inquiry.

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8 Professor Jon Altman, *Transcript of evidence*, 28 August 2008, p. 17; Mr Russell Logan, *Transcript of evidence*, 25 July 2008, p. 18.

9 Mr Warren Mundine, *Transcript of evidence*, 25 July 2008, p. 43; Mr Paul Schenk, *Submission No. 17*, p. 2.

10 The Hon. Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs, media release, *Discussion paper on Indigenous employment reforms*, 18 May 2008.

- 1.26 Chapter 4 describes some of the existing collaborations between industry and Indigenous businesses and looks at ways in which incentives could be provided to increase this level of collaboration. The mining sector and the idea of targeted or mandated procurement for government are considered in some depth.
- 1.27 Chapter 5 considers whether it is feasible to adapt the US Minority Business Council model to the Australian context. This chapter first provides an overview of the model of a minority business/development council before considering its potential value as a market multiplier for Australia's Indigenous business sector. Finally the chapter makes some concluding statements about the inquiry and the package of recommendations it presents.