
The Parliament of the Commonwealth of Australia

Open for Business

Developing Indigenous enterprises in Australia

House of Representatives

Standing Committee on Aboriginal and Torres Strait Islander Affairs

October 2008
Canberra

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Foreword

Open for Business: Developing Indigenous enterprises in Australia is the report of the Standing Committee on Aboriginal and Torres Strait Islander Affairs' inquiry into developing Indigenous enterprises. The Committee undertook a short but intense inquiry into Indigenous enterprises which considered the support that is available for Indigenous businesses and explored ways that Indigenous people could be encouraged to embark upon or expand a business.

The life expectancy gap of 17 years between Indigenous and non Indigenous Australians was a critical driver for this report. The Committee was concerned that in this day and age that there was still such a large gap in life expectancy. The Committee held the opinion that if the rate of Indigenous participation in small business was increased, there was likely to be a flow on effect of employment and increased economic participation which could help to close the gap between Indigenous and non Indigenous people.

In 2006, six per cent of employed Indigenous people indicated they worked in their own business, which compares with 17 per cent of employed non Indigenous people.¹ Overall the small business sector employs nearly 50 per cent of all the people working in the private sector,² so a focus on increasing Indigenous participation in small business was seen by the Committee as being a positive way forward.

The Committee heard a large amount of evidence which proposed a range of ways that Indigenous enterprises could be promoted and supported. From the micro-enterprise in remote northern Australia through to the large business operating in Sydney, two overwhelming themes included the importance of being identified as

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

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

an Indigenous business and the importance of Indigenous businesses for the future of Indigenous people.

The report contains a total of 15 recommendations, however, the Committee considers there are three recommendations which could provide key assistance from the start up to the more established business:

- Recommendation 13 which proposes that the Australian Government pilot an Indigenous Supplier Development Council in Australia for a period of five years.
- Recommendation 9 which suggests a series of target levels of Government procurement from Indigenous businesses; and
- Recommendation 6 which proposes additional funding for the Commonwealth Science and Industrial Research Organisation (CSIRO) for its work in natural resource management and carbon emission abatement in partnership with Indigenous communities;

Each of these recommendations would have a significant effect on the development of Indigenous enterprises. The Committee considers that the work that CSIRO is currently undertaking is at the forefront of natural resource management which is an exciting and emerging area of opportunity for enterprises in rural and remote Indigenous communities. Targeted levels for Government procurement would provide an important boost for Indigenous businesses and an Indigenous supplier development council would provide the means to connect Indigenous businesses with private procurement in the corporate world.

I would like to thank those who put in so much time and effort into their submissions and travelled to appear at public hearings and assist the Committee.

Finally I would like to express my thanks to the Deputy Chair, Andrew Laming MP and all the members of the Committee, as well as the secretariat.

Richard Marles MP
Chair



Membership of the Committee

Chair Mr Richard Marles MP

Deputy Chair Mr Andrew Laming MP

Members The Hon. Tony Abbott MP

Ms Jodie Campbell MP

The Hon. Bob Katter MP

Ms Kerry Rea MP

The Hon. Dr Sharman Stone MP

Mr Kelvin Thomson MP

Mr Chris Trevor MP

Mr Jim Turnour MP

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Terms of reference

The Committee shall inquire into and report on opportunities for Aboriginal and Torres Strait Islander people to grow small and medium-size business. This shall include Indigenous controlled enterprises and business in which Indigenous people are joint venture partners.

In particular, the Committee will focus on:

1. 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;
2. identifying areas of Indigenous commercial advantage and strength;
3. the feasibility of adapting the United States minority business/development council model to the Australian context; and
4. whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.

(19 June 2008)



List of abbreviations

ABS	Australian Bureau of Statistics
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
AICC	Australian Indigenous Chamber of Commerce
AIMSC	Australian Indigenous Minority Supplier Council
ARC	Australian Research Council
ASIC	Australian Securities and Investments Commission Act
ATSIC	Aboriginal and Torres Strait Islander Commission
BAC	Bawinanga Aboriginal Corporation
BDP	Business Development Program
BEC	Business Enterprise Centre
CAC Act	Commonwealth Authorities and Companies Act 1997
CAEPR	Centre for Aboriginal Economic Policy Research
CAMSC	Canadian Aboriginal and Minority Supplier Council
CATSI Act	Corporations (Aboriginal and Torres Strait Islander) Act 2006
CBA	Commonwealth Bank of Australia
CDEP	Community Development Employment Program

CPG	Commonwealth Procurement Guidelines
CRC	Cooperative Research Centre
CSIRO	Commonwealth Science and Industrial Research Organisation
CSR	Corporate Social Responsibility
DEEWR	Department of Education, Employment and Workplace Relations
DIISR	Department of Innovation, Industry, Science and Research
EIEI	Emerging Indigenous Entrepreneurs Initiative
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FMA Act	Financial Management and Accountability Act 1997
HREOC	Human Rights and Equal Opportunity Commission (now the Australian Human Rights Commission)
IBA	Indigenous Business Australia
ICC	Indigenous Coordination Centre
ICAS	Indigenous Capital Assistance Scheme
ICL	Indigenous Capital Limited
IDC	Interdepartmental Committee
IEDS	Indigenous Economic Development Strategy
ILC	Indigenous Land Corporation
ILUA	Indigenous Land Use Agreement
IPP	Indigenous Pastoral Program
ISBF	Indigenous Small Business Fund
KBN	Koori Business Network
LDC	Larrakia Development Corporation

MSDUK	Minority Supplier Diversity Council United Kingdom
NEIS	New Enterprise Incentive Scheme
NMSDC	National Minority Supplier Development Council
ORIC	Office of the Registrar of Indigenous Corporations
PBC	Prescribed Bodies Corporate
PSP	Preferred Service Providers
RA	Reconciliation Australia
RAP	Reconciliation Action Plans
REC	Remote Enterprise Centre
SBMC	Small Business Ministerial Council
SDC	Supplier Development Council
TSRA	Torres Strait Regional Authority
WAITOC	West Australian Indigenous Tourism Operators Committee
WICEEDO	World Indigenous Cultural Exchange & Economic Development Organisation



List of recommendations

2 Indigenous business strengths and competitive advantage

Recommendation 1

The Committee recommends that the Australian Government conduct a biennial national review of Indigenous businesses in Australia, collating data on industry sector, business size and structure, location and economic contribution.

Recommendation 2

The Committee recommends that the Australian Government recognise the vital contribution of Indigenous business development to the economic and social sustainability of Indigenous communities and, accordingly, develop the methodology to adequately value this economic and social contribution when assessing the investment returns for providing assistance to Indigenous businesses.

Recommendation 3

The Committee recommends that the Australian Government develop templates for Indigenous Land Use Agreements to specify that corporate and industry partners fund Indigenous partner corporations to access advice, including financial, taxation and in particular expert legal advice of a quality comparable to that available to the other negotiating partner. This is to ensure that the terms of agreement meet the social and commercial objectives of the Indigenous communities involved.

Recommendation 4

The Committee recommends that the Australian Government develop a process for monitoring the content and implementation of Indigenous Land Use Agreements, and develop a complaints process for Indigenous partners.

3 The role of government, industry and community programs

Recommendation 5

The Committee recommends that the Australian Government establish an Interdepartmental Committee (IDC) to ensure a streamlined and coordinated approach to the delivery of all forms of business assistance to Indigenous enterprises. The IDC should comprise all departments and agencies delivering services to Indigenous businesses and enterprises including but not limited to Indigenous Business Australia, the Department of Education, Employment and Workplace Relations, the Department of Innovation, Industry, Science and Research, the Department of Families, Housing, Community Service and Indigenous Affairs.

Recommendation 6

The Committee recommends that the Australian Government provide additional funding for the Commonwealth Science and Industrial Research Organisation to expand its research and partnering work in the areas of natural resource management and carbon emissions reduction leading to potential commercialisation opportunities for Indigenous communities.

Recommendation 7

The Committee recommends that the Australian Government work co-operatively with state and territory governments to expand an Indigenous business networking model that appropriately takes account of the uniqueness and diversity of Indigenous business in each state and territory.

Recommendation 8

The Committee recommends that the Australian Government establish a 'one stop shop' for Indigenous entrepreneurs and businesses. This facility should provide assigned case manager contacts, similar to Austrade, who navigate a business through different stages of establishment and growth. The 'one stop shop' facility should include services to support Indigenous businesses such as:

- advice on the range of government, industry and community grant and funding programs available;
- mentoring and business ready skills recognising the particular cultural challenges facing Indigenous enterprises; and
- advice on establishing appropriate governance structures.

4 Corporate incentives to trade and engage with Indigenous businesses

Recommendation 9

The Committee recommends that the Australian Government establish a series of target levels of government procurement from Indigenous businesses, and require all Australian Government agencies and authorities to nominate a target level. The Committee also recommends that all Australian Government agencies and authorities be required to report in their annual report the procurement level from Indigenous businesses. Future consideration should be given to introducing an escalating series of mandated procurement levels over the next decade.

Recommendation 10

The Committee recommends that the Australian Government provide a program of funding, including micro-funding, with an emphasis on remote area enterprises, to enable entrepreneurs to establish cooperative enterprises, especially in the arts sector. The Committee recommends that Indigenous Business Australia in association with a corporate partner in the financial sector deliver this program.

Recommendation 11

The Committee recommends that the Australian Government as part of the current review of Australia's taxation system include consideration of how to encourage Indigenous start up business through the taxation system.

Recommendation 12

The Committee recommends that the Australian Government fund biennial Indigenous business awards, similar to those held in New South Wales and previously in Western Australia.

5 Minority supplier development councils

Recommendation 13

The Committee recommends that the Australian Government pilot an Indigenous Supplier Development Council in Australia for a period of five years. There should be a review after three years that assesses longer term viability, participation levels and contribution to growing Indigenous businesses.

Seed funding for the pilot should include adequate resources to network and market the benefits of the pilot Council to Indigenous suppliers and corporate buyers.

Recommendation 14

The Committee recommends that the Australian Government demonstrate its commitment to the pilot Indigenous Supplier Development Council (SDC) in the following ways:

- commit to a core of Australian Government agencies and authorities, which have significant procurement budgets, becoming foundation members of the Indigenous SDC and directing a targeted proportion of their procurement budget to the Indigenous SDC;
- pending a successful pilot of the SDC, establish target dates for all Australian Government agencies and authorities to become members of the Indigenous SDC; and
- work cooperatively through the Council of Australian Governments to maximise the use of the Indigenous SDC across all levels of government.

Recommendation 15

The Committee recommends that the Australian Government, in addition to establishing a pilot Indigenous Supplier Development Council, through the Department of Innovation, Industry, Science and Research trial an Indigenous business ready mentoring and accreditation program to increase the range and capacity of Indigenous businesses able to supply to the pilot Council.

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.¹
- 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.²
- 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.

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.³
- 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.⁴
- 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.⁵
- 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.

3 'Options for the Future of Indigenous Australians', *Australia 2020 Summit Final Report 2008* 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.⁶
- 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.⁷

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

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 positive⁸ and negative⁹ 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)'*¹⁰. 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.

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.

Indigenous business strengths and competitive advantage

The challenges of a small business

- 2.1 Small businesses make a significant contribution to Australia's economy. The ABS defines small business as businesses employing fewer than 20 people. In Australia 95.6 per cent of businesses are considered 'small businesses' under this category.¹ Small businesses are found in a wide range of industries including property, construction, retail trade and agriculture, forestry and fishing.
- 2.2 Three quarters of a million Australian small businesses employ 4.1 million people. There are 1.1 million non-employed small businesses, many of them independent contractors who are former employees and who may eventually take on employees of their own.²
- 2.3 Setting up a business is not easy for anyone: the 'great idea' must be competitive and marketable. Business owners must access finance, achieve development time frames, employ and train staff, meet regulatory requirements, win contracts and sustain a business profit.

1 Australian Bureau of Statistics, *Counts of Australian Businesses, including entries and exits, Jun 2003 to Jun 2007*, 2007, cat. no. 8165.0.

2 The Hon Craig Emerson MP, Council of Small Business of Australia Dinner, 20 Feb 2008, <http://minister.innovation.gov.au>, accessed 13 Oct 08.

- 2.4 Australia's regulatory environment requires every business to have appropriate licenses, pay taxes and comply with various standards and regulations. This adds to the complexity of business start up and, ultimately, the overall costs as additional investment is needed to train entrepreneurs in the world of business and marketing.

Box 2.1 Prospective small business owners need much more than training

People who want to create a new small business need much more than training. They particularly need confidence, purpose and vision, as well as finance and skills to act strategically about products, services or sales, to create partnerships and/or to create teams of employees to develop their own small businesses. This involves much more than the training or skills itself. It requires facilitation of enthusiasm, motivation, confidence and purposeful action.

In particular, getting into small business in the 'open market', whether Indigenous or not, involves:

- having and believing in a marketable idea;
- being able to sense a business opportunity;
- knowing when to act;
- being confident enough to take a considerable risk;
- having a strategic and business plan;
- knowing how to implement these plans;
- targeting, identifying and recruiting interested partners and employees;
- being able to manage (budgets, staff, money, time lines, responsibilities); and
- getting or having finance, plant and premises.

Source: Flamsteed, K & Golding, B., 2005, Learning through Indigenous Business. The role of vocational education and training in Indigenous enterprise and community development. NCVER Adelaide.

What is an Indigenous business?

- 2.5 The Koori Business Network in Victoria defines an Indigenous business as one that is 51 per cent owned by Indigenous people.³
- 2.6 Internationally the criteria for Indigenous or 'minority group' ownership can be as low as 30 per cent. However, the Committee notes that for the purposes of this report Indigenous owned enterprises are generally understood to be those enterprises which are at least 51 per cent owned by people identifying as Indigenous.
- 2.7 Mr Kevin Peters, General Manager Northern Territory Industry Capability Network, reported that when compiling a database of Indigenous owned companies in the Northern Territory, they initially applied a very rigid criteria and stipulated that there had to be well over 50 per cent Indigenous ownership of a company. However, they later found that they needed to be more flexible to meet the market demand.⁴
- 2.8 A Centre for Aboriginal Economic Policy Research (CAEPR) discussion paper on Indigenous enterprises stated that for a business to be identified as Indigenous it must be owned and controlled by an Indigenous person. It indicated that in business studies, 51 per cent is accepted as the benchmark for defining ownership. The study found that some of the businesses studied involved mixed marriages, so 50 per cent ownership was accepted as being an Indigenous business if the owners' children identified as Indigenous and/or the partner showed support for Indigenous issues. The same criteria were applied for business partnerships.⁵

Indigenous business drivers

- 2.9 Entrepreneurialism is not a culturally familiar concept to many Indigenous people.⁶ A focus on individual achievement and the drive for individual acquisition of wealth can contradict the ethos of collective benefit and hence entrepreneurial endeavour.⁷

3 Ms Esmail Manahan, *Transcript of evidence*, 14 July 2008, p. 6.

4 Mr Kevin Peters, *Transcript of evidence*, 6 August 2008, p. 51.

5 D. Foley, *'Indigenous Australian Entrepreneurs: Not all Community Organisations, Not all in the Outback'* CAEPR discussion paper No. 279/2006, p. 9.

6 Gunditj Mirring Aboriginal Corporation, *Submission No. 28*, p. 2.

7 Mr Craig Furneaux, *Submission No. 33, Attachment 1*, p. 1.

- 2.10 Traditionally businesses with a commercial advantage grow to be strong and successful businesses, whereby the profits of the business exceed its financial outputs. Many such businesses consolidate strength in a particular industry sector, multiply and expand to achieve greater success.
- 2.11 In Indigenous businesses, the relationship between commercial advantage and business strength is not as clear cut as balancing a budget sheet and counting heads. While successful Indigenous businesses have much in common with others run by non Indigenous people, the diversity of Indigenous business structures can make a conventional assessment of business success or strength more problematic, in other words in Indigenous business, success can mean something more than balancing the books, and something less than continued expansion.
- 2.12 At times commercial objectives may sit uneasily with cultural drivers, but Indigenous Australians are discovering ways to form businesses that are both commercially viable and culturally affirming.⁸
- 2.13 During the inquiry the challenges of managing an Indigenous business alongside kin and cultural obligations was acknowledged, but there was also recognition that Indigenous community connections can underpin successful enterprise development.⁹
- 2.14 Professor Foley and Dr Hunter outlined two distinct forms of Indigenous business ventures: individual Indigenous entrepreneurs and community enterprises.¹⁰
- 2.15 The Koori Business Network provided the Committee with their perspective of the difference between the two groups. They see community enterprises as based on land, living on the land or the community and all the profits going back into the community. Indigenous entrepreneurs are, in contrast, based on individuals, families or partnerships.¹¹
- 2.16 Professor Adela McMurray suggested that there are different drivers for Indigenous entrepreneurship than for non Indigenous entrepreneurs. For Indigenous entrepreneurs, much of the motivation

8 Boolarng Nangamai Aboriginal Corporation & Boolarng Nangamai Aboriginal Art & Culture Studio, *Submission No. 24*, p. 4.

9 Professor Dennis Foley & Dr Boyd Hunter, *Submission No. 40*, p. 9; Professor Adela McMurray, *Transcript of evidence*, 14 July 2008, p. 51.

10 Professor Dennis Foley & Dr Boyd Hunter, *Submission No. 40*, p. 5.

11 Ms Esmail Manahan, *Transcript of evidence*, 14 July 2008, p. 2.

comes from succession planning and the desire for future generations not to have to go through the hardships that they and their predecessors went through.¹²

- 2.17 Mr Colin Gordon, operator of Exceed Security Services spoke for the roundtable of Sydney based Indigenous business owners when he said, 'I think every one here has set up their business not only to make money but to give something back to our community'.¹³
- 2.18 Whether as individuals or community based enterprises, Indigenous people are increasingly seeking business opportunities. Some of this pressure may come from demographic shifts. Indigenous people are a young and growing population – more than 60 per cent are under the age of 25 years.¹⁴ They have a future focus on raising families, education, housing and jobs.¹⁵ Indigenous business mentors also report an entrepreneurial attitude among young Indigenous people: explaining that they have 'very little fear about going out and taking risk'.¹⁶
- 2.19 In remote Cape York, young communities are brimming with ideas for business. Indigenous Enterprise Partnerships, which mentor economic development across the Cape, advised that the demand for corporate mentors for project management and administration training outstrips the capacity of the providers.¹⁷
- 2.20 Some evidence referred to young Indigenous women in particular as entering partnerships and initiating self-employment enterprises, balancing community obligations with new business demands.¹⁸
- 2.21 In contrast, Mr Iain Govan told the Committee about a workshop for potential entrepreneurs that he ran recently, where seven people came with an idea, and five of the seven were over 65 or older. He stated that:

... there needs to be some sort of educational or awareness-raising program that teaches young people that they can be involved in business, simply because, when all those old

12 Professor Adela McMurray, *Transcript of evidence*, 14 July 2008, p. 34.

13 Mr Colin Gordon, *Transcript of evidence*, 25 July 2008, p. 45.

14 Ms Barbara Livesey, *Transcript of evidence*, 25 September 2008, p. 21.

15 M. Dillon and N. Westbury, *Beyond Humbug: Transforming Government engagement with Indigenous Australia*, West Lakes, 2007, p. 28.

16 Ms Esmail Manahan, *Transcript of evidence*, 14 July 2008, p. 3.

17 Mr Mark Scott, *Transcript of evidence*, 25 July 2008, p. 3.

18 Ms Leanne Miller, *Transcript of evidence*, 14 July 2008, p. 31.

people come to me and say they want to start a business, they tell me they want to start it for the young people, but the young people are not making that connection.¹⁹

- 2.22 While 'ideas' are the starting ingredient for individual or community enterprise, the Committee heard that entrepreneurship requires something more.
- 2.23 Mr Peter Shepherd stated while strategic work such as planning, getting infrastructure in place and having the right sort of service at the right time is important, entrepreneurs are the individual factor that you need to make an enterprise work:
- It is not something you can make or teach ... It is their energy and enthusiasm, rather than the idea that make something successful, without the person to make it work, it never will.²⁰
- 2.24 Mr Bob Waite also reflected that in small business there needed to be a champion of an enterprise. Experience has shown that even if a community was enthusiastic about setting up a business or enterprise, a personal champion was needed to make the business successful.²¹
- 2.25 Others also affirmed that the key requirement for business success is having a passionate individual with a vision driving the business.²² The Committee heard from a wide range of such individuals during the inquiry. Some had suffered personally the pain of family separation or had relatives die in custody and had overcome the effects to build successful businesses.²³ In every instance these Indigenous entrepreneurs had a broader social objective which underpinned commercial motivations.
- 2.26 The Committee notes that one of the strongest recommendations to this inquiry was that the Committee should listen to Indigenous people about what currently works for them and fashion its recommendations accordingly.²⁴
- 2.27 Additionally, Mr Brian Stevens from the Koori Business Network expressed caution about the newness of Indigenous entrepreneurs:

19 Mr Iain Govan, *Transcript of evidence*, 6 August 2008, p. 62.

20 Mr Peter Shepherd, *Transcript of evidence*, 6 August 2008, p. 60.

21 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 25.

22 Guurrbi Tours, *Submission No. 2*, p. 1; Mr Mark Scott, *Transcript of evidence*, 25 July 2008, p. 7; Dr Tracey Westerman, *Submission No. 5*, p. 1.

23 Mr Michael McLeod, *Transcript of evidence*, 25 July 2008, p. 9.

24 Ms Helene George, *Transcript of evidence*, 9 September 2008, p. 50; Mr George Newhouse, *Transcript of evidence*, 25 July 2008, p. 62; Outback Stores, *Submission No. 44*, p. 1.

We are still entering into a new phase for Indigenous people, so a lot of the stuff that we are talking about is relatively new. Ultimately, at the end of the day, as an Indigenous person, I do not want to see Indigenous people set up to fail. It is really about ensuring that they are around for the long term, a long time to come.²⁵

The culture of Indigenous business

2.28 The Small Business Ministerial Council recently commissioned an issues paper on Indigenous small business enterprises. This paper drew on past and current experiences in all Australian jurisdictions and in New Zealand, and highlighted a number of important social, cultural and economic characteristics relating to Indigenous owned businesses and the context in which many of them operate (with a focus on regional and remote areas). Issues in relation to the successful formation and sustainable growth of Indigenous owned businesses include:

- Reciprocal Family Obligations - The onerous responsibility of traditional cultural obligations to family often clash with non Indigenous principles of business efficacy;
- Isolation - While life and business for the vast majority of Indigenous entrepreneurs in both Australia and New Zealand is highly urbanised, those in regional and remote locations face significant disadvantages. The limited market size, poor economies of scale and high cost of living in remote and regional centres severely narrows business opportunities;
- Discrimination - Cultural differences give rise to decision making based on kinship ties and a first language other than English can be a further barrier to operating in the wider market place;
- Poverty - Many Indigenous people are caught in a poverty trap. On the one hand, the lack of personal assets denies access to credit; while, on the other, ongoing dependency on welfare acts as a disincentive to entrepreneurial activity; and
- Networks - Indigenous people, particularly those in remote and regional locations, lack the social capital networks that support and encourage participation in business enterprises.²⁶

25 Mr Brian Stevens, *Transcript of evidence*, 14 July 2008, p. 40.

26 Small Business Ministerial Council, *Submission No. 56*, p. 2.

- 2.29 Mr Keith Djiniyini, Chairman of the Burrthi Aboriginal Corporation in Parap, Northern Territory, noted the cultural differences that face Indigenous people entering business:

My people were brought up in a different world. We are traditional Aboriginal people who were born in the bush and raised by the mission people. We were paid in food, clothing and a roof over our heads.

Today's commercial world requires a different degree of understanding and we need help to be able to embrace it and show our younger people why they should be doing the same.²⁷

- 2.30 Mr Neil Willmettt told the Committee about successful Indigenous business owners who choose to work six months of the year so that they can have the time for cultural matters. He indicated that for some people, the cultural things made them strong. Mr Willmettt felt the most important aspect was that Indigenous people were informed before getting into business so they could make the choices that were right for them.²⁸

- 2.31 Mr Edgar Price told the Committee that while many issues were put down to a cultural divide, he felt that often they were more about experience in business rather than anything particularly cultural.²⁹

- 2.32 Ms Helene George from Creative Economy Pty Ltd contended that the cultural aspect of business offers Indigenous people an advantage:

Governments should recognise that there is that advantage in a cultural business, culture should be seen as an opportunity for businesses, and it should be seen as a point of strength and not as a constraint.³⁰

Skill gaps

- 2.33 Many of the participants in the inquiry considered that financial literacy was a key first step in developing Indigenous entrepreneurs and needed to be part of any business support. The New South Wales Government stated that too many Indigenous enterprises lack basic

27 Burrthi Aboriginal Corporation, *Submission No. 35*, p.1.

28 Mr Neil Willmettt, *Transcript of evidence*, 9 September 2008, p. 18.

29 Mr Edgar Price, *Transcript of evidence*, 7 August 2008, p. 13.

30 Ms Helene George, *Transcript of evidence*, 9 September 2008, p. 49.

business knowledge and financial skills or have poor strategic management, contributing to business failure.³¹

2.34 Rio Tinto Australia and the Minerals Council of Australia also considered that financial literacy and money management are a vital but missing link in Indigenous business preparedness for growth.³²

2.35 Some participants indicated that the financial management role could be outsourced. Tangentyere Council has found that business advice from private financial consultants on cash flow management was of importance in establishing viable enterprises. They indicated that a government grant could be used for that purpose.³³

2.36 Mr Edgar Price told the Committee that outsourcing financial affairs could effectively 'quarantine' business income from extended family or the pressure for funds that extended family may place on the business owner.³⁴

2.37 The art centre model as a hub for a range of assistance was demonstrated to the Committee on the visit to the Waringarri Art Centre in Kununurra. Centre Manager, Ms Cathy Cummins, explained how the art centre would assist artists with any form of assistance that they needed:

Generally – and I think this is quite true of art centres across the top end at least – quite often you are dealing with a group of people whose numeracy and literacy skills may not be of a very high level. So, when the Centrelink form comes in or a notification from Homeswest or something else, you need to support that artist by reading it to them. So, as I mentioned to you earlier, we do assist artists in a whole range of ways that maybe government could be assisting them with. But, I guess, for a lot of artists and the surrounding community, the centre seems to be a bit of a hub. Artists trust that hub, so they come to you for information that they cannot read or they do not understand.³⁵

2.38 The submission from Harlequin Business and Training Consultants provided an alternative view. They suggested that long term reliance for business administration on outside sources and consultants tends

31 NSW Government, *Submission No. 49*, p. 6.

32 Rio Tinto, *Submission No. 43*, p. 6; Minerals Council of Australia, *Submission No. 54*, p. 2.

33 Tangentyere Council, *Submission No. 30*, pp. 3-4.

34 Mr Edgar Price, *Transcript of evidence*, 7 August 2008, p. 12.

35 Ms Cathy Cummins, *Transcript of evidence*, 7 August 2008, p. 19.

to reduce the Indigenous business operators sense of ownership and motivation. They cautioned that ignorance of such financial or operational issues may also lead to the misuse of business funds by outside persons.³⁶

- 2.39 Small businesses can face problems with key issues such as gaining capital to start their business, financial management and access to networks associated with small business. These problems can be amplified with Indigenous businesses, where there may not be a family background in small business, financial skills or networks to assist with sales and marketing.³⁷
- 2.40 The Law Council of Australia considers that access to commercial legal advice and assistance is a key concern for Indigenous people, organisations and entities seeking to establish a new enterprise. Commercial legal assistance is practically essential for new entrepreneurs who face significant risks and challenges when entering into business ventures. However, such assistance is rarely available or affordable for low income business enterprises requiring guidance and legal advice on start up issues or other issues such as debt recovery, interpreting a lease or other business contracts.³⁸
- 2.41 Ms Sarina Jan told the Committee about how her business adopts a alternative process to mentor Indigenous people who want to go into business. They use Indigenous business people who volunteer their time to groom and mentor entrepreneurs over 12 to 16 months before actually going into business. They also include a cultural component in any business plan developed because experience has shown that most of the business plans that Indigenous people have for their businesses miss out on having a cultural plan.³⁹

Counting Indigenous businesses

- 2.42 The Committee has heard evidence that there is little data on Indigenous economic activity currently available particularly in terms of specifics around Indigenous enterprises. Several participants in the inquiry indicated that more data needs to be collected on Indigenous

36 Harlequin Business and Training Consultants, *Submission No. 48*, p. 3.

37 Xsite Building Services, *Submission No. 65*, p. 2.

38 Law Council of Australia, *Submission No. 53*, p. 1.

39 Ms Sarina Jan, *Transcript of evidence*, 6 August 2008, p. 68

businesses.⁴⁰ The Committee notes that the Indigenous focus group discussion on economic development at the 2020 Summit also raised these concerns and recommended that a national review and an annual survey of Indigenous businesses be conducted.⁴¹

- 2.43 The ABS currently obtains statistics on the economic activity of Indigenous people through labour force and income data from the Census of Population and Housing and household surveys, with a limited amount of information on self-employment available through the Census.
- 2.44 Available data indicates that the rate of self-employment for Indigenous people is markedly lower than that for non Indigenous people.⁴² There are several reasons for low rates of self employment and ownership of enterprises for Indigenous people in Australia. The 2007 Government report *Overcoming Indigenous Disadvantage* comments that government policy has emphasized business opportunities at the Indigenous community level, rather than self employment opportunities.⁴³
- 2.45 In very remote areas there is the largest difference in Indigenous and non Indigenous self employment rates, with Indigenous people being almost nine times less likely than non Indigenous people to be self employed. Business opportunities are often more limited in remote areas, and there is greater difficulty in accessing capital and infrastructure. However, in remote areas there are also opportunities for service and related micro-enterprises due to the small and dispersed population base.
- 2.46 Complicating a coordinated policy development process for Indigenous businesses is the lack of data that can describe current industry spread and identify where and how best to target an appropriate range of business assistance. The challenge for policy makers in this environment is to develop incentives and coordinated policy frameworks which respond flexibly across these sectors, regions and business models.

40 Mr Neil Willmet, *Submission No. 64*, p. 4; Ms Leanne Miller, *Transcript of evidence*, 14 July 2008, p. 30.

41 Options for the Future of Indigenous Australians, *Australia 2020 Summit Final Report* 2008, www.australia2020.gov.au, accessed 13 Oct 2008.

42 Steering Committee for the Review of Government Service Provision, 2007, *Overcoming Indigenous Disadvantage: Key Indicators 2007*, Productivity Commission Canberra, p. 11.18

43 Steering Committee for the Review of Government Service Provision, 2007, *Overcoming Indigenous Disadvantage: Key Indicators 2007*, Productivity Commission Canberra, p. 11.18

- 2.47 Where other countries such as New Zealand, Canada and the United States all conduct some form of annual 'Aboriginal' business surveys, Australia has no baseline data to assess the development of Indigenous businesses. The lack of data limits the capacity to track Indigenous business growth and results in government policy and business assistance being development in a vacuum.⁴⁴
- 2.48 The ABS has indicated that it is looking to better respond to emerging needs for Indigenous economic and business statistics through assessing existing data sets and investigating future frameworks for measuring Indigenous economic activity. This will include:
- Exploratory work with prospective users to develop a framework for measuring Indigenous economic activity, identifying specific needs and concepts for measurement. These issues may include:
 - ⇒ measuring and understanding economic resources available to remote Indigenous communities;
 - ⇒ the characteristics and activities of incorporated Indigenous organisations;
 - ⇒ community-level governance and business leadership;
 - assessment of the outcomes of the Northern Territory collaborative project on Indigenous business activity, to identify opportunities for measurement of Indigenous business activity across other jurisdictions and at a national level;
 - analysis of 2006 Census Indigenous self employment data with the view to including these in Council of Australian Governments Overcoming Indigenous Disadvantage reporting; and providing them to the Ministerial Council on Small Business; and
 - further exploration of the potential use of external agency 'business' related administrative data.⁴⁵
- 2.49 Targeted assistance that meets the range of Indigenous enterprise needs is reliant on trend data. The Committee considers that, as a priority, there must be introduced a biennial survey of Indigenous business across Australia. The Committee suggests a biennial survey in an endeavour not to impose a further burden on industry, and in recognition that the importance of such a survey is to capture enterprises across all sectors, business models and locations, from

44 Mr Neil Willmetts, *Submission No. 64*, p. 6.

45 Australian Bureau of Statistics, *ABS Directions in Aboriginal and Torres Strait Islander Statistics*, Jun 2007, cat. no 4700.0.

urban to remote, and the particular challenges of ensuring comprehensive results.

Recommendation 1

- 2.50 **The Committee recommends that the Australian Government conduct a biennial national review of Indigenous businesses in Australia, collating data on industry sector, business size and structure, location and economic contribution.**

Counting the social contribution of Indigenous businesses

- 2.51 Understanding the prevalence, geographical and sector spread of Indigenous businesses is key to developing government policy that can harness strengths and competitive advantages. Similarly understanding the contribution of Indigenous businesses, at a national and local community level, is essential in assessing the economic and social returns on investment of fostering Indigenous enterprises.
- 2.52 The Committee received a range of evidence emphasizing the social benefits of Indigenous enterprises, particularly when businesses are clustered to provide local benefits to surrounding Indigenous communities.
- 2.53 The Bawinanga Aboriginal Corporation (BAC) in Maningrida was founded in 1979 and operates a range of enterprises based around a 'hub and spoke' business model:

BAC now manages 20 businesses including a mechanical workshop, road and housing maintenance services, a retail fuel outlet, a large supermarket/variety store, construction services, aged care services, a mobile shopping service, a takeaway food outlet, land care, a commercial wildlife venture, an eco tourism business and a highly successful community-based arts and culture centre. Its 20 businesses

contribute more than half of BAC's annual turnover of over \$27 million.⁴⁶

- 2.54 Dr Stanley of Focus Pty Ltd suggested that diversifying local economic development, rather than focusing on individual entrepreneurs, is the best way to support this business diversity:

Clusters of interrelated enterprises may provide one another with peer support, and may make external support mechanisms more cost effective. This is especially important in the context of discreet Aboriginal communities, or communities within which Aboriginal consumers form a large proportion of the population.⁴⁷

- 2.55 Anecdotal evidence from individuals and communities emphasised the importance of entrepreneurship in overcoming Indigenous disadvantage and achieving a social and economic sustainability. However, the Committee felt that the lack of methodology to assess social as well as economic contributions was impeding the overall and evaluation of assistance measures.

Recommendation 2

- 2.56 **The Committee recommends that the Australian Government recognise the vital contribution of Indigenous business development to the economic and social sustainability of Indigenous communities and, accordingly, develop the methodology to adequately value this economic and social contribution when assessing the investment returns for providing assistance to Indigenous businesses.**

Areas of Indigenous commercial advantage and strength

- 2.57 Generally Indigenous commercial or competitive advantage is in culture based industries where the advantage is in the uniqueness of the product, not the quality or price. Other areas of competitive advantage are land or location based, such as land and resource

46 Professor Jon Altman & Ms Kirrily Jordan, *Submission No. 39*, p. 8.

47 Focus Pty Ltd, *Submission No. 25*, p. 4.

management opportunities, the tourism sector, and a range of service opportunities around the mining sector.⁴⁸

- 2.58 This section considers Indigenous arts, tourism and natural resource management as sectors of strength and opportunity for Indigenous people. The section also considers initiatives to strengthen governance and improve benefits to local communities when negotiating Indigenous Land Use Agreements (ILUAs).
- 2.59 There was limited evidence received on opportunities in the construction industry although the Committee considers there is potential to grow this area of Indigenous business. Discussion on opportunities for the construction industry is provided in the section on procurement in Chapter 4.
- 2.60 Submitters noted that Indigenous people have both history and advantages in different areas of business:
- Balkanu Cape York Development Corporation wrote of Indigenous peoples' history with and continuing keen interest in the pastoral industry and potential to expand in timber, fishing and mining.⁴⁹
 - Father Dalton Bon referred to the Torres Strait Islanders work in pearling and trochus shell industries, railway construction and mining on the mainland, as indications of acumen for tourism and marine business developments.⁵⁰
 - The East Kimberley's Gelganyem Trust Co-Chair Ms Maria Morgan emphasised Indigenous peoples' unique advantage in the tourism sector saying: 'We were born with the ability to know our culture and to show visitors, whether they are from here or not'.⁵¹
- 2.61 The Committee also notes that the location of mining ventures offers business opportunities for Indigenous communities. These opportunities are considered in Chapter 4 as part of corporate incentives to engage with Indigenous businesses. Strengthening land use agreements is also crucial to capturing benefits from the current boom in the mining sector.

48 Focus Pty Ltd, *Submission No. 25*, p. 3; Dr Barrie Pittock, *Submission No. 16*, p. 1; Winda Mara Aboriginal Corporation, *Submission No. 29*, p. 2; Mr Peter Shepherd & Mr Iain Govan, *Submission No. 45*, p. 4.

49 Balkanu Cape York Development Corporation, *Submission No. 14*, p. 3.

50 Father Dalton Bon, *Submission No. 1*, p. 1.

51 Ms Maria Morgan, *Transcript of evidence*, 7 August 2008, p. 27

Indigenous arts

- 2.62 The arts sector offers a unique competitive advantage to Indigenous Australians across a wide range of media such as painting, carving, sculpture, weaving, pottery, print-making, fabric printing, photography, dance and theatre.
- 2.63 Mr Basil Hall runs a print-making studio and outreach program for between 80 to 100 artists annually across 10 remote communities across the north and centre. He observed:
- In terms of identifying Indigenous commercial advantage and strength, obviously if we are talking about art we are talking about something that Indigenous people are damn good at. It is proven in auctions all around the country and all over the world that we are actually dealing in something that is performing well for Aboriginal people.⁵²
- 2.64 Few Indigenous artists operate as sole business owners. Many work through an art centre which can be cooperatively run by an artist collective or a community corporation, or alternatively managed as an independent business providing work space as well as showing and purchasing works from artists in the area.
- 2.65 For example, the Kununurra Red Rock Art Gallery is a non Indigenous owned, for profit organisation that has been operating for over 12 years and provides a neutral space to paint for artists who are off country.⁵³ Another arts business in Kununurra, Waringarri Aboriginal Arts is registered as an Indigenous corporation under the Corporations (Aboriginal and Torres Strait Islander) Act 2006, with a board of ten artists elected annually. It is one of oldest Indigenous owned art centres in the country.⁵⁴
- 2.66 Indigenous artists in both urban and remote environments have flourished through the formation of Indigenous arts collectives and hubs. The National Association for the Visual Arts (NAVA) advised:
- There is no 'typical' Art Centre, however, each Art Centre is based on the principle of Indigenous self determination; focuses on the economic, social and cultural benefits to be accrued for Indigenous artists from Indigenous art; and has a
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52 Mr Basil Hall, *Transcript of evidence*, 6 August 2008, p. 8.

53 Red Rock Gallery, *Submission No. 46*, p. 1.

54 Mrs Jenny Kelly, *Transcript of evidence*, 7 August 2008, p. 16; Ms Catherine Cummins, *Transcript of evidence*, 7 August 2008, p. 16.

unique role in the brokerage, or mediation, of Indigenous cultural products to the wider public.⁵⁵

- 2.67 The Indigenous arts collective function is like an enterprise hub or facilitator, but the artist is attached to the centre by an agreement for the sale and production of their work.⁵⁶ NAVA promoted the Indigenous owned community art centre as a model for success both culturally and commercially in remote environments, and one that could be applied to incubate other Indigenous business sectors.⁵⁷
- 2.68 In remote areas, 75 to 80 per cent of Indigenous people can be unemployed⁵⁸ and living largely outside of mainstream culture. Mr Hall advised that Indigenous art centres provide a unique social function as 'printmaking workshops, as drop-in centres, as women's refuges', in addition to being enablers of Indigenous control of their product.
- 2.69 The Torres Strait Regional Authority (TRSA) reported that 'Torres Strait Islanders have a uniquely different artistic expression to Aboriginal people. The TSRA submission noted that the Kubin Arts Centre on Moa Island is now a key incubator for new artists and is producing export ready art work for the fine art market.⁵⁹
- 2.70 While painting and printmaking dominate the Indigenous arts sector, there are a range of theatre and performing arts businesses. Yirra Yaakin Aboriginal Corporation is a West Australian theatre group which produces theatrical productions that are written, directed and performed by Indigenous artists. It specialises in theatre highlighting Indigenous themes as well as producing issues based performances and workshops that address social concerns in the community.
- 2.71 The business structure of Yirra Yaakin has been central to the ongoing success of the company and the company's ability to stay true to culture. Yirra Yaakin has an Indigenous member base that it operates from and it also acknowledges that they may need to draw on skill sets that are not readily accessible within the Indigenous community. Consequently they also have a non associate membership which does

55 National Association for the Visual Arts, *Submission No. 31*, p. 6.

56 National Association for the Visual Arts, *Submission No. 31*, p. 6.

57 National Association for the Visual Arts, *Submission No. 31*, p. 1.

58 Mr Ralph Addis, *Transcript of evidence*, 7 August 2008, p. 2.

59 Torres Strait Regional Authority, *Submission No. 63*, p. 5-6.

not have voting rights ability but can assist the members on the board to make informed decisions.⁶⁰

- 2.72 Yirra Yaakin was highly commended in the 2006 Reconciliation Australia Indigenous governance awards. However, despite successes nationally and internationally, the company noted the challenges in securing arts funding.⁶¹

Issues for the arts sector

- 2.73 The lack of individual entrepreneurs in the arts sector was regarded by some during the inquiry as a weakness while for others the community arts centre model was considered worthy of application in other sectors, being both culturally consolidating and commercially strong.⁶²
- 2.74 Mr Peter Leo saw the Indigenous controlled centre as the antidote to the problem of people who exploit artists:
- ... some operators when purchasing quantity from our people pay the lowest prices and on some products marking up the same product 300 and 400% and higher in some instances ... if one or more local Indigenous enterprises could be financially set up to service our people and bring some equity to our mob and our mob only sell to them in order to control the local Indigenous art and craft market it would not only benefit our local mob but encourage other Indigenous people and businesses to participate and set up operations.⁶³
- 2.75 Professor Altman reported on the Bawinanga Aboriginal Cooperation at Maningrida where the art centre is one of many businesses run in the town on CDEP with top-up payments. The collective model, he maintained allowed for profits made in the town to be reinvested in enterprise development. This in turn gave women artists for example, flexibility for child care and the opportunity to move out to small business and move off CDEP.⁶⁴
- 2.76 The Committee notes that the funding allocated to Indigenous art centres in May 2008 indicates the Government's commitment to the

60 Ms Sam Cook, *Transcript of evidence*, 12 September 2008, p. 33.

61 Ms Sam Cook, *Transcript of evidence*, 12 September 2008, p. 38.

62 National Association for the Visual Arts, *Submission No. 31*, pp. 1, 5, 7.

63 Mr Peter Leo, *Submission No. 15*, p. 1.

64 Professor Jon Altman, *Transcript of evidence*, 28 August 2008, pp. 17-18.

sector.⁶⁵ Funding allocations for governance and mentorship training for artists is an important initiative but some submitters suggested that there may be a case for a funding model which enables diversification of product, such as print making which allows artists to bank their work for their future, and centre manager training and support.⁶⁶

Indigenous tourism

- 2.77 Tourism offers a range of successful business models which exhibit varying degrees of Indigenous control. At one end are large tourism developments conducted with Indigenous Business Australia (IBA) and joint ventures with corporate partners, at the other end are community based and stand alone microtourism enterprises.
- 2.78 Tourism has synergies with the arts and culture industries. Availability of accommodation and other local attractions can affect the sustainability of arts ventures, and likewise, an arts centre provides an opportunity to build a range of support services around it. Tourism moreover, offers a bridge between culturally based industries and more purely commercial endeavours.
- 2.79 IBA's investments in tourism are mostly at the top end of the tourism sector, in large tourism resorts and theme park type ventures. Groups such as the West Australian Indigenous Tourism Operators Committee (WAITOC) act as a broker for those who wish to get into Indigenous tourism.⁶⁷
- 2.80 Cultural tourism ventures range from the single guided tour, to microtourism ventures through to joint partnerships with large companies. Cultural tourism relies on the transition of knowledge and culture to groups or individuals on the land owner's country. This can involve tours through country or teaching of traditional skills.
- 2.81 Native title arrangements are significant determinants of capacity for tourism development in national parks under Indigenous control.
- 2.82 Flexibility in terms of the models used and agreements which are appropriate and inclusive of Indigenous communities characterise the

65 The Hon Peter Garrett, Minister for the Environment, Heritage and Arts, media release 'Increased Support for Aboriginal Art Centres', 28 May 2008

66 Mr Basil Hall, *Transcript of evidence*, 6 August 2008, pp. 10-11; Red Cockatoo, *Submission No. 12*, p. 1.

67 Ms Angelique Fransen, *Transcript of evidence*, 12 September 2008, p. 3.

range of eco-tourism ventures raised during the inquiry. They include:

- Mr Roger Allen of Indigenous Capital Limited has developed a franchise model for Indigenous tourism development in the Daintree areas. Under the model the management provides microfinance and the venture capital funds for the infrastructure, including jeeps and boats. The proposal will be set up as an entity owned by Jabalbina, the body corporate formed under an Indigenous land use agreement with the Yalanji people.⁶⁸
- At the microtourism business end, anthropologist Mr John Gaetorex works with Yolngu in cultural tourism in Arnhem Land:

A little business is operated just south of Elcho Island. They have been running a little weaving business. They run workshops for people from around Australia. When people go out there, they sit with these people – women – they collect pandanus dyes, they weave and the tourists experience what it is like to be in north-east Arnhem Land living with these people. They have been doing that for six years without any assistance – doing it themselves with some facilitation by me.⁶⁹

Issues for Indigenous tourism

- 2.83 A key issue for Indigenous business is the limited opportunity to engage with large tourism development. The Committee received some evidence on this issue but is not in a sufficiently informed position to make any recommendations on ways forward.
- 2.84 Dr Stanley, for example, regarded tourism as one of the most difficult and daunting sectors to enter as a small business and indicated that Indigenous involvement in mainstream tourism is very low.⁷⁰
- 2.85 WAITOC reported that there was a lot of interest in the tourism industry and that it was regarded as a glamorous opportunity. They tended to counsel potential business owners with some realism, highlighting some of the less glamorous aspects that may not be

68 Mr Roger Allen, *Transcript of evidence*, 25 July 2008, pp. 25-26.

69 Mr John Gaetorex, *Transcript of evidence*, 6 August 2008, p. 2.

70 Focus Pty Ltd, *Submission No. 25*, p. 5.

immediately apparent. They have found that this tends to separate those who are serious.⁷¹

- 2.86 In some instances, potential opportunities for cultural tourism are not able to be fully captured under Native Title arrangements and ILUAs. This issue is considered further later in this chapter.

Natural resource management and primary industries

- 2.87 Australia has a fragile natural environment which is vulnerable to climate change. This is a particular threat to Indigenous communities in regional and remote areas, but it also opens up a range of opportunities to build culturally affirming industries based on traditional land and resource management skills.
- 2.88 Indigenous people control over 20 per cent of Australia's land, over 40 per cent of which is undeveloped. Indigenous settlement patterns and land ownership is extensive in national parks and in remote unprotected regions with high environmental heritage value. In the Northern Territory 44 per cent of land mass and 84 per cent of the coastline is under Indigenous ownership. Thirteen per cent of all Australia's forestry areas are in Indigenous hands.⁷²
- 2.89 A recent environmental study identified Australia as one of the five most important wild areas on earth. The study also found Australia has the highest number of endemic mammal and reptile species in the world but the worst rate of species extinction due to threats from feral animals, invasive weeds and bushfire.⁷³
- 2.90 The desire of many Indigenous people to stay on country connects with the opportunity for enterprise in natural resource management.⁷⁴ Professor John Altman and Ms Kirrily Jordan were advocates for a government response to environmental and climate threats, utilising Indigenous intellectual property and traditional stewardship of lands:

While some Indigenous land-owners currently engage in natural resource management activities, much of this is conducted outside the market or poorly remunerated, pointing to a significant opportunity for commercial

71 Ms Angelique Fransen, *Transcript of evidence*, 12 September 2008, p. 8.

72 CSIRO, *Submission No. 27*, p. 6.

73 C. Booth and B. Trail, *Conservation of Australia's Outback Wilderness*, the Pew Environment Group and The Nature Conservancy, 2008, p. 9.

74 Ms Kirrily Jordan, *Transcript of evidence*, 28 August 2008, p. 13.

development.... Opportunities exist both in managing ecosystems to minimise environmental damage and in developing environmental programs that help reduce Australia's carbon emissions. For example, there are significant opportunities in wildlife management projects and emerging industries such as carbon trading and biodiversity credits.⁷⁵

2.91 The Commonwealth Science and Industrial Research Organisation (CSIRO) advised that it is investigating the potential that land and resource management holds for Indigenous people in both economic and social terms. The submission identified the following opportunities:

- Fire management for carbon abatement and offset schemes;
- Land management on pastoral properties, defence properties, and NT and Australian Parks;
- Environmental monitoring and rehabilitation around mine sites and forestry plantations;
- Landscaping and dust reduction around major towns and communities;
- Control and eradication of weeds and feral animals, particularly in high biodiversity areas;
- Biodiversity offsets and the maintenance of intact landscapes;
- Indigenous ecological knowledge; and
- Cultural and environmental tourism.⁷⁶

2.92 Dr Jocelyn Davies Principle Research Scientist of the CSIRO outlined the commercial opportunities of the West Arnhem Fire Management Agreement:

It has got pretty significant potential. In that particular area of west Arnhem Land the agreement that has been made returns about \$19 million over 20 years, I think – it is about \$1 million a year – to Aboriginal people for fire management in that particular area. It is engaging 30 people who will be employed in fire management. It is in the first three years of operation...It has mitigated above target on the greenhouse

75 Focus Pty Ltd, *Submission No. 25*, p. 4.

76 CSIRO, *Submission No. 27*, p. 4.

gas offsets. It is something like 40 per cent above target. That is not a market arrangement at the moment. That is a contracted agreement that involves the company, the Northern Territory government and the flow of money down to the traditional owner groups.⁷⁷

- 2.93 There is also research and development taking place that seeks to commercialise native food harvests and to investigate use of the land for carbon sequestration.
- 2.94 The Desert Knowledge Cooperative Research Centre (CRC) reported that its Bush Food Systems programs focus mainly on bush tomatoes and the development of a supply chain in which Indigenous people are more involved and receive greater benefits.⁷⁸
- 2.95 Mr Paul Dodd of the World Indigenous Cultural Exchange & Economic Development Organisation (WICEEDO) is working with the CSIRO to trial Indigenous harvesting of bush foods, desert permaculture and carbon abatement.⁷⁹
- 2.96 Message Stick Group is investigating carbon trading opportunities for remote Indigenous communities. Director Mr Dugald Russell explained that the model relies on a carbon emissions trading scheme which includes forestry offsets. Potentially the model enables 30 and 40 years of income streams which is the life of the trees in the ground.⁸⁰

77 Dr Jocelyn Davies, *Transcript of evidence*, 4 September 2008, p, 18-19.

78 Professor Murray McGregor, *Transcript of evidence*, 12 September 2008, p. 25.

79 Mr Paul Dodd, *Transcript of evidence*, 25 July 2008, pp 19-20.

80 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 10.

Box 2.2 The problem with camels

There are between one million and 1.3 million feral camels in Australia. They are increasing at a rate of 10 per cent per year and they are doubling every eight to nine years.

Camels do significant damage to land assets, including waterholes. They foul waterways and also eat plants which native animals would eat. They do significant damage to quandongs, for instance, and other species which are valued by Indigenous people. Camels can eat 80 per cent of what is on offer.

Australia has massive problems with pest animals such as camels and there are potentially enterprises and employment for local Indigenous people in programs to control these animals.

However, there are issues with the remoteness of the locations where the large populations of camels are located that make these enterprises difficult to sustain. Camels are difficult to transport live and the distances may be great. At the moment the market for camels is the pet food industry and prices are very low and would require a large capital expenditure for setting up an abattoir.

It is not as simple as setting up a business. There are a whole series of factors which go against the economics of managing camels in a way that might get some economic return. Unless there are greater financial incentives for land conservation initiatives to reduce the feral camel number will not be commercially viable.

Source: based on evidence provided by Professor Murray McGregor, Transcript of evidence, 12 Sept 2008.

Issues for natural resource management and primary industries

- 2.97 The Committee heard a range of evidence that natural resource management and carbon abatement activities provide immense potential to build not only sustainable enterprises, but sustainable communities.
- 2.98 The Australian Indigenous Chamber of Commerce advised:
- These elements can provide a sustainable economic base for Indigenous enterprise and employment based on the triumvirate of Land, Resources and People. This opportunity is based on custodianship and sustainable use and management of Indigenous land, based on both traditional and newly acquired skills. It also requires the commercial framework in which to foster and grow Indigenous

prosperity and economic independence requires robust structures, national unity and governance that respects the cultural and societal complexities of Indigenous Australia.⁸¹

- 2.99 The Desert Knowledge CRC is also investigating commercial opportunities for remote land management entrepreneurs and the CSIRO is a partner in this research. The CSIRO program of research is discussed further in Chapter 3.

Strengthening governance to capture business opportunities

- 2.100 The Committee heard that Indigenous enterprises function best when Indigenous control is maximised in a strong corporate governance structure. In this way social and cultural obligations can consolidate outcomes:

Where communities exercise genuine decision making control, greater risk and accountability results in community leaders bearing the consequences of their actions and dealing with the consequent approval or opprobrium from stakeholders, which in turn fosters better decision making.⁸²

- 2.101 Ms Sarina Jan reported that Indigenous people are so used to doing community development governance that they do not know how to do corporate development governance when they get into business.⁸³
- 2.102 Reconciliation Australia, with BHP Billiton, plays a key role in promoting the importance of good governance to Indigenous business success through its annual Indigenous Governance Awards.⁸⁴
- 2.103 Some assistance in the area of business governance is now provided through the introduction of the Corporations (Aboriginal and Torres Strait Islander) Act 2006 which has opened business opportunities by giving flexibility to Indigenous corporations to structure their governance arrangements for the commercial outcomes they want. Further detail on the Act and the programs administered by the Office of the Registrar of Indigenous Corporations (ORIC) is provided in Chapter 3.

81 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 2.

82 Jumbunna House of Learning, *Submission No. 37*, p. 3

83 Ms Sarina Jan, *Transcript of evidence*, 6 August 2008, p. 68.

84 Ms Barbara Livesey, *Transcript of evidence*, 25 September 2008, pp. 18-19.

- 2.104 Mr Beven, the Registrar of Indigenous Corporations, told the Committee:

[the Act] has been tailored specifically to meet the needs of Aboriginal and Torres Strait Islander people around the country. Central to the intent of the legislation is recognition that there are different cultures and traditions that Indigenous people operate under when they are managing organisations, whether they are for commercial reasons, for non-profit reasons, or just for private purposes. The legislation does reflect that.⁸⁵

- 2.105 The impact of the Act, however, is seen in the diversity of structures which are being formed:

When we look at what activities Indigenous organisations registered with us are involved in we are seeing a real shift away from the delivering of government services to being more mainstream organisations, more profit oriented bodies.⁸⁶

- 2.106 As mining and climate change take the centre stage in Australia's economic development, corporate partnerships provide unique opportunities and very significant challenges to Indigenous land owners. As Jumbuna Indigenous House of Learning submitted:

One can envisage economically prosperous Indigenous communities supporting a range of business enterprise models - community controlled businesses enterprises run by Indigenous entrepreneurs and joint ventures - that will contribute to and be sustained by the community in different ways. The critical question is how do communities create the environment that will promote and uphold sustained economic development?⁸⁷

Negotiating benefits under Indigenous Land Use Agreements

- 2.107 Land ownership can represent a number of commercial opportunities for Indigenous communities. However, as noted in the *Overcoming Indigenous Disadvantage 2007* report, the potential to generate business

85 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 3.

86 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 5.

87 Jumbunna House of Learning, *Submission No. 37*, p. 2.

opportunities from land ownership and control depends on factors such as:

- the location of the land – remoteness from markets and population centres adds to the costs of delivering products and services from some Indigenous communities;
- the nature of the land – opportunities to profit from mining, agriculture and tourism depend, respectively, on the presence of certain minerals, rainfall and soil fertility, and places and activities that appeal to tourists; and
- the extent of ownership and control over the land – some land is held communally and/or with a restricted title, which may limit certain economic activities (for example, leasing or selling the land to others, or restrictions on land use).⁸⁸

- 2.108 The formation of Indigenous Land Use Agreements (ILUA) under the *Native Title Act 1993* provides for communities to negotiate with government or industry for access to land where native title has been recognised or is subject to a claim. These agreements allow for Indigenous communities to establish businesses or business partnerships with mining and other industries to secure financial or other benefits for distribution or investment.⁸⁹
- 2.109 ILUAs are not considered in the courts and so offer a means of regional negotiation which can avoid the confrontational and litigious claims progressed under native title legislation.⁹⁰
- 2.110 There has been a substantial increase in the number of registered ILUAs, which is to a large degree fuelled by the increase in mining activity. The number of ILUAs increased from 84 in 2003 to a total of 250 in 2006, which covered 10.6 per cent of the total land area of Australia.⁹¹
- 2.111 It was widely acknowledged among community owners and experts that strong economic outcomes are achievable under ILUA partnerships. However, there were also concerns about the relative

88 Steering Committee for the Review of Government Service Provision, 2007, *Overcoming Indigenous Disadvantage: Key Indicators 2007*, Productivity Commission Canberra, p. 11.24

89 AIATSIS, *Submission No. 26*. pp. 1-2.

90 AIATSIS, *Submission No. 26*. pp. 1-2.

91 Steering Committee for the Review of Government Service Provision, 2007, *Overcoming Indigenous Disadvantage: Key Indicators 2007*, Productivity Commission Canberra, p. 11.22

powerlessness of Indigenous people to negotiate best terms for their communities under such agreements.

- 2.112 Moreover, Indigenous community corporations do not have the resources to pay for the expensive legal and taxation advice needed to set up arrangements to their best advantage. In some instances companies engaging in these agreements do pay for communities to seek advice. However, in contrast to the advice and assistance and monitoring provided to Indigenous Corporations under the CATSI Act, ILUA partnership agreements are not monitored.⁹²
- 2.113 Dr Jane Stanley of Focus Ltd noted that both administration and monitoring procedures for ILUAs are poorly developed, with agreement documentation being prepared off country by legal representatives who often have no knowledge of the cultural or commercial aspirations of the Indigenous communities involved.⁹³
- 2.114 To streamline the negotiation of ILUAs, templates have been introduced in some areas following successful developments in Queensland.⁹⁴
- 2.115 The Committee considers that there is potential under ILUA templates to mandate certain conditions, such as payment by industry partners for a lawyer and anthropologist to assist communities in agreement making. Templates for joint partnerships arrangements in specialised sectors such as such tourism could be developed, with the flexibility to specify cultural and commercial objectives.
- 2.116 The Committee notes that ORIC currently uses a template for corporate structures for negotiation of more flexible governance arrangements for communities. ORIC also provides extensive training, advice and mentoring to ensure the governance model fits closely to community needs. This model of support should be applied when negotiating ILUA agreements.

92 Focus Pty Ltd, *Submission No. 25*, p. 6, Dr Lisa Strelein, *Transcript of evidence*, 4 September 2008, p. 12.

93 Focus Pty Ltd, *Submission No. 25*, p. 4.

94 HREOC *Native Title Report 2007*, www.hreoc.gov.au, accessed 13 October 2008.

Recommendation 3

- 2.117 The Committee recommends that the Australian Government develop templates for Indigenous Land Use Agreements to specify that corporate and industry partners fund Indigenous partner corporations to access advice, including financial, taxation and in particular expert legal advice of a quality comparable to that available to the other negotiating partner. This is to ensure that the terms of agreement meet the social and commercial objectives of the Indigenous communities involved.

Recommendation 4

- 2.118 The Committee recommends that the Australian Government develop a process for monitoring the content and implementation of Indigenous Land Use Agreements, and develop a complaints process for Indigenous partners.

The role of government, industry and community programs

- 3.1 There are a wide range of programs from many sectors offering specific enterprise support services to Indigenous people. They range from Australian Government programs such as Indigenous Business Australia to state programs such as the Koori Business Network run by the Victorian Government and programs run by industry and individuals, which are designed to assist Indigenous people to start and run their own business.
- 3.2 The nature of the support provided ranges from financial support, skill and capacity building, overcoming isolation, and asset development including land and coordination of services.¹ The programs generally form part of a wider strategy designed to improve outcomes for Indigenous people.
- 3.3 In 2005, the then Australian Government Department of Employment and Workplace Relations undertook a scoping project to investigate the services available to Indigenous people. The project found that there was an extensive range of government, industry and community organisations offering specific enterprise support programs and services to Indigenous people. It also became obvious that the sheer number and complexity of programs and services was often confusing and daunting to emerging Indigenous entrepreneurs.²

1 Small Business Ministerial Council, *Submission No. 56, Attachment A*.

2 Department of Employment and Workplace Relations, *The Resources Guide: A Guide to Available Resources and Services to Assist Indigenous Enterprise Development*, April 2006, p. 3.

- 3.4 Indigenous communities also have a range of specific issues which may impact upon participants' opportunities to take part in the mainstream economy. At the Indigenous Governance Conference in Canberra in 2002, Ms Diane Smith from CAEPR highlighted some of the difficulties faced by Indigenous communities. This included that most Indigenous communities:
- are overwhelmingly reliant on government transfers, and especially on social security benefits;
 - lack access to necessary capital funds, financial services and credit; and
 - lack streamlined financial management and financial training systems.
- 3.5 It was also shown that in the absence of any enabling national policy or agreement, current funding arrangements impose major restrictions on communities and their organisations. Funds are:
- administered by multiple departments which retain financial authority;
 - delivered in a stop-start process;
 - via a multitude of small separate grants;
 - subject to changing program priorities and packaging;
 - bound by inflexible conditions and timeframes; and are
 - overloaded with heavy administrative and 'upward' accountability burdens.³

Australian Government programs

- 3.6 The Australian Government, through several agencies, runs programs which provide services for Indigenous people wanting to start their own businesses. This direct enterprise support can include grants, lower cost loans and support services such as mentoring, business development assistance and connection to other businesses and markets.
-

3 *Towards a fiscal framework for resourcing Indigenous community governance in Australia*, presentation by Diane Smith to the Indigenous Governance Conference, 3-5 April 2002 Canberra, <http://www.reconciliation.org.au>, accessed 13 October 2008.

- 3.7 Outside of the mainstream programs offering direct enterprise support to Indigenous people are other Government agencies and authorities who provide support other than funding or may undertake research into the area of Indigenous enterprises that is likely to prove invaluable in directing future initiatives and funding for Indigenous entrepreneurs. Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), CSIRO, Indigenous Land Corporation (ILC) and ORIC are examples of groups who provide support or research in this area.
- 3.8 The Department of Environment, Water, Heritage and the Arts (DEWHA) coordinates Indigenous environment programs and initiatives such as 'Caring for Country' and natural resource management. The Committee is aware that many of these programs focus on employment rather than the specific development of enterprises.
- 3.9 In addition the Committee received a submission from the Small Business Ministerial Council (SBMC). The SBMC, which meets annually, comprises Australian Government, state, territory and New Zealand Government Ministers responsible for small business policy. Among other things, the SBMC works to promote a national, consistent and coordinated approach to small business policy and its development, aimed at avoiding overlap and duplication in small business programs between levels of government.

Indigenous Business Australia

- 3.10 Indigenous Business Australia (IBA) is a statutory authority within the Australian Government's Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) portfolio.
- 3.11 IBA's programs and activities aim to facilitate and enable the engagement of Indigenous people in the wider economy. There are three core service delivery programs:
- Business Development and Assistance Program (BDP);
 - Equity and Investments Program (E&I); and
 - Home Ownership Program (HOP).
- 3.12 The BDP fosters the development of Indigenous enterprises by providing access to professional support and finance for Indigenous business entrepreneurs that cannot access these services in the private sector.

- 3.13 Its primary products are low interest business loans for Indigenous Australians with a viable business proposal but who do not satisfy mainstream bank lending criteria. Loans are provided at subsidised rates (currently 2.5 per cent below the Commonwealth Bank of Australia business rate). IBA also provides business support, such as business planning, business related skills development and mentoring, through a national network of over 200 professional business advisers, including business planners, accountants and marketers.
- 3.14 Further assistance encompasses economic development initiatives, including workshops that provide business related training and introduce clients to business concepts and realities, research that provides useful insights into regional economic opportunities, and outreach and mentoring activities for aspiring business people in regional and remote areas.⁴
- 3.15 Other initiatives include projects aimed at multiple beneficiaries where the benefit may be long term business or skills development outcomes. The aim of these initiatives is to build capacity and aspiration for business, and create pathways into business particularly in regional and remote Australia.
- 3.16 IBA consider that the overall effectiveness and value add of their programs stem from a core role as an essential 'market gap' provider. In their submission, IBA state that they fill the gap left by the mainstream economy not providing financial services or commercial opportunities which are accessible to Indigenous people.⁵
- 3.17 IBA works with Preferred Service Providers (PSP) to provide their services across Australia and the Committee heard from several of these providers in the course of the inquiry.
- 3.18 The Committee was very impressed with the work being done around the Introduction to Business Workshops and the range of services available through the PSP network. They did also note that there are PSPs that are not Indigenous focussed.⁶

4 Indigenous Business Australia, *Submission No. 58*, p. 3.

5 Indigenous Business Australia, *Submission No. 58*, p. 5.

6 Ms Fiona Deppler, *Transcript of evidence*, 14 July 2008, p. 48.

Issues

- 3.19 One of the issues raised in the inquiry about the BDP was the level of risk that IBA were willing to accommodate. In their submission, Professor Foley and Dr Hunter indicated that the recent IBA statistics⁷ may demonstrate that the lending policies of IBA are more at the prudent end, servicing only a small percentage of Indigenous economic development or an elite sector of Indigenous finance.⁸
- 3.20 Mr Bruce Harvey from Rio Tinto made the point that IBA would only lend to large established businesses that can demonstrate a positive cash flow and that they are a real profitable business over time.⁹
- 3.21 Several participants in the inquiry raised what they considered to be the somewhat onerous requirements for IBA applicants. The Minerals Council of Australia stated that IBA's BDP and E&I requirements are onerous and require emerging businesses to meet equivalent hurdles to those required by mainstream investment options such as banks. They stated that IBA tend to favour investment in businesses that may be sustainable and economically viable even without investment by IBA.¹⁰
- 3.22 Mr Edgar Price of Price Louvel raised concerns regarding IBA's business support program, namely that there is a requirement for a certain level of business sophistication on the client's behalf before they meet criteria for assistance. He felt that this would rule out many Indigenous people.¹¹
- 3.23 Koorie Women Mean Business considers that there needs to be less red tape in the IBA application and a shorter timeframe on the application process.¹² The Yorta Yorta Nation Aboriginal Corporation agreed with this.¹³
- 3.24 Rio Tinto's submission raised issues about the scope and delivery of IBA's services which often do not reach some parts of the country where business advice and support is in high demand. There is a lack of IBA services in the Pilbara in Western Australia, but in the east

7 Indigenous Business Australia Annual Report 2006-7, IBA, pp 47-8.

8 Professor Dennis Foley & Dr Boyd Hunter, *Submission No. 40*, pp. 4-5.

9 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, p. 20.

10 Minerals Council of Australia, *Submission No. 54*, p. 2.

11 Price Louvel, *Submission No. 47*, p. 3.

12 Koorie Women Mean Business, *Submission No. 41*, p. 3

13 Yorta Yorta Nation Aboriginal Corporation, *Submission No. 52*, p. 3

Kimberley region there is very successful one on one case management support for businesses through IBA.¹⁴

IBA Response

3.25 IBA informed the Committee that they consider that over the last few decades the process of Indigenous economic development through programs such as theirs has been either over processed or under processed:

You have either done it to such an extent that Indigenous people find it hard to get in, or there is a lack of process and the loans start to fail.¹⁵

3.26 IBA also indicated that there were unrealistic client expectations stemming from the previous Aboriginal and Torres Strait Islander Commission (ATSIC) program and limited appreciation of the need for commercial rigor in loan assessment.

3.27 During the time of the transition between ATSIC and IBA, certain requirements such as higher security of close to 100 per cent were put in place but this has now settled to an average of 70 per cent.¹⁶ IBA requires less security but still spends time ensuring the capacity of the applicant to repay the loan.

3.28 IBA consider that their program is a gap product that it sits alongside the mainstream financial systems but does not operate in the same manner as banks do. IBA takes less security, provides loans to Indigenous people who may not have a good credit history and loans to Indigenous people who are first time borrowers.¹⁷

3.29 IBA has also made changes to substantially reduce the time taken to progress applications through to loan settlement, such as no longer using the services of the Australian Government Solicitor. Previous process delays centred around certain steps in the IBA business loans process that extend timeframes, particularly the incorporation of comprehensive business planning and confirmation of Indigenous descent.

3.30 IBA is careful to distinguish their role from that of a business incubator and hub. IBA considers that hubs are a good idea for

14 Rio Tinto, *Submission No. 43*, p. 20.

15 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, p. 1.

16 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, p. 3.

17 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, pp. 3-4.

people who have an aspiration for business but considers that they operate in a different space. IBA provides assistance and access to resources which enable the client to stand up for themselves, rather than IBA providing intense support.¹⁸

- 3.31 IBA acknowledges that prompt responses are vital in a commercial environment and action has been taken to reduce both the assessment process and the legal processes of loan establishment. However, risk management practices implemented since the program transitioned to IBA have been retained as these underpin the improved outcomes for clients, including the success rate of businesses. With the new changes in place, IBA business loan processing times will be comparable to those of the mainstream banks.¹⁹

Committee Comment

- 3.32 There was a large amount of evidence presented to the Committee during that hearing that was critical of IBA and their processes. The Committee recognises that in many cases this evidence was a fair and accurate representation of what was happening at the time. IBA has undergone a significant transition since ATSIC and the Committee appreciates that they have undertaken steps to address many of these issues.
- 3.33 However, the comments are of concern to the Committee as they represent client dissatisfaction and a lack of confidence in IBA from some areas of the Indigenous community. Balancing this, the Committee commends IBA for utilising more mainstream experts such as the team of bankers who are auditing the assessment process for loan applications.²⁰
- 3.34 The Committee recognises that IBA has emerged from a culture of grant facilitation with a low assessment of risks, and is endeavouring to improve its credentials in terms of professionalism and assisting businesses to success. This transition may require more coordination with the expertise that is currently available in the non Indigenous finance and business sectors.
- 3.35 Accordingly, the Committee encourages IBA to continue to look for and use other experts who can assist them to achieve a high level of

18 Mr Craig Dalzell, *Transcript of evidence*, 6 August 2008, p. 37.

19 IBA, *Submission No. 58*, pp. 7-8.

20 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, p.4.

professionalism in their own operations and to provide the highest possible levels of service to Indigenous businesses.

Department of Education, Employment and Workplace Relations

- 3.36 The Department of Education, Employment and Workplace Relations (DEEWR) currently administers several programs that contribute to Indigenous entrepreneurship that are focused on a range of activities from business planning through to creation and operation of a business.
- 3.37 The three key programs run by DEEWR are as follows:
- The Emerging Indigenous Entrepreneurs Initiative (EIEI) supports economic development, business skills and financial literacy for Indigenous people with a goal ultimately leading to enhanced employment and business development opportunities;
 - The Indigenous Small Business Fund (ISBF) provides funding for the development and expansion of Indigenous businesses and enterprises; and
 - The Indigenous Capital Assistance Scheme (ICAS) is intended to stimulate Indigenous business development. DEEWR has a contract with Westpac to provide tailored products and services which will support Indigenous business development.
- 3.38 Central to these funding programs are the other aspects that DEEWR either directly funds or supports. These include:
- Funding Indigenous economic development officers, either directly or in partnership with state and territory governments. There are 35 of these officers around Australia and they work in a diverse range of areas, such as specialising in driving initiatives with mining companies or the arts industry;²¹ and
 - Funding business hubs operating in the Northern Territory.
- 3.39 DEEWR funds individuals, families or partnerships and community organisations through these programs. In the last financial year, the EIEI program provided \$4.8 million for initiatives, the ISBF \$6.8 million and ICAS \$405 000. These programs were reviewed in 2007 by the Office of Evaluation and Audit and were found to be successful in providing funding assistance to eligible Indigenous businesses.

21 Mr Bob Harvey, *Transcript of evidence*, 4 Sept 2008, p. 3

Additionally, it was found that half of the community organisations receiving funding through the ISBF were creating employment opportunities with a quarter employing more than 4 people.²²

- 3.40 The New Enterprise Incentive Scheme (NEIS) was shown, in some cases, to be the means that assisted new businesses starting up²³ but there tended to be a low take up rate by Indigenous people.²⁴ NEIS is a self employment program funded by DEEWR which helps eligible people become self supporting and independent of Centrelink by establishing and running their own business.
- 3.41 Participants reported that NEIS assumes a higher level of literacy and numeracy than many Indigenous people have.²⁵

Committee Comment

- 3.42 The Committee considers that the programs provided by DEEWR are having a positive impact on Indigenous enterprises. They also consider that partnerships with groups such as state and territory governments and industry are vital in ensuring that applicants are able to find the appropriate service in a timely manner.
- 3.43 The Committee considers that there is merit in the ICAS scheme, where a business develops financial literacy through a connection with the commercial sector, in this case Westpac, rather than an interim arrangement or a government backed arrangement.

Department of Families, Housing, Community Services and Indigenous Affairs

- 3.44 FaHCSIA is the Australian Government's lead coordination agency in Indigenous affairs and also has a range of programs to assist Indigenous people. FaHCSIA supports the national implementation of the Australian Government's whole of government arrangements in Indigenous affairs and manages the network of multi agency Indigenous Coordination Centres (ICCs) across Australia.

22 Mr Bob Harvey, *Transcript of evidence*, 4 Sept 2008, p. 3.

23 Ms Fionna Deppler, *Transcript of evidence*, 14 July 2008, p. 42; Ms Mandy Ashburner, *Transcript of evidence*, 6 August 2008, p. 16.

24 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 41.

25 Ms Fionna Deppler, *Transcript of evidence*, 14 July 2008, p. 42; Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, p. 17.

- 3.45 The Department is the lead agency on a number of major Australian Government initiatives, including:
- the Northern Territory Emergency Response;
 - the National Apology; and
 - consultation on a National Indigenous Representative Body.
- 3.46 FaHCSIA administers a number of Indigenous specific programs, particularly in the areas of housing, community development, leadership and land. Within its mainstream programs it keeps a focus on Indigenous services and projects that support communities and families.
- 3.47 One program is the Indigenous Women's Program. Activities funded under this program aim to reduce Indigenous disadvantage through enhancing Indigenous women's leadership, representation, safety, wellbeing and economic status. It includes an Indigenous Women's Leadership program, a national program that is focussing on leadership to economic development. This program was praised by inquiry participants.²⁶

Committee Comment

- 3.48 The Committee is concerned that the complexity of the administrative arrangements which are under the responsibility of FaHCSIA could make their programs inaccessible to Indigenous Australians who may seek business development information from FaHCSIA. This was demonstrated in the evidence provided by the Burrthi Corporation, who had difficulty in navigating the information provided.²⁷

Department of Innovation, Industry, Science and Research

- 3.49 The Department of Innovation, Industry, Science and Research (DIISR) does not have programs which specifically target Indigenous businesses. Rather the Department manages a number of programs that provide information, support and advice to all small business owners and aspiring small business owners.²⁸
- 3.50 These programs include a national network of small business advisory centres also known as Business Enterprise Centres (BECs)

26 Ms Majella Anderson, *Transcript of evidence*, 9 September 2008, p. 59.

27 RWM Consultancy and Burrthi Aboriginal Corporation, *Submission No. 38*, pp. 8-10.

28 Correspondence from DIISR, received by the Committee, 28 August 2008.

which provide small business advice and assistance. BECs have been praised by participants in the inquiry as they provide services to all small business owners and provide appropriate support in a very timely manner.²⁹

- 3.51 The Desert Knowledge CRC is funded through DIISR and receives \$20.7 million over seven years to 30 June 2010. The focus of the Desert Knowledge CRC is developing knowledge economies which sustain Australia's inland environments for desert people, Indigenous and non Indigenous.

Box 3.1: The Remote Enterprise Centre in Alice Springs

The Remote Enterprise Centre (REC) is funded by the Department of Innovation, Industry, Science and Research and will be based in Alice Springs and provide outreach support to communities in the Northern Territory and also in remote regions of Queensland, South Australia and Western Australia, forming part of the national Enterprise Connect network. The REC is expected to commence operations in late 2008.

The REC will support new and existing services and businesses including outback tourism, Indigenous arts and crafts, carbon trading and land management, horticulture and aquaculture, livestock, mining and associated industries such as grading and rehabilitation.

The REC will provide a source of information to business, regardless of the length of establishment or size, through a referral service connecting businesses with sources of technical, process, management and financial expertise. It will partner, or will provide referrals to pre-existing service providers such as Indigenous Business Australia, the Indigenous Business Hubs, Business Enterprise Centres, State Governments and Local Governments who provide services aimed at new businesses. The REC will also provide services to beyond start-up businesses either directly or by referral to relevant service providers, recognising that there are gaps in service provision to such remote firms.

Source: Correspondence from DIISR, received by the Committee, 28 August 2008

Committee Comment

- 3.52 Although the Committee did not receive formal evidence from DIISR, it considers that the programs under its responsibilities have the potential to provide assistance to current and future Indigenous

29 Ms Sarina Jan, *Transcript of evidence*, 6 August 2008, p. 69.

business owners particularly those Indigenous people who live in cities and urban areas.

- 3.53 The Committee considers that programs such as the BECs which also operate in the mainstream, would be a source of support for the urbanised population of Indigenous people in states such as South Australia and Victoria where 48 per cent of Indigenous people live in urban areas.³⁰

Committee Comment – Australian Government Programs

- 3.54 The Committee considers that there is merit in more cooperation between the departments and agencies which provide assistance to Indigenous enterprises.
- 3.55 The Committee considers that this cooperation would assist with overall coordination of funding and programs for Indigenous enterprises. It would also have the potential to streamline interaction for potential Indigenous entrepreneurs as they could be directed to the appropriate program in a timely manner.

Recommendation 5

- 3.56 **The Committee recommends that the Australian Government establish an Interdepartmental Committee (IDC) to ensure a streamlined and coordinated approach to the delivery of all forms of business assistance to Indigenous enterprises. The IDC should comprise all departments and agencies delivering services to Indigenous businesses and enterprises including but not limited to Indigenous Business Australia, the Department of Education, Employment and Workplace Relations, the Department of Innovation, Industry, Science and Research, the Department of Families, Housing, Community Service and Indigenous Affairs.**

Commonwealth Science and Industrial Research Organisation

- 3.57 The CSIRO through its various research and social outreach initiatives, is aiming to deliver sustainable economic, social and environmental solutions to further address some of the major challenges facing Indigenous communities in Australia. CSIRO has

30 Australian Bureau of Statistics, *Population Distribution, Aboriginal and Torres Strait Islander Australians*, 2006, cat. no. 4705.0

initiated an Indigenous Engagement Strategy to achieve greater Indigenous participation in its research and development agenda.³¹

- 3.58 CSIRO provides assistance to Indigenous communities at the science front where there is the interface of research and activity that has the potential for economic and social development. Some of these research areas are discussed in Chapter 2.
- 3.59 From this experience, CSIRO suggests that existing business support programs provided by governments may not always adequately address or cater for scientific research and development in emerging industries and that business support funding timeframes are too short to allow for appropriate investigations.³²

Committee Comment

- 3.60 The Committee notes the potential for Indigenous engagement in natural resource management across areas such as bush food harvesting, weed and feral animal (such as camels) reduction, fire management and carbon abatement. However, these opportunities will remain unrealised without the research to investigate commercialisation potential and the addition of possible financial incentives to value natural resource management in remote areas of Australia. As a first step in pursuing these potential businesses, the Committee recommends an expansion of the current work being undertaken by CSIRO in this field.
- 3.61 In particular the Committee notes that CSIRO is a partner researcher in a number of projects, such as the Desert Knowledge CRC, and works collaboratively and respectfully with Indigenous communities. The Committee considers CSIRO is best placed to network the research and development in this area, leading to potential commercialisation opportunities for Indigenous communities.

Recommendation 6

- 3.62 **The Committee recommends that the Australian Government provide additional funding for the Commonwealth Science and Industrial Research Organisation to expand its research and partnering work in the areas of natural resource management and carbon emissions reduction**

31 CSIRO, *Submission No. 27*, p. 1.

32 CSIRO, *Submission No. 27*, p. 4.

leading to potential commercialisation opportunities for Indigenous communities.

Office of the Registrar of Indigenous Corporations

- 3.63 ORIC delivers a framework of integrated programs which offer specific services and support to Indigenous corporations registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act). ORIC provides a range of services for Indigenous corporations including tailored training services which cover topics such as financial management and budgets and secure funding and develop enterprise opportunities.
- 3.64 The CATSI Act is tailored to meet the diverse requirements of contemporary Indigenous corporations. It is designed to support Indigenous people forming corporations for native title and commercial purposes, as opposed to corporations which are non profit and receive government funding for the sole purpose of delivering community services.³³
- 3.65 ORIC advises that the number of registrations under the Act is increasing. There are 2 622 Corporations registered under the CATSI Act, with 58 per cent of these in remote Australia. PBCs are established to hold and manage native title and any benefits flowing from agreements.³⁴ ORIC anticipates a growth in registrations of 15 per cent this financial year.³⁵
- 3.66 A focus on governance in Indigenous communities has been advanced under this new Indigenous corporations framework. ORIC provides a specialised service within the corporations framework to ensure that Indigenous organisations can direct economic development through self determination. An overriding objective of this process is to provide certainty to government and corporate partners, and so to make investment more attractive.³⁶
- 3.67 To achieve this ORIC conducts reviews of 60 to 80 Indigenous corporations on an annual rolling basis, with some 25 per cent nominated by complaint or intelligence. Mr Nathan Boyle told the Committee:

33 Office of the Registrar of Indigenous Corporations, *Submission No. 36*, p. 3

34 AIATSIS, *Submission No. 26*, pp. 1.

35 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 5.

36 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 3.

One benefit has been proving that there is no more or less corruption in Indigenous or non Indigenous corporations. Some of our work is testing that. We also give certainty to funding bodies and governments by saying, 'These corporations are healthy, they are performing well and they are not corrupt.' That gives certainty to the Australian government or other states in order to say that you can fund them and they are doing well.³⁷

Committee Comment

- 3.68 The Committee commends the Registrar and his Office for its achievement so far. ORIC conceded that requirements for reporting under CATSI Act are more onerous than under the revised *Australian Securities and Investments Commission Act 2001* (ASIC Act), but advised that this would be addressed shortly. The Committee anticipates the resolution of this issue.
- 3.69 The Committee also commends the role that ORIC has recently taken in dispute resolution and mediation between members of a corporation and between different corporations. ORIC indicated that conflict between family and interest groups is a characteristic of some Indigenous corporations. This has contributed to a perception in the broader business sector that Indigenous corporations are unstable and therefore should not be engaged with on a commercial basis.³⁸

Indigenous Land Corporation

- 3.70 The Indigenous Land Corporation (ILC) is a statutory authority of the Australian Government, established to assist Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits. The ILC considers that it plays a significant role in assisting and supporting Indigenous landholders to develop viable enterprises.³⁹
- 3.71 As set out in the National Indigenous Land Strategy 2007, the ILC has priorities of supporting projects that:
- target education, training delivery and creation of sustainable employment; and

37 Mr Nathan Boyle, *Transcript of Evidence*, 28 August 2008, pp. 8-9.

38 Office of the Registrar of Indigenous Corporations, *Submission No. 36*, p. 7

39 Indigenous Land Corporation, *Submission No. 42*, p. 1.

- are conducted in collaboration with other project partners.
- 3.72 The ILC targets these priorities and assists with the development of Indigenous enterprises through four primary mechanisms:
- Indigenous organisations apply to the ILC's Land Acquisition and Land Management programs for assistance with development of a land based business;
 - regional projects are supported that give advice, mentoring and training to Indigenous businesses;
 - ILC businesses are operated that employ and train Indigenous people in the pastoral and tourism industries; and
 - businesses are initiated in collaboration with Indigenous groups to target mainstream enterprise development opportunities that will be handed over to the group once governance, capacity and appropriately skilled staff are in place.⁴⁰
- 3.73 The ILC believes that economic, environmental, social and cultural benefits will flow to Indigenous people through their engagement in education, training and employment.
- 3.74 In 2005-06 ten commercial businesses throughout Australia were being managed by the ILC. These businesses are mainly large scale beef cattle enterprises, but also include tourism businesses and two orchards.
- 3.75 The ILC also works in partnership with other agencies to fund regional projects that support the development of businesses on under utilised Indigenous held land. One such project is the Indigenous Pastoral Program (IPP). The IPP aims to increase the level of pastoral production on Indigenous held land and increase Indigenous involvement in the industry through training and employment. The program is currently assisting Indigenous land owners of 11 properties with financial and governance training, natural resource, fire management, drought response and business planning.
- 3.76 The IPP has built successful partnerships between industry and Indigenous land owners in the region, and contributed to direct environmental benefits and improved land management.⁴¹

40 Indigenous Land Corporation, *Submission No. 42*, pp. 1-2.

41 Indigenous Land Corporation, *Submission No. 42*, p. 2.

Australian Institute of Aboriginal and Torres Strait Islander Studies

- 3.77 Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) contends that recognition of native title has been a strong influence on the increased engagement of Indigenous peoples in the Australian economy and in the development of new enterprises.⁴²
- 3.78 AIATSIS has undertaken a role in working with native title holding groups and their corporations to establish and realise their aspirations in the area of Indigenous enterprises as it was found that the capacity of these groups to access programs and resources to identify and support business enterprise was lacking. This role has included the development of resources specifically for native title groups to identify government programs and resources.
- 3.79 AIATSIS consider that there is a significant gap between the growing government expectation of native title agreements to deliver social and economic change, and a corresponding level of support or funding for agreement making processes and the continued implementation and monitoring of agreements.⁴³

State Government programs

- 3.80 State governments have recognised the value of supporting the development of Indigenous enterprises, through the provision of programs often with a rural or remote focus to meet the needs of the Indigenous communities in their jurisdiction.
- 3.81 The New South Wales Government currently implements a number of programs that teach business skills, support Indigenous people in their economic development, and forge relationships between Indigenous people and the private sector. There is an emphasis placed on providing resources to aid the creation of new Indigenous businesses, whether they are subcontractors, or small to medium sized enterprises.⁴⁴
- 3.82 The Koori Business Network (KBN) is the Victorian Government's primary agency for promoting the growth of sustainable Indigenous

42 AIATSIS, *Submission No. 26*, p. 1.

43 AIATSIS, *Submission No. 26*, p. 3.

44 NSW Government, *Submission No. 49*, p. 2.

- businesses and economic development. It works with both individual and community based entrepreneurs, hosts Indigenous economic development conferences and provides access to business mentors and aids in the development of business strategies.⁴⁵
- 3.83 South Australia has recently created an Inter-Ministerial Committee on Aboriginal Workforce Development which is looking at place based approaches to increasing employment through training and case management.⁴⁶ In addition, it has commissioned a study of the bush food industry in response to previous government support of Indigenous landholders to develop bush food enterprises across the production, manufacturing and distribution spectrum, with mixed levels of success.
- 3.84 The Queensland Government has several departments which share responsibility for Indigenous enterprise development. The Department of Tourism, Regional Development and Industry has responsibility for Indigenous Business Development. This program has a grant scheme of \$2.5 million per annum consisting of two components. One is a business establishment and business expansion program, and the other program is for capacity building. A partnership also exists with DEEWR to fund Indigenous economic development officers, who work from regional offices around Queensland.⁴⁷
- 3.85 The Northern Territory Government released an Indigenous Economic Development Strategy in 2005. The strategy highlights many of the opportunities that can be facilitated through appropriate support and the forging of cooperative partnerships and includes details on strategies in various industry sectors such as the arts and natural resource management.⁴⁸
- 3.86 The Aboriginal Economic Development division within the Department of Industry and Resources in Western Australia provides a range of business support services, including financial assistance, to Indigenous people and organisations.
- 3.87 The Aboriginal Economic Development division works with a combination of local, state and Australian Government, industry and

45 Small Business Victoria, *Submission No. 57*, p. 1.

46 South Australian Government, *Submission No. 60*, p. 1.

47 Ms Sherrie McLean, *Transcript of evidence*, 9 September 2008, p. 2.

48 *Indigenous Economic Development Strategy*, <http://www.nt.gov.au>, accessed 13 October 2008

philanthropic financial assistance providers. Funding is provided flexibly; applications can be made at any time in the budget cycle, if funds are available within the division's budget.⁴⁹

Box 3.2 Blak Business Smart Business

The Blak Business Smart Business Hub was an initiative undertaken by the Brisbane City Council with funding from the then Department of State Development, Trade and Innovation in response to issues raised by the Brisbane Indigenous communities through an extensive community consultation process conducted throughout 2003 and 2004. The Hub operated across South Queensland. Additional funding was also secured from the then Department of Employment and Workplace Relations. The program's funding ceased in August 2008.

The Hub brought together a range of business information, support and resources in one place in a simplified way that was readily available to assist Indigenous business development, business owners and community organisations.

The aims of the Hub were:

- To increase the number of Indigenous people establishing and managing their own businesses and generating Indigenous employment opportunities; and
- To increase the capacity of Indigenous community organisations to identify and operate sustainable business models and to act as role models for business development in Brisbane and South East Queensland.

The Hub worked by:

- Proactively seeking, networking with and supporting Indigenous clients at any stage from business start up to expansion.

The Blak Business Smart Business Hub provided support, ran workshops, brokered solutions for Indigenous clients, undertook research and focussed on sector development and marketing and promotion.

Source: Mr JM John Armstrong, Submission No. 3, pp. 10-11.

Committee comment

3.88 The Committee considers that the availability of funding at any time in Western Australia and Queensland⁵⁰ is a strength as it enables

49 WA Government, *Submission No. 67*, p. 1.

potential Indigenous business to move with an appropriate level of momentum, rather than waiting for a funding round to start. The Committee has further comments on grants versus loans later in the chapter.

3.89 The Committee was impressed with the model of the KBN which for a small team and budget seems to undertake a wide range of activities and promote a sense of social inclusion and empowerment amongst Indigenous Victorians. Some of the services of the KBN that particularly impressed the Committee were:

- that the KBN operates with an economic development perspective to Indigenous policy making, through positive engagement, forging business relationships and delivering government support services in a culturally appropriate way;⁵¹
- that the KBN has maintained the cultural importance of having Victorian Indigenous people lead the agency;
- the Victorian Indigenous Business Directory 2008-2009 which demonstrates the wealth and variety of goods and services on offer as well as showcasing outstanding Indigenous people in business;
- the Young Indigenous Entrepreneurs program, which focuses on young people but also involves their parents, with opportunities to talk and listen to role models; and
- the Indigenous economic development conferences run biennially.

3.90 The Committee considers that one of the strengths of the KBN is that it considers that Indigenous people are a key factor in helping to develop Indigenous enterprises.

3.91 The Committee also considers that the KBN performs some of the roles similar to those of an Indigenous Chamber of Commerce such as the promotion of businesses through the Indigenous business directory.

3.92 The Committee considers that the KBN model has significant merit and should be implemented across all states and territories, taking into account the specific jurisdictional requirements.

50 Ms Sherrie McLean, *Transcript of evidence*, 9 September 2008, p. 8.

51 Ms Esmail Manahan, *Transcript of evidence*, 14 July 2008, p. 1.

Recommendation 7

- 3.93 **The Committee recommends that the Australian Government work co-operatively with state and territory governments to expand an Indigenous business networking model that appropriately takes account of the uniqueness and diversity of Indigenous business in each state and territory.**

Industry programs

- 3.94 Industry programs which offer specific enterprise support programs and services to Indigenous enterprises tend to be concentrated in the mining sector. More information on these enterprises can be found in Chapter 5.

Community programs

- 3.95 There are a wide range of community programs which provide specific enterprise support to Indigenous enterprises. Funding for these programs can come from governments, including federal, state and local. Aboriginal Corporations may provide enterprise support to their members.
- 3.96 Koorie Women Mean Business Incorporated is a specialised group based in Victoria which provides services for Indigenous women to develop sustainable livelihoods and well being. It specialises in developing partnership projects, identifying business opportunities and offering professional development services and projects which focus on issues which sustain women and their business.⁵²

Small Business Incubators

- 3.97 The Darebin Enterprise Centre is an example of a small business incubator which was established over 10 years ago. It is based in the City of Darebin in metropolitan Melbourne, which has a high Indigenous population and provides business support services to

52 Koorie Women Mean Business, *Submission No. 41, Attachment A*, p. 9.

individual Indigenous business owners, Indigenous communities around Victoria and small business owners.

- 3.98 The Darebin Enterprise Centre indicated that although the business support services that it offers to Indigenous business are the same as to mainstream businesses, they tend to provide a more intensive service for Indigenous businesses. Generally this meant providing more services over a longer period of time.⁵³
- 3.99 Research has shown that the model of the business incubator provides an important and necessary level of support for entrepreneurs in areas where they may not have a high level of experience such as marketing, legal and finance. The incubator assists with all these areas until people can manage for themselves and can 'graduate' from the incubator.⁵⁴
- 3.100 The Indigenous Business Hubs in the Northern Territory which are run by Darebin Enterprise Centre are funded under the DEEWR, EIEI program. The hubs provide services for Indigenous entrepreneurs across Darwin and beyond.
- 3.101 Indigenous people who are interested in setting up a small business contact the hub and then the coordinator works directly with those people on various business development issues, whether it is the mechanics of setting up the business, registering the business in the first place, marketing the business, providing financial management support for the business or bookkeeping service for the business.
- 3.102 The coordinators in Darwin and Tennant Creek highlighted the importance of the hub in developing relationships with possible clients. They emphasised that a lot of time initially would be taken in conversation, building up trust and being honest with the client about the scope of the services that the hub can provide, rather than just filling out forms.⁵⁵
- 3.103 The coordinators emphasised that the ways of doing business with possible Indigenous entrepreneurs can vary.

But there is a lot of what we classify as 'tyre kicking' as well: 'Let's just hang around the car and talk about it. It sounds good, yeah.' That actually takes up a lot of time. That is where they are testing your confidence and your support – whether

53 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 23.

54 Associate Professor Adela McMurray, *Transcript of evidence*, 14 July 2008, p. 45.

55 Ms M Ashburner & Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, pp. 17-20.

they actually want to come on board with you. A lot of Indigenous business is done that way: just talk around the bush for a little while. By then, sometimes, it is too late.⁵⁶

Committee comment

- 3.104 The Committee would like to praise the work being done by the Darebin Enterprise Centre, including the Indigenous Business Incubator in the Northern Territory. From evidence received, it would seem that the model used by Darebin is appropriate to developing Indigenous enterprises in both urban and remote regions. The Committee recognises the passion and commitment of staff who are making a difference to their Indigenous clients.

Indigenous Corporations

- 3.105 The Committee heard from several Indigenous corporations in the course of the inquiry.
- 3.106 The Registrar of Indigenous Corporations reported that the majority of the organisations that are registered with ORIC are not for profit; a large proportion of them are about delivering services to their communities and also delivering government services. For instance, they may be delivering municipal services, CDEP programs, arts centres, health services, and a whole range of legal aid services or family violence prevention legal services. Many government services are provided through these organisations.⁵⁷
- 3.107 The Larrakia Development Corporation Pty Ltd is a company which has been set up to serve the needs of the Larrakia people of Darwin in the Northern Territory. The Larrakia Development Corporation runs five companies and organises employment for Larrakia and other Indigenous people as well as Darwin based people.
- 3.108 The Wunan Foundation is a not for profit and non government Indigenous organisation with a focus across the East Kimberley region of Western Australia. Wunan considers that the level and quality of participation in the regional economy by Indigenous people needs to be increased, not just through business development but economic participation through employment, as unemployment in the East Kimberley region is in the range of 75-80% for Indigenous

56 Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, pp. 19-20.

57 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 3.

people.⁵⁸ Mr Ralph Addis, Chief Executive of the Wunan Foundation presented the view that it is extremely challenging for anyone to go from being unemployed and not having a strong set of experiences and skills to running a real business.⁵⁹

- 3.109 The Gelganyem Trust was set up as an outcome of the Indigenous Land Use Agreement between Argyle Diamond mines and the traditional owners of the land. The majority of the Gelganyem funds are tied up for life after the mine but there are some funds available for the Gelganyem Trust to partner with government and non government organisations to instigate initiatives for the good of Indigenous people.
- 3.110 The Gelganyem Trust is trying to facilitate connections for people who are part of the traditional owners group, or dawang, who may have business ideas. This can include referring them to service providers and government organisations such as IBA or consultants.
- 3.111 The second emerging area is the Gelganyem Business Enterprises which is a planned commercial arm that will have a focus on developing and maintaining profitable businesses for Indigenous people who are part of the dawang. Many of these businesses will be in partnership with Argyle diamond mine.

Committee comment

- 3.112 The Committee consider that there are many opportunities that are presented to Indigenous corporations and is pleased to see them taking advantage of these opportunities to try and improve the lives of Indigenous people.
- 3.113 The Committee particularly wants to commend the specialised work and programs being done that are appropriate to local Indigenous communities and environments. These corporations now have to work in a more sophisticated environment and there is an expectation that they will take on new roles and do more. The corporations do have specialised knowledge of their area and people and in taking steps such as working with mining companies for the benefit of their people, they are proactively working to create change.
- 3.114 The Committee also commends Mr Keith Djiniyini and the Burrthi Aboriginal Corporation. Despite having his own health issues, Mr

58 Mr Ralph Addis, *Transcript of evidence*, 7 August 2008, p. 2.

59 Mr Ralph Addis, *Transcript of evidence*, 7 August 2008, p. 7.

Djinyini wants to set a new course for his people and the Committee recognises the leadership role that he has taken.

Issues

- 3.115 A message that was conveyed to the Committee from all locations and different groups is that when it comes to developing Indigenous enterprises, one size does not fit all. 'Indigenous Australia' is a concept made up of about 400 000 individuals in very many different social groupings.⁶⁰ Although there is a wide range of programs available to support the development of enterprises, these programs may not provide the appropriate level of support for the remote Indigenous entrepreneur or the Indigenous woman who is looking to start a micro-enterprise.
- 3.116 There was a range of criticism around general aspects of program administration for government programs. Staff turnover,⁶¹ changes in guidelines for funding⁶² and length of funding program⁶³ were three of the main issues that both Indigenous business owners and support providers indicated were likely to impact on the number and success of the development of Indigenous enterprises.
- 3.117 The impact of the availability of grants versus loans was raised with the Committee. Evidence suggested that some potential Indigenous entrepreneurs, who were ready for business and were capable of sustaining the repayments would rather wait for a grant, sometimes for up to two years, than apply for a loan.⁶⁴ In this manner, a prevalence of available grants rather than loans may delay or impede the start up of businesses.
- 3.118 When Indigenous businesses receive government financial support they are often required to have corporate structures and can be subject to accountability requirements that are very costly and at

60 *Generating finance for Indigenous development: economic realities and innovative options*, J Altman, a paper for Reconciliation Australia Workshop Banking and Financial Services for Indigenous Australians, Sydney, 8–9 May 2002.

61 Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, p. 19.

62 Ms Mandy Ashburner, *Transcript of evidence*, 6 August 2008, p. 14.

63 CSIRO, *Submission No. 27*, p.5; Central Queensland Indigenous Development Ltd, *Submission No. 19*, p. 1.

64 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 27

times can be in excess of those required of a comparable non Indigenous business.⁶⁵

- 3.119 The Australian Indigenous Chamber of Commerce considers that there is a desperate need for Australian Government funding to create a web based Indigenous business portal. They advocate that government procurement in remote areas should encourage tenderers to joint venture or partner with Indigenous communities, or else offer businesses and training opportunities for Indigenous businesses as a part of each tender.⁶⁶
- 3.120 Koorie Women Mean Business described the importance of Indigenous people being taught by their own people and teaching being modelled on their own people's experience.
- ... they find it extremely frustrating that there are no Indigenous registered training providers to help them go through the small business barriers that they consider to be particularly important to them in their area in developing that business.⁶⁷
- 3.121 There were various suggestions to the Committee about providing a one stop shop for advice and support on developing Indigenous enterprises.⁶⁸ The Minerals Council of Australia saw an opportunity for a centre which would help new businesses as well as create opportunities for existing businesses.⁶⁹ The Desert Knowledge CRC felt that there needed to be a collective approach with a genuine client focus which would reduce duplication and reduce lack of coordination.⁷⁰ Balkanu Cape York Development Corporation believes that the alliance between the units of the Cape York Business Development arm enables them to deliver a one stop shop and value for money service.⁷¹
- 3.122 The Committee was told that greater use needed to be made of the internet in providing services for developing Indigenous enterprises.⁷²

65 O. Stanley, *The potential use of tax incentives for Indigenous businesses on Indigenous land*, CAEPR Working paper no, 17/2002, p. 3.

66 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 8.

67 Ms Leanne Miller, *Transcript of evidence*, 14 July 2008, p. 31.

68 Larrakia Development Corporation, *Submission No. 61*, p. 1.

69 Minerals Council of Australia, *Submission No. 54*, p. 5.

70 Desert Knowledge Cooperative Research Centre, *Submission No. 13*, p. 6.

71 Balkanu Cape York Development Corporation, *Submission No 14*, p. 1.

72 Ms Leanne Miller, *Transcript of evidence*, 14 July 2008, p. 59.

3.123 The Committee heard from some inquiry participants that the strength of a particular program was due to it not being part of government. Mr JM John Armstrong indicated that:

A dedicated and independent (from government) support service such as Blak Business Smart Business is vital for Indigenous Community acceptance and up take, the cutting through red tape and the personalised, culturally based engagement with clients cannot be achieved within a government department program.⁷³

3.124 Ms Barbara Livesey from Reconciliation Australia told the Committee that they were often approached for assistance because Reconciliation Australia was independent from government and there was a perception that they could play the role of an honest broker.⁷⁴

Committee comment

3.125 The Committee fully supports the idea of loans over grants. Although there has been a history of grants available for Indigenous enterprises the Committee considers that these have not been advantageous for new businesses and businesses should start from a fully business based footing. The Committee considers that a suite of loans should be available for new Indigenous enterprises, ranging from interest free micro-funding through to loans which operate on a more commercial basis.

3.126 The Committee observed that there was a wide range of programs that provided funding for Indigenous enterprises, and that the difference between programs funded by differently departments was not always apparent.

3.127 The idea of having a program which is outside of government has merit, however, the Committee considers that as most funding is still through government departments, a one stop shop needs to be part of or connected to the government. The model of a community development approach proposed by Reconciliation Australia in its submission to the Northern Territory Emergency Response Review Board has some very valuable suggestions that the Committee feels would assist a one stop shop model.⁷⁵

73 Mr JM John Armstrong, *Submission No. 3*, p. 14.

74 Ms Barbara Livesey, *Transcript of evidence*, 25 September 2008, p. 21.

75 *Exhibit No. 18* Reconciliation Australia Submission to the Northern Territory Emergency Response Review Board, August 2008, pp. 1-12.

- 3.128 The Committee considers the employment of Indigenous staff is a critical aspect of any one stop shop model. Additionally there should be Indigenous enterprise development officers who are trained in working with Indigenous people and appreciate the cultural aspects of Indigenous enterprises. Evidence presented to the Committee indicated that this could make a significant difference.⁷⁶
- 3.129 The Committee heard about the model used by the Australian Trade Commission (Austrade), where companies wishing to get into the export market were assigned a 'go to' person, or single case manager, who would take businesses through all stages required. This person was the one contact that the business had, and was able to answer and deal with all questions and problems or advise where the business owner needed to go to access other specialised advice. Austrade is focussed on leading businesses through three sequential processes, starting with *to learn*, then *to grow* and finally *to compete*.⁷⁷

Recommendation 8

- 3.130 **The Committee recommends that the Australian Government establish a 'one stop shop' for Indigenous entrepreneurs and businesses. This facility should provide assigned case manager contacts, similar to Austrade, who navigate a business through different stages of establishment and growth. The 'one stop shop' facility should include services to support Indigenous businesses such as:**
- **advice on the range of government, industry and community grant and funding programs available;**
 - **mentoring and business ready skills recognising the particular cultural challenges facing Indigenous enterprises; and**
 - **advice on establishing appropriate governance structures.**

76 Mr JM John Armstrong, *Transcript of evidence*, 9 September 2008, p. 32.

77 Mr Jim Enright, *Transcript of evidence*, 25 September 2008.

Corporate incentives to trade and engage with Indigenous businesses

- 4.1 There are already a number of Australian companies and professional firms who are collaborating with Australian Indigenous communities. These include major resource companies who may have well developed and long running programs through to individual companies in retail, construction, finance, rural production, tourism and other parts of the service sector.
- 4.2 Much of this collaboration is based around Indigenous employment which was addressed in the 2007 report by the Standing Committee on Aboriginal and Torres Strait Islander Affairs *Indigenous Australians at Work: Successful initiatives in Indigenous employment*.
- 4.3 This chapter presents the current state of collaboration between Indigenous businesses and corporate organisations in Australia. Suggested incentives are presented as well as some other means for collaboration such as Indigenous Chambers of Commerce.
- 4.4 The mining sector is at the leading edge of corporate collaboration and there is a discussion on how best to grow Indigenous enterprises which are trying to get to the next step.

Current context

- 4.5 The reasons for collaboration with Indigenous businesses and communities are varied, complex and not always fully articulated. They range from principled commitment to social amelioration or national reconciliation, to a pragmatic meeting of demands for access to land or support of local communities.¹
- 4.6 Often the involvement of the corporate sector requires there to be a balance between social capital returns and financial returns.
- 4.7 Mr Bill Moss AM, the founder of Gunya Australia, proposed that there is a range of reasons why the corporate sector has not invested in Indigenous businesses and enterprises. These include a lack of confidence, both real and perceived high risks, low education standards and low skilled work force and no management expertise and limited commercial acumen.²
- 4.8 Additionally, the corporate sector may only wish to be involved with Indigenous businesses that are already successful or are regarded by the corporate sector as being of a reasonable size.
- 4.9 In more remote areas Indigenous communities may have already made a shift in thinking from an economic dependence model to an entrepreneurial model. However, to take the next step they also may need to address the concern over external intervention and move towards an acceptance of the potential positive benefits of collaboration with people external to the Indigenous community with valuable knowledge, expertise and experience.³
- 4.10 The Northern Territory Government described the cultural differences that may arise around the use of conditional promises in collaborations. In many cultures conditional promises are not commonly used and are often seen to be concrete agreements. As a result when activities such as mining exploration do not produce any feasible mining prospects, conditional promises such as financial gain and employment opportunities, cannot be fulfilled. Expectations by

1 Suggett, D, *Indigenous Communities and Australian Business: Facilitating community capacity through business community partnerships*, The Allen Consulting Group, 2003.

2 Presentation by Bill Moss to the 3rd Indigenous Economic Forum, NT, November 2007, www.nt.gov.au/business, accessed 13 October 2008.

3 Queensland Government Forum report, <http://www.globalfoundation.org.au>, accessed 13 October 2008.

local people may continue to be of fulfilment, thus creating an environment of dissatisfaction, disappointment and future suspicion.⁴

- 4.11 Organisations such as Message Stick Group consider that there are significant advantages to Indigenous businesses through the increased collaboration with the corporate and government sector. They contend that Indigenous business people are seeking an opportunity to engage in the wider Australian economy by conducting business with corporate Australia and government procurement agencies.⁵
- 4.12 The Australian Indigenous Chamber of Commerce considers that incentives should be provided to encourage successful businesses to subcontract, do business with or mentor new Indigenous enterprises. They add that these incentives should be promoted by the use of education and advertising campaigns to non Indigenous business.⁶
- 4.13 The Wet Tropics Management Authority cautioned that initiatives developed will need to ensure non Indigenous businesses supporting the Indigenous enterprises are given appropriate support and training. It is necessary to develop the capacity of Indigenous businesses rather than assuming a non Indigenous person with a successful commercial enterprise would have the ability to work and train cross-culturally.⁷

International perspective

- 4.14 Research undertaken at the Saskatchewan Indian Federated College in 1997 showed that a growing number of non Indigenous corporations were adopting business alliances with aboriginal people as a part of their strategy for long term corporate survival. This research proposed that four factors motivated this corporate behaviour:
- society's changing expectations about what constitutes socially responsible corporate behaviour;
 - legal and regulatory requirements and restrictions;

4 K Rea and M Young, *The Collaboration Project: Strategies towards engagement with Desert Aboriginal communities and organisations*, 2006, Desert Knowledge Cooperative Research Centre, Alice Springs, p. 5

5 Message Stick Group, *Submission No. 10*, p. 3.

6 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 8

7 Wet Tropics Management Authority, *Submission No. 55*, p. 5

- the growing Indigenous population, and its increasing affluence and level of education; and
- the rapidly growing pool of natural and financial resources under the control of Indigenous people.⁸

- 4.15 The United Nations Commission on the Private Sector and Development released a report in 2004 titled *Unleashing Entrepreneurship: Making Business Work for the Poor* which indicated that multinational companies, in particular, stand to benefit from nurturing and building links with local entrepreneurs and smaller companies.⁹
- 4.16 Countries such as the United States (US), Canada and Germany have policies that provide for tax incentives to encourage business development on Indigenous land and in areas of low socioeconomic status.¹⁰

Box 4.1 Tribal business in the US

The perception of Indian economic prosperity in the US led by casinos and gambling is simplistic. The array of tribal businesses is extraordinary. Indian nations own and operate banks, golf courses, petrol stations, telephone companies, lumber mills, restaurants, radio stations, farms, retail stores, construction companies, hotel chains, and assembly plants.

Their operations include fish and game, forestry, tourism, waste management and environmental remediation, dot com enterprises and development corporations. Tribes manufacture plastics, printing and automotive parts. The Mississippi Choctaw are one of the largest employers in the state, employing thousands of non Indigenous workers.

SOURCE: Jumbunna Indigenous House of Learning Submission no 37, p .6.

- 4.17 The Jumbunna Indigenous House of Learning from the University of Technology in Sydney provided evidence that native Indian tribes have advantages not available to Australian Indigenous communities – for example taxation advantages, a secure land base, ability to exploit resources and a measured separatism. Nonetheless, they

8 Corporate/Indigenous partnerships in economic development: The first nations in Canada Robert B. Anderson World Development Volume 25, Issue 9, September 1997, pp. 1483-1503

9 *Unleashing Entrepreneurship: Making Business Work for the Poor* United Nations Development Corporation, Commission on the Private Sector and Development press release, 1 March 2004.

10 O Stanley, *The potential use of tax incentives for Indigenous businesses on Indigenous land*, CAEPR Working paper no, 17/2002, p. 1.

contend that not all US native peoples are prospering and in fact many suffer from similar socioeconomic disadvantage found in Australia. They suggest that there must be more to economic success than can be attributed to tax advantages and a land base.¹¹

- 4.18 Although many participants in the inquiry made a case for increased collaboration between corporate partners and Indigenous businesses,¹² this was often qualified or regarded as needing caution, especially from Indigenous groups who have had previous involvement in such collaborations.
- 4.19 The Yorta Yorta Nation Aboriginal Corporation of Victoria consider that incentives need to be in place at the Indigenous community level to encourage successful businesses to engage with Indigenous people. However, they caution that there needs to be a conduit between the businesses and Indigenous enterprises to ensure that these incentives are being met. They consider that including an additional clause in agreements that provides for incentive for engagement and partnership opportunities with Indigenous enterprises is commendable but there should be safeguards.¹³
- 4.20 The New South Wales Government takes a different view. It suggests that incentives are not necessarily required to facilitate interaction, as there are significant advantages to working with Indigenous businesses particularly in areas of Indigenous commercial strength or advantage. The NSW Government state that they do not provide financial incentives to encourage businesses to subcontract to Indigenous businesses, and do not consider this has hindered the willingness of the private sector to provide subcontracting opportunities to Indigenous firms.¹⁴
- 4.21 Mr Donald De Busch informed the Committee of the difficulties for Indigenous enterprises in linking with corporate partners beyond the mining sector. He advised that Indigenous companies like his that operate in the real marketplace find it very difficult to gain employment. He related an example where he considered that his company used during a tendering process only to assist a larger company to get over the line in Defence Force contracts.¹⁵

11 Jumbunna Indigenous House of Learning, *Submission No. 37*, p. 7.

12 ACT Government, *Submission No. 62*, p. 1.

13 Yorta Yorta Nation Aboriginal Corporation, *Submission No. 52*, pp. 4 -5.

14 NSW Government, *Submission No. 49*, p. 9.

15 Mr Donald DeBusch, *Transcript of evidence*, 14 July 2008, p. 6.

- 4.22 Indigenous Business Australia told the Committee about a model they investigated where a construction company would be developed in remote communities to access some of the contracts for repairs and maintenance. IBA considered there was often already a pool of semi skilled or skilled labour but they needed help with their management capacity to access the market.¹⁶ This model could be implemented along lines similar to that of the Outback Stores model.¹⁷
- 4.23 Mr Craig Brown raised the importance of corporate organisations being willing to work in new ways to take account of the different structures that may exist in Indigenous communities. He reported that these structures are collaborative and work in joint endeavours:
- Everybody who comes to the table has an input to that and that is a harder thing to do because you make up the rules as you go, and that does not fit the normal company structure. In making up the rules as you go it is a governance arrangement of organising according to those joint collaborative arrangements, and so it is quite different.¹⁸
- 4.24 Mr Noel Niddrie spoke of his experience in dealing with the commercial environment. He considered that his Indigenous culture and experience gave him a commercial edge but he was competing against larger, more commercial savvy organisations which, have a brand and due to their knowledge, circumstances or networks, were more likely to be awarded tenders and requests for work.¹⁹
- 4.25 The Commonwealth Scientific and Industrial Research Organisation (CSIRO) made the point that when encouraging business engagement with Indigenous enterprise, it is critical that similar effort is invested in raising the ability and awareness of Indigenous people to be able to protect their intellectual property rights so as to avoid unintended exploitation.²⁰

Corporate social responsibility

- 4.26 The Australian Human Rights Commission states that Corporate Social Responsibility (CSR) is generally understood to mean that corporations have a degree of responsibility not only for the economic

16 Ms Kaely Woods, *Transcript of evidence*, 25 September 2008, p. 12.

17 Mr Kenneth Hunt, *Transcript of evidence*, 6 August 2008, pp. 21-29.

18 Mr Craig Brown, *Transcript of evidence*, 9 September 2008, p. 37.

19 Mr Noel Niddrie, *Transcript of evidence*, 9 September 2008, p. 49.

20 CSIRO, *Submission No. 27*, p. 9.

consequences of their activities, but also for the social and environmental implications. This is sometimes referred to as a 'triple bottom line' approach that considers the economic, social and environmental aspects of corporate activity.²¹ The meaning and value of CSR may differ in various contexts, depending on local factors including culture, environmental conditions, and the legal framework.

- 4.27 In the US and Europe anti discrimination legislation underpins commercial outcomes by giving companies with CSR a competitive edge in the market place.²² The Committee was advised that the commercial advantage attached to CSR for corporate members has been a catalyst to the formation of minority supplier development councils, first in the US, then Canada, then the United Kingdom and now in other nations including Brazil and China.²³ Minority supplier development councils are discussed in more detail in Chapter 5.
- 4.28 According to former Australian Graduate School of Management Dean and Director Rob McLean, the social context of business is playing a far greater role in business than ever before. Locally and internationally it is becoming obvious that such broad and important issues cannot be ignored or given to human resources or corporate affairs departments. The social context of business is now part of what all leaders have to deal with, and what winning is all about.²⁴
- 4.29 Mr Mark Scott from Indigenous Enterprise Partnerships points to the increasing interest in CSR, although it is still not as prevalent as in the UK and the US. He indicated that there is an increase in corporations making a contribution beyond an economic one but cautions that a successful and robust economy is an important factor.²⁵
- 4.30 Corporate partners may get involved with Indigenous enterprises to achieve commercial advantage from being seen to be 'good corporate citizens'. Such initiatives can involve promoting equity policies in the workplace, protecting the environment or funding worthwhile community projects.²⁶

21 Corporate Social Responsibility, http://www.hreoc.gov.au/human_rights accessed 13 October 2008.

22 Mr Mark Scott, *Transcript of evidence*, 25 July 2008, p. 5.

23 Ms Harriet Michel, *Transcript of evidence*, 18 September 2008, p. 11.

24 Australian Graduate School of Management Magazine-Corporate Social Responsibility makes a move, <http://www2.agsm.edu.au>, accessed 13 October 2008

25 Mr Mark Scott, *Transcript of evidence*, 25 July 2008, p. 4.

26 J. Carter, President & Chief Operating Officer Syncrude Canada, *The Business Case for*

- 4.31 Banks such as Westpac, ANZ and the National Australia Bank²⁷ have a program of CSR. Westpac has in place a comprehensive range of major community involvement programs to support and contribute to the development of social capital in the communities in which Westpac operate. As a result, Westpac's Indigenous programs principally revolve around a range of initiatives to address the educational, financial, and employment disadvantage of Indigenous people and to better address their specific banking and financial needs.²⁸
- 4.32 At this point in time, the impact of CSR on corporate activity has been greatest in the mining sector, where the combination of demographics, social and operational imperatives have compelled an enlightened self interest in Indigenous industry development.²⁹
- 4.33 Mr Bruce Harvey, Global Practice Leader Community Relations Rio Tinto, considers that banks may be short sighted in their focus on CSR and they should take advantage of the business opportunities presented by royalties from mining:
- There are now billions of dollars over the next 20 to 30 years flowing into Aboriginal communities in northern Australia through benefits receiving royalty accounts. It is a magnificent business opportunity, and the mainstream banks should treat it in that way, and not relegate it to charitable good intent or corporate social responsibility.³⁰
- 4.34 The Committee also heard that CSR is having a growing impact among larger corporate entities in Australia. Indigenous Enterprise Partnerships facilitates corporate investments and mentorship programs in Cape York. They start with a desire to make a contribution to the community but from that comes the opportunity to build their brand and develop programs that can attract and retain people based on their CSR profile.³¹

Corporate Social Responsibility, The Mining Association of Canada, Toronto, Ontario, 11 March 2003, p. 9.

27 <http://www.nab.com.au>, accessed 13 October 2008

28 <http://www.reconciliation.org.au/downloads/158/westpac.doc>, accessed 13 October 2008

29 Mineral Council of Australia, *Submission No. 54*, p. 5.

30 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, p. 19.

31 Mr Mark Scott, *Transcript of evidence*, 25 July 2008, p. 3.

4.35 One way of assessing corporate interest more broadly is through Reconciliation Australia's Reconciliation Action Plans (RAPs). These plans provide a template for organisations to engage with and respect Indigenous culture, and to transition in Indigenous employees and services. Ms Barbara Livesey of Reconciliation Australia advised that the organisation cannot keep up with demand for these plans, with 90 organisations signed up and registered, including the Commonwealth Bank, ANZ, Qantas, SBS, Foxtel and BHP Billiton.³² She advised:

I think something like the [minority supplier diversity] council is of potential interest to us because we are finding that Reconciliation Action Plan organisations are saying, 'Where and how do we connect with Indigenous businesses and organisations?' So, if there were a council that we knew we could refer people to, I think there would be a high degree of interest in something like that. We have been following its development and trying to support it in the early stages.³³

The mining sector

- 4.36 Leading companies in the mining industry in Australia have made strong public commitments, beyond that of CSR, to contribute to the sustainable development of the communities and regions in which they operate.
- 4.37 The location of mines means that there is an imperative for the mining sector to develop relationships with remote people, as more than 60 per cent of mineral operations are conducted in close proximity to Indigenous communities.³⁴ Mining offers opportunities to traditional land owners as well as to others who have gathered around mining communities.
- 4.38 The mining sector is experiencing a boom and labour and skill shortages are endemic. Development of Indigenous enterprises makes commercial and social sense, reducing the cost of fly in fly out labour and establishing more stable and better serviced communities contiguous to mining developments.³⁵ Mr Tim O'Neill Argyle's Diamond Mine's Manager, Regional Participation also noted that

32 Ms Barbara Livesey, *Transcript of evidence*, 25 September 2008, p. 17.

33 Ms Barbara Livesey, *Transcript of evidence*, 25 September 2008, p. 20.

34 Minerals Council of Australia, *Submission No. 54*, p. 1.

35 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, pp. 15-16.

government are more inclined to favour mining ventures when they include local regional development commitments.³⁶

- 4.39 As discussed in Chapter 2, the formation of ILUAs under the *Native Title Act 1993* provides for communities to negotiate with government or industry for access to land where native title has been recognized or is subject to claim. These agreements allow for Indigenous communities to establish businesses or business partnerships with mining and other industries to secure financial or other benefits for distribution or investment.³⁷
- 4.40 The Minerals Council of Australia advises that Indigenous commercial advantage and strength associated with the mining industry falls within the following categories:
- The supply chain: mining contracting, catering and supply, construction and uniform supplies - for example Ngarda Civil and Hookey Contracting;
 - Environmental management - including: seed collection, rehabilitation, re-vegetation and fire and weed management; and
 - Cultural - as required under State heritage legislation, the identification and preservation of artefacts, provision of anthropological services, can also extend to cultural tourism and interpretation.³⁸
- 4.41 Rio Tinto is an international mining group with one third of its global assets in Australia. It has entered nine major ILUAs with Indigenous communities and 80 exploration agreements. Under these agreements the company has focused on increasing Indigenous direct employment and now has an eight per cent Indigenous workforce up from 0.05 per cent eight years ago.³⁹
- 4.42 Policies at Rio Tinto include taking into account the ownership base of a business, or the capacity for a contractor to employ Indigenous people when awarding contracts. This has driven the development of new capabilities particularly in the mining industry where businesses must demonstrate this capacity in order to successfully win a Rio Tinto contract.

36 Mr Tim O' Neill, *Transcript of evidence*, 7 August 2008, p. 30.

37 AIATSIS, *Submission No. 26*, pp. 1-2.

38 Mineral Council of Australia, *Submission No. 54*, pp. 4-5.

39 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, p. 13.

- 4.43 Argyle Diamond Mine, in the East Kimberley region of Western Australia, is often held up as a model agreement for Indigenous participation.⁴⁰ At Kununurra, the Committee spoke with Argyle's Manager Regional Participation, Mr Tim O'Neill, who advised:
- Argyle, through an ILUA with the traditional owners, has an accompanying management plan agreement. That management plan agreement includes an Indigenous business development set of protocols that we operate to, which really is about us trying to encourage the traditional owners to pick up opportunities for developing businesses associated with the mine... the big part of that work through our Indigenous business facilitator is to try to identify opportunities within the mine site where we can match up small businesses with opportunities on our mine.⁴¹
- 4.44 Mr O'Neill advised that nine Indigenous contractors are currently operating at the site, up from one three years ago.⁴²
- 4.45 In addition to subcontracting, mining sector agreements have funded local Indigenous cultural tourism and other business ventures, which are discussed in Chapter 2.
- 4.46 One of the strongest areas for Indigenous business is in mining rejuvenation, which brings together cultural and project management skills. A major success story is Ngarda Civil and Mining Pty Ltd, a joint venture between Leighton Contractors, IBA and the Ngarda Nagarli Yarndu Foundation.
- 4.47 Leighton Contractors was cited in the inquiry as a strong model for Indigenous business development. The company is a leading construction, mining, services and telecommunications group with major developments in the Pilbara. The company has developed a range of programs aimed at growing the skills base of its Indigenous workforce.⁴³

40 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, p. 13.

41 Mr Tim O'Neill, *Transcript of evidence*, 7 August 2008, p. 29.

42 Mr Tim O'Neill, *Transcript of evidence*, 7 August 2008, p. 26.

43 Ngarda Civil and Mining Pty Ltd, www.isx.org.au/projects/1149652858_7569.html accessed 13 October 2008.

Box 4.2 Ngarda Civil and Mining Pty Ltd

Ngarda is a contract mining business based in Port Headland in the Pilbara region of Western Australia. Ngarda is owned by Leighton Contractors, IBA and the Ngarda Nagarli Yarndu Foundation each hold a 25 percent share.

In the first nine months of its operations, Ngarda secured approximately \$9.2 million in contracts for work over the next five years. This proved to be a catalyst for growth for the company and since 2005 Ngarda has set up its own supply contracts, finances and payroll systems.

Ngarda continues to be a presence in the Pilbara. Currently, it holds contracts with BHP Billiton and Robe River. These projects alone have resulted in the employment of over 100 local Indigenous people. Ngarda Indigenous employment participation is some of the best in the industry, building the economies of local communities. In 2004 Ngarda won the Prime Minister's Awards for Community Business Partnerships in the large business category.

Ngarda recently won a major contract to manage the BHP Billiton owned Yarria iron mine in the Pilbara. The contract is worth more than \$300 million over five years and, at September 2007, was the largest Indigenous mining contract in Australia. Ngarda has recently expanded into housing construction works subcontracting to Leightons in the Northern Territory.

Source: Professor Jon Altman & Ms Kirrily Jordan, Submission No. 39, p. 4, Rio Tinto, Submission No. 43, p. 18 and Indigenous Business Australia, Submission No 58, attachment B, p. 17

Issues in the mining sector

- 4.48 Mining is seen as an area of particular vocational and commercial advantage for Indigenous Australians. At present however, strengths are in direct employment of Indigenous peoples and not in enterprise development.
- 4.49 A study conducted in June 2007 of Indigenous Employment and Business development in the Queensland Resources sector found that, in most cases, corporate direction for increased subcontracting to Indigenous business is not substantially increasing Indigenous engagement.⁴⁴

44 P. Vidler, *Indigenous Employment and Business Development in the Queensland Resources Sector* (A report to the Queensland Resources Council) June 2007, Centre for Social Responsibility in Mining

- 4.50 Larger companies are trying to address this by employing specific business development people on site. They manage the contracts, assist with occupational health and safety requirements, which can be a significant barrier to contracting to large resource companies, arrange assistance from accountants, and assist with governance aspects.⁴⁵
- 4.51 Mr Bruce Harvey of Rio Tinto advised that adherence to safety and operational guidelines in critical path contracts is essential to the just in time production process. This means that companies will not risk large earth moving contracts, for example, on Indigenous businesses unless they are in joint partnerships with experienced usually non Indigenous operators. Preferential business consideration for Indigenous business therefore falls into non critical, and less lucrative, catering, camp cleaning and more minor earthmoving work.⁴⁶ Rio Tinto spends additional time working with enterprises to assist them to be able to improve their performances.

Types of incentives

Mandated procurement

- 4.52 When considering whether incentives should be provided to encourage successful businesses to work with new Indigenous enterprises, the Committee received a range of evidence around mandated procurement, selective tendering and preferential tendering.
- 4.53 Many inquiry participants consider that there is a role for governments in leading the way to provide more business for new Indigenous enterprises, through a process of mandated procurement, selective tendering or subcontracting.⁴⁷
- 4.54 A significant issue for most government departments who are subject to the *Financial Management and Accountability Act 1997* (FMA Act) is that they are bound to follow the Commonwealth Procurement Guidelines (CPG). Other authorities, such as IBA are subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act) which only requires them to follow the CPGs in a small number of specific circumstances.

45 Ms Cara Babb, *Transcript of evidence*, 12 September 2008, p. 44.

46 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, p. 17.

47 Yunga Mine Services Pty Ltd, *Submission No. 34*, p. 1.

- 4.55 The CPG allow specification of conditions of participation on the following grounds only:
- Conditions for participation must be limited to those that will ensure that a potential supplier has the legal, commercial, technical and financial abilities to fulfil the requirements of the procurement.⁴⁸
- 4.56 There are two exemptions in the Free Trade Agreement with the United States which relate to Indigenous business assistance. The first exemption is for mandated procurement which relates to government contracts for the health and welfare of Indigenous people and measures for their economic and social advancement.⁴⁹ The second exemption that allows for:
- ... the right to adopt or maintain any measure with respect to investment that accords preferences to any Indigenous person or organisation or provides for the favourable treatment of any Indigenous person or organisation.⁵⁰
- 4.57 IBA consider that a voluntary commitment to minimum procurement rates, rather than a legislated approach, is more likely to succeed initially. This is particularly so as the support needed for legislative change would be difficult to secure without strong evidence of the impact and support from business.⁵¹
- 4.58 Koorie Women Mean Business consider that during government contracting or tendering processes, contractual arrangements should be inclusive of an Indigenous business within their provision of services. This could ensure that a larger business, the successful tenderer, can support the development of a smaller Indigenous enterprise. Such a case has merit particularly if a company is delivering services to a higher ratio of Indigenous clients, or a proportion of service delivery is with an Indigenous organisation or enterprise.⁵²
- 4.59 Mr Neil Willmott proposed a detailed Indigenous Business Procurement strategy based on the following actions:
-

48 Commonwealth Procurement Guidelines, Division 2: Mandatory Procurement Procedures, sect. 8.16

49 US FTA, Chap 15, Sect 7 Schedule of Australia

50 Us FTA, Annex 4-Ii(A) Australia's Reservations To Chapter 7 Trade In Services and Chapter 8 Investment.

51 Indigenous Business Australia, *Submission No. 58*, p. 14

52 Koorie Women Mean Business, *Submission No. 41*, p. 6

- setting aside contracts for Indigenous owned businesses such as those which serve a primarily Indigenous population;
- promoting joint ventures between Indigenous businesses and also Indigenous and non Indigenous businesses;
- encouraging successful non Indigenous contractors to subcontract Indigenous labour; and
- educating stakeholders about Indigenous business.⁵³

4.60 The NSW government has the *Aboriginal Participation in Construction Guidelines* which were introduced to expand Indigenous people's access to and participation in NSW government funded construction and related activities. The Guidelines are incorporated in the NSW Government Procurement Policy and apply to all government departments, statutory authorities, trusts and other government entities with the exception of state owned corporations.

4.61 The Guidelines are designed to:

- determine which projects are priorities for Indigenous participation;
- categorise such projects according to the extent to which Indigenous people will benefit from the completed project;
- include in tender documents specifications for both contractors and subcontractors regarding Indigenous participation;
- include Indigenous participation as a criterion for assessing the merit of tender proposals; and
- monitor and collect data on actual participation.

4.62 Some questions were raised about the rigour of the *Aboriginal Participation in Construction Guidelines*. Indigenous owned organisations told the Committee that they felt that their participation in tendering processes with companies was to enable the company to meet the obligation in the Guidelines rather than a genuine commercial opportunity.

There are companies that come and ask us to tender on construction jobs. It could take us up to three or four weeks to do a quote on a job. They just want us because they need to have a black company tender for it. It is not that they actually

53 Mr Neil Willmet, *Submission No. 64*, p. 12

want us to do it. We are finding that Daryll is almost full time doing tenders and out of that we have got one job.⁵⁴

4.63 The issue of tendering for services in Indigenous communities was also raised. The Committee heard about several instances where a 'fly in fly out' crew were brought in from outside to build houses or schools, and local Indigenous people were not given the opportunity.⁵⁵ Tangentyere Council propose that, where governments are subcontracting to provide services to Indigenous people or communities that Indigenous enterprises be given preferential treatment where they are capable of fulfilling the contract.⁵⁶

4.64 Mr Ralph Addis, Chief Executive of the Wunan Foundation stated that the construction and maintenance industry is one that historically has very limited employment of local Indigenous people. Wunan has set up a construction and maintenance business where people can get a start and, in time, move off to form their own businesses and work for other contractors. They consider it will act as a stepping stone.⁵⁷

4.65 Countering these views, the Larrakia Development Corporation (LDC) does not consider there is a need for preferential procurement. They consider it a false premise which hinders the development of the business and creates animosity within the mainstream.

Of the tenders that we have applied for, we have lost more than we have won, but the ones we have won we have won on our merit. The results speak for themselves: we are still there.⁵⁸

4.66 The Committee sees value in ensuring that Indigenous businesses have greater opportunity to compete for supply contracts to the Australian Government. However, the Committee also recognises that across all Government agencies and authorities, there will be different opportunities to utilise Indigenous businesses depending on an agency's location and their goods and service needs.

4.67 Accordingly, the Committee does not support mandating procurement levels at this time. It does support the introduction of a series of specified target levels of Australian Government procurement of goods and services from Indigenous businesses.

54 Ms Jenene Brown, *Transcript of evidence*, 25 July 2008, p. 37.

55 Mr Warren Mundine, *Transcript of evidence*, 25 July 2008, p. 47.

56 Tangentyere Council, *Submission No. 30*, p. 5.

57 Mr Ralph Addis, *Transcript of evidence*, 7 August 2008, p. 8.

58 Mr Greg Constantine, *Transcript of evidence*, 6 August, p. 42.

Agencies and authorities would then be required to nominate the target level of procurement according to their business type and location. This approach would ensure that each agency is individually challenged to maximise its Indigenous business procurement, rather than reducing all agencies to a minimum required level.

- 4.68 The Committee is also of the view that, where the Australian Government is procuring goods or services for Indigenous communities or in surrounding local areas (such as housing or other infrastructure), there is an expectation that every effort is made to maximise opportunities for Indigenous business participation.
- 4.69 The approach of a series of target levels will provide expanded market opportunities to Indigenous businesses. It will also provide greater opportunities for Indigenous businesses to compete for and participate in the supply of goods and services to their own communities. Further discussion of Australian Government procurement as part of an Indigenous Supplier Development Council is in Chapter 5.
- 4.70 In addition, the Committee recommends that Australian Government agencies and authorities report annually on their achievement against nominated target levels of Indigenous business procurement. Reporting this measure will assist in raising corporate confidence in the diversity of Indigenous businesses and their capacity to supply.

Recommendation 9

- 4.71 **The Committee recommends that the Australian Government establish a series of target levels of government procurement from Indigenous businesses, and require all Australian Government agencies and authorities to nominate a target level. The Committee also recommends that all Australian Government agencies and authorities be required to report in their annual report the procurement level from Indigenous businesses. Future consideration should be given to introducing an escalating series of mandated procurement levels over the next decade.**

Larrakia clause

- 4.72 The Committee wanted to highlight a strategy used by the LDC, which is based in Darwin. The LDC have developed a clause, referred to as the 'Larrakia clause', as a means to increase business opportunities and collaborations for Larrakia people.
- 4.73 The LDC approaches companies who are undertaking work in the Darwin area and invites them to include the Larrakia clause in any contracts that the companies let. This clause requires the successful tenderer to contact the LDC to check if any of the Larrakia or their subsidiaries have skills in those particular areas.
- 4.74 This clause does not mean that the LDC is a preferential tenderer but rather acts as a means for the LDC to be informed of possible business opportunities. The LDC or their subsidiary is still required to undergo the standard commercial tender process to compete to provide the goods or service.
- 4.75 The LDC will also contact the original company to provide feedback on whether they have gained any business opportunities as a result of the clause.
- 4.76 Currently the LDC has negotiated the inclusion of the clause in ConocoPhillips contracts as well as other major business partners working on the Darwin waterfront, at the residential community development of Lyons in Darwin and Defence Housing Australia.⁵⁹

Microfinance

- 4.77 The Committee received mixed evidence that microfinance and micro-enterprise development should be a component of any program to develop Indigenous enterprises.
- 4.78 Groups such as Rio Tinto supported the idea that there should be improved access to appropriate finance including microfinance as well as traditional avenues for business loans.⁶⁰
- 4.79 IBA reported that they offered a microfinance type of product for a period of time but found that there was a very high level of non compliance with the terms and conditions, and high non repayment

59 Mr Greg Constantine, *Transcript of evidence*, 6 August 2008, p. 43.

60 Rio Tinto, *Submission No. 43*, p. 6.

rates despite the fact that it should have been an achievable loan to those businesses.⁶¹

4.80 IBA undertook an analysis of micro-enterprise development in 2006 in order to consider how it might support a microfinance program. It found there had been various programs across the years which supported Indigenous micro-enterprises,⁶² and that many of these programs were unsuccessful.⁶³ IBA concluded that the most cost effective solution was for microfinance to be delivered through other microfinance providers.⁶⁴

4.81 Mr Glenn Brennan undertook a Churchill Fellowship in 2008 on the implementation of an Indigenous micro-enterprise development and loans program. His research found that a micro-enterprise development and loans program cannot compete with government grants that do not require repayment,⁶⁵ which was supported by the Darebin Enterprise Centre⁶⁶. He also stated that an Indigenous micro-enterprise development and loans program must:

- use the skills and expertise of community organisations to assist in finding Indigenous entrepreneurs;
- access existing government services to provide business training and ongoing mentor support; and
- engage the finance sector to provide business acumen associated with lending and loan management.⁶⁷

4.82 The Committee heard evidence from the Tjunga Australian Research Council project on a small micro financing arrangement on a low or no interest loan basis, with a longer repayment schedule which enabled the enterprise to be able to meet demand for product and invest in marketing.⁶⁸ Tjunga stated that:

Such arrangements need be considered for all new Indigenous enterprise and would be, we argue, far more

61 Mr Craig Dalzell, *Transcript of evidence*, 19 June 2008, p. 5.

62 Indigenous Business Australia, *Submission No. 58*, p. 35.

63 Indigenous Business Australia, *Submission No. 58*, p. 36.

64 Indigenous Business Australia, *Submission No. 58*, p. 26.

65 Exhibit No. 12, Mr Glenn Brennan Recyclable Philanthropy and the pursuit of happiness.

66 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 27.

67 Exhibit No. 12, Mr Glenn Brennan Recyclable Philanthropy and the pursuit of happiness.

68 Professor Bobby Banerjee, Deirdre Tedmanson, Alan O'Connor, Dr Murray Muirhead, Christopher Talbot, Peter McDonald, Gary Lewis, Dennis Colson, Roxanne Colson and Bebe Ranzam, *Submission No. 66*, p. 14.

effective on any risk/benefit analysis and a better use of tax-payers dollars than providing little option for Indigenous peoples in remote communities than reliance on residual welfare.⁶⁹

- 4.83 The Committee heard anecdotal evidence about two small enterprises seeking a small amount of funding; a loan for a hairdressing enterprise in a remote community⁷⁰ and a loan for a 'slush puppy' machine on Galiwinku, an island north of Darwin.⁷¹ Both of these enterprises seem to fit into the category of micro funding or micro-enterprises and the Committee was interested to hear that one was able to get funding while the other one was not.
- 4.84 The Committee was told about the NAB \$18 million Micro-enterprise Loans Program. Its features include:
- Loans from \$500 to \$20,000;
 - Interest rate - 9.95% (fixed);
 - No fees;
 - Up to three years repayment period; and
 - 90 day access period is interest free.⁷²
- 4.85 The Committee recognises the gap in start up funding for micro-enterprises. In particular this gap impacts on remote area entrepreneurs and in sectors such as the arts where they have low capital or infrastructure costs, and the smallness of the loan required may exclude enterprises from other program funding.

Recommendation 10

- 4.86 **The Committee recommends that the Australian Government provide a program of funding, including micro-funding, with an emphasis on remote area enterprises, to enable entrepreneurs to establish cooperative enterprises, especially in the arts sector. The Committee recommends that Indigenous Business Australia in association with a corporate partner in the financial sector deliver this program.**

69 Professor Bobby Banerjee, Deirdre Tedmanson, Alan O'Connor, Dr Murray Muirhead, Christopher Talbot, Peter McDonald, Gary Lewis, Dennis Colson, Roxanne Colson and Bebe Ranzam, *Submission No. 66*, p. 14.

70 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, p. 19.

71 Mr Craig Dalzell, *Transcript of evidence*, 6 August 2008, p. 33.

72 Exhibit No. 12, Mr Glenn Brennan Recyclable Philanthropy and the pursuit of happiness.

Joint ventures

- 4.87 In many cases business development on Indigenous land is constrained by lack of capital and/or expertise. These problems can sometimes be overcome by forming a joint venture between the Indigenous landowners and other parties that provide the required capital and expertise. A common motive for non-Indigenous involvement is to assist them to access Indigenous land, such as with mining which is discussed in more depth in this chapter.
- 4.88 The Equity and Investments program of Indigenous Business Australia brings Indigenous people and corporate partners together in a sustainable, commercial joint venture that provide for profit distribution, employment opportunities and asset accumulation to build the economic self sufficiency of Indigenous people.⁷³
- 4.89 IBA aims to enter into an investment and divest its interest to an Indigenous partner over time once they have the capacity to manage the investment in its own right. In this regard, having the correct structures in place is critical to the process of capability transfer to ensure IBA achieves this aim.
- 4.90 Joint ventures could provide an opportunity for tax savings. While in many cases the Indigenous shareholding organisation is income tax exempt, the non Indigenous shareholders are generally not. A reduction in income tax for non Indigenous investors and for the joint venture could encourage more development.

Venture capital

- 4.91 The venture capital industry provides risk capital for commercialising research, innovation and new business ideas typically developed by entrepreneurs. Venture capital is now a well proven model around the world and is a critical component of an innovative and entrepreneurial society.⁷⁴
- 4.92 Indigenous Capital Limited (ICL) was set up several years ago to look at providing high risk venture capital to Indigenous enterprises. ICL concluded that although it would be difficult, it would be feasible to set up trading businesses that could become sustainable.⁷⁵

73 Indigenous Business Australia, *Submission No. 58*, pp. 3-4.

74 Indigenous Capital Limited, *Submission No. 51*, p. 1.

75 Mr Roger Allen, *Transcript of evidence*, 25 July 2008, p. 24.

- 4.93 The model of venture capitalism proposed by ICL includes not only the provision of money but also the hands on support, discipline, mentoring and everything required for active participatory investment. They see their role as being the intersection between the corporate providers of capital and the Indigenous entrepreneurs.⁷⁶
- 4.94 ICL have currently funded a feasibility study and business plan with the Yalanji people, in the Daintree, for a tourism business with Indigenous tourism and culture. For this project to proceed, ICL will need to raise the venture capital funds which is proving to be a challenge.
- 4.95 The Minerals Council of Australia noted that while tax exemption to encourage venture capital is granted for specific emerging businesses, including a tax exemption for non residents, no clear venture capital opportunity exists to encourage Indigenous enterprise development.⁷⁷
- 4.96 Additionally, the Minerals Council considers that existing Australian Government venture capital programs, such as the Small Business Incubator Program, have application guidelines which are onerous and prescriptive. In addition, their eligibility criteria are too narrow to support the diversity of Indigenous enterprise development necessary to facilitate the development of real economic opportunities for a significant number of Indigenous people and communities.⁷⁸
- 4.97 The Australian Indigenous Chamber of Commerce proposed that there should be a tax exemption for Indigenous venture capital funds to encourage investment in Indigenous entrepreneurship by the entire Australian finance and investment community.⁷⁹
- 4.98 The Tjunga ARC project described an alternative form of venture capital existing within their research. They were approached by private philanthropic people who wish to provide a social investment for specific Anangu Pitjantjatjara Yankunytjatjara (APY) enterprises.

They are prepared to wait some time for return on their capital outlay, providing there is adequate support provided to the latent enterprise and evidence that there is social benefit which they believe will lead to and build economic

76 Mr Roger Allen, *Transcript of evidence*, 25 July 2008, pp. 23-4.

77 Minerals Council of Australia, *Submission No. 54*, p. 2.

78 Minerals Council of Australia, *Submission No. 54*, p. 2.

79 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 7.

benefit. This type of social investment is we believe an untapped resource in Australian society.⁸⁰

Tax incentives

- 4.99 Within the current Australian tax system, there already exist a range of incentives to encourage the development of mainstream businesses. They include incentives for farming and mining, building and infrastructure development, research and development, and the film industry.⁸¹
- 4.100 Using tax reform as a basis for increasing economic activity is a suggestion often made by the business community. This suggestion can undermine the tax base required by governments to be able to provide the services at a level that the community may expect.
- 4.101 Participants in the 2020 Summit in April 2008 proposed the idea that to assist with Indigenous economic development, tax incentives and concessions could be provided to encourage higher levels of Indigenous engagement in private enterprise and entrepreneurship. Some groups and individuals cautioned that tax incentives and concessions need careful consideration because they do not always achieve the desired results.⁸²
- 4.102 On 13 May 2008 the Australian Government announced the review of Australia's tax system. The review is considering the current tax system and will make recommendations to position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century. One of the areas that the review will consider includes enhancing the taxation of savings, assets and investments, including the role and structure of company taxation.⁸³
- 4.103 In the course of the inquiry, the Committee has received a range of evidence and opinions on possible changes to the current tax system which may assist in the development of Indigenous enterprises.

80 Professor Bobby Banerjee, Deirdre Tedmanson, Alan O'Connor, Dr Murray Muirhead, Christopher Talbot, Peter McDonald, Gary Lewis, Dennis Colson, Roxanne Colson and Bebe Ranzam, *Submission No. 66*, p. 13.

81 O. Stanley, *The potential use of tax incentives for Indigenous businesses on Indigenous land*, CAEPR Working paper no, 17/2002, p. 2.

82 'Options for the Future of Indigenous Australians, *Australia 2020 Summit Final Report 2008*, p 228, www.australia2020.gov.au accessed 13 October 2008.

83 <http://taxreview.treasury.gov.au> accessed 13 October 2008.

- 4.104 AIATSIS consider that the question of tax based development models arises on three levels: tax and welfare for individuals in Indigenous communities; legal entities for Indigenous business activity and appropriate corporate structures for Indigenous economic development; and tax incentives to encourage investment and increase access to capital.⁸⁴
- 4.105 The Australian Indigenous Chamber of Commerce proposed a range of extensive tax reforms to assist with the development of Indigenous enterprises:
- There is little or no culture of saving and capital accumulation in poor communities and tax incentives must be combined with an educational campaign to encourage Indigenous people to save through tax deductible deposit accounts or invest in income producing assets;
 - A new form of Indigenous Business Corporation could receive tax breaks and have access to an Indigenous business fund which could be funded from the tax deductible deposits used to encourage Indigenous savings;
 - Micro banking could be reviewed to investigate its potential for Indigenous communities and businesses;
 - Amendments to tax laws are needed to clear up the status of payments under native title agreements;
 - The tax system should be used to provide a financial incentive for the use of Indigenous subcontractors with double tax deductions for non Indigenous contractors who employ or contract with Indigenous contractors;
 - Tax exemption for Indigenous venture capital funds to encourage investment in Indigenous entrepreneurship by the entire Australian finance and investment community; and
 - Full tax deductibility and tax incentives for all Indigenous education and job hunting expenses to encourage education and employment.⁸⁵
- 4.106 IBA is of the opinion that tax incentives do not tend to achieve the desired effect as they are often overly complex, open to exploitation and can send the wrong signals about the competency of Indigenous enterprises. Further, such incentives do not necessarily assist Indigenous Australians to own assets or generate wealth, so longer-

84 AIATSIS, *Submission No. 26*, p. 5.

85 Australian Indigenous Chamber of Commerce, *Submission No. 50*, pp. 6-7.

term Indigenous economic assistance would not necessarily be achieved through such a mechanism.⁸⁶

4.107 Several groups suggested the use of a tax credit or rebate.⁸⁷ Mr Neil Willmetts suggested introducing taxation reforms which lower the 30 per cent company tax rate for Indigenous owned businesses to 10 per cent for the first three years of their start-up.⁸⁸

4.108 Mr Bill Moss AM from Gunya Australia, proposed an Indigenous Economic Development Scheme which would provide:

- A tax credit on initial start up investment with the initial (start up) investment capital considered expenses in that financial year;
- Initial capital cost i.e. all start up expenses will be subject to a 150 per cent tax credit, paid the year in which they are incurred; and
- Operating losses for the first 5 years will be subject to a 150 per cent tax credit, paid the year in which they are incurred.⁸⁹

4.109 The Committee has seen that there is a range of opinions about the merit of tax reform to assist developing Indigenous enterprises. They consider that Indigenous businesses do need some support, during the development phase and a reduction in company tax over a specified time could provide this. The Committee considers that any taxation relief support would need to be simple.

4.110 The Committee has not examined in detail the appropriate rate of a proposed tax reduction. Consequently it does not specify that any rate of reduction to be provided, only the Government consider through the review of the taxation system whether the taxation system has a role in encouraging Indigenous start up business.

Recommendation 11

4.111 The Committee recommends that the Australian Government as part of the current review of Australia's taxation system include consideration of how to encourage Indigenous start up business through the taxation system.

86 Indigenous Business Australia, *Submission No. 58*, pp. 14-15.

87 Rio Tinto, *Submission No. 43*, p. 5.

88 Mr Neil Willmetts, *Submission No. 64*, p. 14.

89 Indigenous Economic Development Scheme, <http://www.globalfoundation.org.au> accessed 13 October 2008.

The role of Indigenous Chambers of Commerce

- 4.112 The role of Chambers of Commerce is to represent the interests of business at a local, state and national level and they have played a significant part in the shaping of Australia, not only in economic but in social terms. Few mainstream Chambers of Commerce have however, promoted the importance of Indigenous people being in business, or have advocated for their specific business development needs.⁹⁰
- 4.113 The Committee heard from a range of Indigenous Chambers of Commerce. The South East Queensland Indigenous Chamber of Commerce, the Australian Indigenous Chamber of Commerce,⁹¹ the Mandurah Hunter Indigenous Business Chamber Inc⁹² were all strong supporters of Indigenous business and the role that Indigenous Chambers of Commerce could play in helping them succeed.
- 4.114 A roundtable of Indigenous business owners and support organisations in Brisbane highlighted to the Committee the role that the South East Queensland Indigenous Chamber of Commerce plays in supporting them as Indigenous business owners.⁹³ This view was contrasted by a micro-enterprise operator who considered that the value of Indigenous-only organisations such as Indigenous Chambers of Commerce is extremely limited. Guurrbi Tours suggested they provide moral support, but do not help people move forward.⁹⁴
- 4.115 The Northern Territory (NT) is also considering an Indigenous Chamber of Commerce. The Committee was told it would be appropriate to have an Indigenous chamber of Commerce as the NT has a 30 per cent Indigenous population.⁹⁵
- 4.116 The Australian Indigenous Chamber of Commerce is a newly formed organisation, stemming from the 2020 Summit. They envisaged a group that could:
- liaise with government;

90 Mr Neil Willmetts, *Submission No. 64*, p. 9.

91 Australian Indigenous Chamber of Commerce, *Submission No. 50*.

92 Mandurah Hunter Indigenous Business Chamber Inc, *Submission No. 68*.

93 Roundtable discussion, *Transcript of evidence*, 9 September 2008, pp. 48-66.

94 Guurrbi Tours, *Submission No. 2*, p. 1.

95 Ms Sarina Jan, *Transcript of evidence*, 6 August 2008, p. 71.

- play a role in promoting trade and commerce between Indigenous and non Indigenous Australians and businesses;
- advance Indigenous entrepreneurship;
- commission research into Indigenous economic policy and social outcomes;
- promote excellence in Indigenous economic policymaking and research;
- promote business to business mentoring, dialogue and networking opportunities between Indigenous and non Indigenous Australians; and
- represent and advance the interests of Indigenous business.⁹⁶

4.117 Ms Sarina Jan proposed a model of mandated procurement through an Indigenous Chamber of Commerce. She proposed that government agencies could allow an Indigenous Chamber of Commerce and Industry to project manage tenders under \$50 000 in Indigenous affairs and make it competitive for their members. If the Chamber cannot find the competition there, they put it out to tender further. This would provide a start for an Indigenous business and would also ensure that the Indigenous Chamber of Commerce would instil quality standards and controls.⁹⁷

4.118 Similarly Mr Charles Jia claimed that while there are many government services and programs to establish Indigenous businesses, there is not much done to assist them to continue to develop their business after set up.⁹⁸

4.119 An Indigenous business owner reported that most assistance time offered by government agencies was spent in negotiating IBA loan requirements.⁹⁹ Inquiry participants identified a need for follow up mentoring and training, building management, planning and financial knowledge, as well as networking, marketing and negotiation skills necessary to win contracts and new clients.

96 Mr Warren Mundine, *Transcript of evidence*, 25 July 2008, p. 33.

97 Ms Sarina Jan, *Transcript of evidence*, 6 August 2008, p. 71.

98 Mr Charles Jia, *Submission No. 18*, p. 1.

99 Mr David Potter, *Transcript of evidence*, 14 July 2008, p. 40.

Indigenous business awards

- 4.120 Many participants in the inquiry focussed on the Indigenous businesses that are already out there and how these businesses are quietly going from strength to strength. They considered that there should be more done to raise the profile of successful Indigenous businesses.
- 4.121 Indigenous business awards used to take place in Western Australian¹⁰⁰ and still take place in NSW.¹⁰¹
- 4.122 The Committee considers that awards such as these would be a valuable networking and celebration opportunity to showcase Indigenous business owners. The Committee considers this an important step in the development process of Indigenous enterprises as well as recognising the critical role that small business plays in employment.
- 4.123 Indigenous business awards would bring attention to the spectrum of Indigenous businesses that are currently operating. The Committee was impressed with the Indigenous Governance Awards, run by Reconciliation Australia in partnership with BHP Billiton, especially the focus on Indigenous enterprises.¹⁰²
- 4.124 Mr Neil Willmetts suggested tabling a report in Parliament detailing Indigenous successes.¹⁰³ While this approach has merit the Committee considers an awards ceremony would bring an element of celebration and recognition which is an important factor in the development of greater numbers of Indigenous enterprises.

Recommendation 12

- 4.125 **The Committee recommends that the Australian Government fund biennial Indigenous business awards, similar to those held in New South Wales and previously in Western Australia.**

100 Ms Sarina Jan, *Transcript of evidence*, 6 August 2008, p. 72.

101 Aboriginal Employment and Business Awards, <https://www.det.nsw.edu.au>, accessed 13 October 2008

102 Ms Barbara Livesey, *Transcript of evidence*, 25 September 2008, p. 19.

103 Mr Neil Willmetts, *Submission No. 64*, p. 8.

Minority supplier development councils

- 5.1 After the hurdles of setting up and establishing a business have been negotiated, the next challenge is to expand the market. For Indigenous business owners that critical next step can be the hardest.
- 5.2 In the US a successful mechanism used to expand minority business markets has been the establishment of the National Minority Supplier Development Council (NMSDC).
- 5.3 The NMSDC is a not for profit, non government organisation which acts as a broker for small to medium minority businesses who want to tender into the supply chain of council members, which may be large corporates, government agencies or other institutions.
- 5.4 The Council also plays an important role in vetting the minority business's status and readiness to supply, and mentoring through them through the tendering processes with corporate members.
- 5.5 The record of achievement of the model in the US is significant. In the first year of NMSDC operations corporate members purchased over US\$100 million dollars worth of goods and services from minority business clients. By 2006 in excess of \$100 billion in purchases were made from over 15 000 minority business clients by the Council's 3 500 corporate members.¹

¹ Message Stick Group, *Submission No. 10*, p. 8.

- 5.6 This chapter first provides an overview of the model before considering its potential value as a market multiplier for Australia's Indigenous business sector.

Minority business supplier development councils – an overview

- 5.7 Minority business supplier development councils (SDCs) are not for profit organisations which open opportunities for small to medium sized minority owned businesses to compete to supply large corporate entities.
- 5.8 The key stakeholders in the supplier council model are:
- the minority business members (the suppliers of products and services);
 - the Minority Business Council (the broker between suppliers and purchasers); and
 - corporations (the purchasers of services from minority members).²
- 5.9 The SDC recruits large corporate, institutions and government agencies as members, and certifies minority owned suppliers. Opportunities are also provided for minority business owners to showcase their goods and services. They may then tender directly for contracts offered by supplier council members, or they may enter the supply chain of large corporate members tendering for contracts on public works, or supply to other government agencies or multinationals.
- 5.10 Risks are reduced for corporate members contracting with these businesses because the ground rules of operation are set. Either a small business has a competitive price and service or they do not achieve council minority membership.³ Other incentives to corporate members to join the council are in expanded market opportunities and increased corporate social responsibility (CSR) credentials.
- 5.11 Services provided by SDCs include:
- vetting minority status and business readiness of minority businesses;

2 Mr Neil Willmet, *Submission No. 64*, p. 10.

3 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 14.

- providing an online database of certified minority owned businesses able to supply a competitive range of goods and services;
- referrals to corporate buyers of minority owned business suppliers;
- working capital loans and access to specialised financing to certified minority owned businesses;
- programs to enhance business relationships between corporations and minority owned businesses; and
- training and networking opportunities and events to enable minority entrepreneurs to better negotiate with prospective buyers and purchasing agents.⁴

The United States supplier development council

- 5.12 The US NMSDC is the world's pioneer of the minority supplier development council concept.
- 5.13 In 1969 the US Government set up the Minority Business Development Agency, a government agency charged with coordination of private and public sector programs to support minority business development.
- 5.14 At the same time, a group of Chicago business organisations decided to create opportunities for minority business owners by conducting the first Suppliers Opportunity Fair. The success of this venture led in 1972, to the incorporation of the NMSDC. The Council went on to establish a head office in New York and 39 regional minority supplier councils across the nation.⁵
- 5.15 The expansion of the minority council model in the US has been facilitated by federal procurement law and mirror legislation in some states, whereby government or companies determine that a certain percentage of contracts should go to minority owned suppliers.
- 5.16 The NMSDC and its regional councils play an important role in certifying that a business is a certified minority business in accordance with diversity procurement requirements. For this purpose, minority businesses are defined as those businesses that are

4 Background paper Minority Business Councils, www.aph.gov.au/atsia accessed 13 October 2008.

5 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, p. 11.

at least 51 per cent owned, operated and controlled by persons who are Black, Hispanic Asian American or Native American.⁶

5.17 The aggregate revenue of minority communities in the US is \$1.5 trillion, which is greater than the gross domestic product of many countries. The NMSDC model targets middle range business, that is, the suppliers of services and products rather than retail level businesses. Factoring supplier diversity procurement in their bottom line means member companies can profit through diversity in service delivery, product design and expanded markets both among the minority community and internationally.⁷

5.18 The success of the model can be measured in three ways:

- the NMSDC is entirely self funded by corporate members, with a national budget of US\$16 million and each regional office with its own operating budget;
- proven capacity to grow the number and capacity of minority suppliers to tender successfully and to increase market penetration, including through partnerships with corporate joint tenderers; and
- the transferability of the model to other countries, with supplier diversity programs and organisations established in South Africa, Brazil, Canada, the United Kingdom and most recently, China.⁸

Supplier development councils in Canada and the United Kingdom

5.19 In Canada and the United Kingdom the minority SDC model seems equally successful, even though the governments in those countries do not have mandatory supplier diversity policies for government procurement in place:

- The Canadian Aboriginal and Minority Supplier Council (CAMSC) was founded 2004. After four years of operation it has facilitated over \$200 million in procurement for Indigenous minority companies.⁹
- The UK's supplier minority council began operation in July 2006 and has since recruited 40 corporate members, including some of

6 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, p. 11.

7 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, pp. 12-13.

8 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, pp. 12-13.

9 Canadian Aboriginal and Minority Supply Council, *Submission No. 8*, p. 1.

the largest UK and global corporations, and 300 minority business members.¹⁰

Support for an Australian Indigenous supplier development council

5.20 During the inquiry it was evident that although the US minority supplier development council model was not familiar to the general community, some contributors to the inquiry strongly supported the introduction of a similar model targeting Indigenous businesses in Australia.¹¹

5.21 Some leaders in the Indigenous business community are familiar with concept as a consequence of the NSW State Government and City of Sydney's interest in promoting opportunities for Indigenous businesses, which includes encouragement of supplier diversity initiatives.¹²

5.22 Ms Michelle Hoff has been a staunch advocate for supplier diversity in Sydney. In her submission she expressed strong support for an Indigenous supplier development council (SDC):

This model is about helping people to help themselves, fostering skills, it is seen as a 'hand up' not a 'hand out'. It is obvious that one of the major attractions of this model is its simplicity. The aim is clear. To encourage corporate Australia to conduct business with Indigenous owned businesses. The peak body for this Supplier Diversity Council will have one goal - to increase the amount of business conducted between its members and accredited Indigenous businesses.¹³

5.23 Mr Leigh Harris has set up Indigenous Tenders in Cairns, inspired by the Canadian SDC model. He was frustrated that Indigenous businesses are not given opportunities to fill local jobs and wanted to provide a service that was easily accessible by Indigenous businesses.

10 Minority Super Development UK, *Submission No. 4*, p. 1.

11 Message Stick Group, *Submission No. 7*, p. 2; Ability Plus Painting and Decorating Services Pty Ltd, *Submission No. 22*, p. 1; Terry Janke & Company Pty Ltd, *Submission No. 32*, p. 3.

12 City of Sydney, *Submission No. 6*, pp. 1-2.

13 Ms Michelle Hoff, *Submission No. 20*, p. 1.

He now has 1 200 registrations from Indigenous service providers across Australia.¹⁴

- 5.24 Mr Kevin Peters of the Northern Territory Industry Capability Network told how a database was set up to match Indigenous businesses to corporate organisations and governments operating in the Northern Territory:

We needed to identify them; we needed to identify what capability and equipment they had that were pertinent to a particular request. We wanted to get them into mainstream procurement processes, but you will find that there are government processes which allow a government department to bypass the normal regulations and go straight to, for example, a road maintenance company which exists within a community and just give the contract straight to them. That is fine, but they were missing out on all sorts of other opportunities.¹⁵

- 5.25 Ms Lani Blanco-Francis is one of the growing number of young Indigenous professionals working to broker opportunity in employment and business for other Indigenous peoples. She urged support for the establishment of an SDC noting the value she had got from an employment mentor and networking with other Indigenous businesses.¹⁶

- 5.26 Mr Neil Willmet, Indigenous business consultant and foundation member of the South East Queensland Indigenous Chamber of Commerce, maintained that an SDC could provide a key strategy to reduce Indigenous economic and social disadvantage, in that:

- the model creates, nurtures and promotes economic participation in its most valuable form: asset ownership and wealth creation;
- the model creates, nurtures and promotes individual responsibility and accountability;
- the model creates an enduring institution which is designed specifically for the enhancement of Indigenous economic independence and is independent of Government funding;
- the model will create and develop new Indigenous role models. These will be role models who will be

¹⁴ Mr Leigh Harris, *Transcript of evidence*, 9 September 2008, p. 27.

¹⁵ Mr Kevin Peters, *Transcript of evidence*, 6 August 2008, p. 48.

¹⁶ Ms Lani Blanco-Francis, *Transcript of evidence*, 25 July 2008. pp. 42-43.

emphasising the benefits and need for proper education and lifestyles for Indigenous youth;

- the model will attract private sector investment of finance and skills into Indigenous owned businesses – completely separate from government assistance;
- the model facilitates a direct skills transfer from generic corporate businesses to Indigenous business owners;
- Indigenous business owners typically have a strong desire to employ Indigenous people. Growth in Indigenous businesses therefore translates directly to employment opportunities for Indigenous people; and
- the model creates a real imperative for Indigenous business owners/leaders to ensure their youth – their future employees and stakeholders – make healthy lifestyle choices and value secondary and tertiary education.¹⁷

5.27 Message Stick Group has taken a lead role in promoting the SDC model to Indigenous businesses in Australia. In its submission, it presented a pilot model for an Australian Indigenous Minority Supplier Council (AIMSC). The AIMSC model was developed over two years consultation with executives of the US and Canadian SDCs.

AIMSC's objective is to facilitate the integration of Indigenous businesses into the supply chain of the corporate sector and government institutions. As well as to advocate on behalf of the Indigenous business community, fostering partnerships, exchanging information, conducting research and leading the integration of Indigenous businesses into the Australian economy.¹⁸

5.28 In September 2008, the US and Canadian SDCs led a delegation to Australia to promote the Message Stick's model. Over 100 corporate members of the US NMSDC have strong interests in developing the model through their Australian based entities. These include IBM, Dell, Motorola, Citigroup, Pfizer, and Goldman Sachs.¹⁹

5.29 Some inquiry participants expressed reservations about the capacity of an Australian Indigenous SDC to deliver benefits to Indigenous people outside of regional and metropolitan areas.²⁰

17 Mr Neil Willmet, *Submission No. 64*, pp. 10-11.

18 Message Stick Group, *Submission No. 10*, p. 13.

19 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 12.

20 Mr Greg Constantine, *Transcript of evidence*, 6 August 2008, p. 46; Professor Bobby Banerjee, Deirdre Tedmanson, Alan O'Connor, Dr Murray Muirhead, Christopher Talbot,

- 5.30 Remote community representatives in particular expressed concerns that the model would only assist established businesses and advantage urban based entrepreneurs:

While we support the need for preferential tendering and support for these sorts of things that will stimulate Indigenous business, we believe that without the underpinning support that takes account of remote contexts the vast differential in disadvantage will remain entrenched.²¹

- 5.31 Message Stick Group advised that if the model was adopted, then business expansion would spread to all regions. Director Mr Dugald Russell predicted:

You asked a question about remote and rural regions. The answer is, yes, if the model operates properly, as it is doing overseas, this very much involves state and local government as procuring agencies. For people like us that gets exciting because, as we know, there are a lot of Indigenous communities around regional cities, and we feel that this model can work.²²

- 5.32 Others supported this view. For example, it was suggested that city, local and regional councils may readily adopt the SDC model. Reference was made to similar local models used by the Sydney council for Indigenous engagement across construction, horticulture and management of recreation facilities, with potential for further engagement in road and land rejuvenation businesses across regional and remote environments.²³

Adapting the model to serve Indigenous businesses

- 5.33 There was overall strong support for the introduction of an Australian SDC model, however four key points were noted:

- to have effect the council must be styled as an Indigenous, not minority, SDC;²⁴

Peter McDonald, Gary Lewis, Dennis Colson, Roxanne Colson and Bebe Ranzam, *Supplementary Submission No. 66a*, p. 1; Tangentyere Council, *Submission No. 30*, p. 3.

21 Ms Bebe Ramzan & Ms Deidre Tedmanson, *Transcript of evidence*, 18 September 2008, p. 3.

22 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 13.

23 City of Sydney, *Submission No. 6*, p. 1; Mr Paul Dodd, *Transcript of evidence*, 14 July 2008, p. 16.

24 Professor Dennis Foley & Dr Boyd Hunter, *Submission No. 40*, p. 15.

- the benefits of the model must be recognised as long term rather than immediate;²⁵
 - those most likely to benefit are Indigenous businesses in urban and regional communities; and
 - longer term gains could be expected in remote and regional communities, but targeted start up and industry development opportunities must be provided.²⁶
- 5.34 A number of other issues were raised in relation to adapting the SDC model to the Australian Indigenous business context.²⁷ This included:
- ensuring Indigenous business capacity and readiness;
 - building a culture of supplier diversity in Australia; and
 - an appropriate framework for an SDC.

Indigenous business readiness

- 5.35 A concern of some was that the Australian Indigenous business sector currently does not have the capacity, range or the business preparedness to support an Indigenous SDC. For this reason the Australian Indigenous Chamber of Commerce did not support an Indigenous SDC at this time:

The Australian Indigenous Chamber of Commerce does not recommend that the US minority business/development council model be implemented in its current form or at the current time without substantially more work being done to encourage Indigenous entrepreneurship on the ground and without a critical mass of operating Indigenous businesses.²⁸

- 5.36 However, Director of Message Stick Group Mr Dugald Russell reported that he had a large number of Indigenous businesses telling him:

‘We have heard about this. We all want to participate.’ That is why I say, yes, we think we have a pilot group to start with. I

25 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 13; National Minority Supplier Development Council, Inc., *Submission No. 9*, p. 2.

26 Professor Bobby Banerjee, Deirdre Tedmanson, Alan O'Connor, Dr Murray Muirhead, Christopher Talbot, Peter McDonald, Gary Lewis, Dennis Colson, Roxanne Colson and Bebe Ranzam, *Supplementary Submission No. 66a*, p. 2.

27 Koori Communications and Training Pty Ltd, *Submission No. 59*, p. 1.

28 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 5.

think we will be deluged, and that needs to be managed very carefully.²⁹

5.37 The Australian Indigenous Chamber of Commerce also noted that the US model does not offer support for start up development, which might be better provided by ground up networking through other Indigenous networking organisations.³⁰

5.38 The SDC delegation emphasised that although the model does not provide start up assistance, the Council promotes government and corporate engagement with minority businesses, giving long term stimulus to business growth:

We know that your Indigenous population is very small, but in the United States we have moved to a situation where doing minority supplier development is a business imperative for any smart corporation that wants to be globally competitive. That was not the case 40 years ago, but we have moved to the point at which it should have been all along which is an integrated business imperative based on bottom line results.³¹

5.39 Mr Ronald Langston, National Director of the US Federal Government's Minority Business Development Agency indicated he considered it was government's role to provide start up support. He noted that a key objective in the US is the achievement of 'entrepreneurial parity', which the Government works for through a suite of initiatives comprising capacity building through affirmative tax concessions, business training and skill development which stand behind the SDC's work.³²

Building a culture of supplier diversity

5.40 During the inquiry, there was anticipation among Indigenous business owners that the introduction of an Indigenous SDC could promote supplier diversity in the community and, in particular, increase corporate market opportunities for Indigenous business owners.

5.41 At present, awareness of supplier diversity is not well developed in Australia. CSR is increasing in Australia, as discussed in the previous

29 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, pp. 11-12.

30 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 5.

31 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, pp. 12-3.

32 Mr Ronald Langston, *Transcript of evidence*, 18 September 2008, p. 16-18.

chapter, and the introduction of an SDC would facilitate supplier diversity amongst corporate organisations.

- 5.42 Some witnesses expressed frustration at the difficulties of breaking into corporate and government markets. Mr Doug Delaney reported spending an exhaustive amount of time putting in tenders to meet Government requirements, without ever achieving a major contract:

I have hit my head up against the wall with the New South Wales government at senior levels over contracts and asking them to uphold the two initiatives 307 and 326. There is bureaucratic red tape. I sort of laugh about it. I am an Aboriginal person, I have the model and I have complied with the conditions and their contracts left, right and centre. Unfortunately, they just keep knocking it back and I do not know why.³³

- 5.43 Citi Group has been active internationally in funding and setting up SDCs. Mr Adrian Agnett, Head Business Services Citi Australia and New Zealand, outlined how an SDC can promote supplier diversity:

One of the biggest issues in procurement is doing risk assessments of supplies that you are dealing with, and that is why the government and private enterprise to a major degree go for large companies that appear to have the mechanisms and the structures in place to avoid the risks. That is why these indirect arrangements operate, and it is a disservice to the Indigenous businesses because they do not get the opportunity.³⁴

- 5.44 As already mentioned, in the US Federal procurement legislation requires that a percentage of government contracts go to small and medium minority owned businesses. In other countries supplier diversity can be encouraged by government guidelines or mandated for supply in certain industries or for particular projects of work.

A framework appropriate to Australia

- 5.45 Several witnesses made the point that any proposed SDC should not be a top down organisation which imposes bureaucratic overlays without delivering real benefit to diverse Indigenous business needs.

33 Mr Doug Delaney, *Transcript of evidence*, 25 July 2008, pp. 33-34.

34 Mr Adrian Agnett, *Transcript of evidence*, 25 July 2008, pp. 38-39.

- 5.46 Rio Tinto and the Minerals Councils of Australia endorsed the localised bottom up approach recommending the Association of Aboriginal Enterprises in Mining, Energy and Exploration and the Esperance Business Centre Enterprise Centre as offering appropriate models for an Indigenous SDC.³⁵
- 5.47 The Balkanu Cape York Development Corporation also outlined the need for a localised approach. It identified the key elements in its own record of achievement:
- solid local relationships with Indigenous people and Indigenous enterprises;
 - a good local and regional knowledge of enterprise opportunities;
 - a long term view necessary to nurture opportunities and build Indigenous capacity;
 - a strong regional base from which to broker and manage the relationships; and
 - strong connections with the broader business community.³⁶
- 5.48 The Australian Indigenous Chamber of Commerce also cautioned that an SDC should be developed carefully through a process of consultation and without imposing an administrative burden on business:
- The model has relevance but will require changes to succeed in the Australian context. In particular in order for such a model to be adapted, a well planned process of community consultation and some legislative or regulatory reform would need to be considered. As the implementation of such a model may require a new overarching administrative structure, the[re] is a danger that it may hamper rather [than] encourage business development if not developed in light of Best Practice business modelling, taxation and regulatory reform.³⁷
- 5.49 The Yorta Yorta Nation of North Central Victoria and Ms Leanne Miller of the Koorie Women Mean Business Network saw that Indigenous control and cultural appropriateness must be stipulated in developing an Indigenous SDC.³⁸

35 RioTinto *Submission No. 43*, p. 16; Minerals Council of Australia, *Submission No. 54*, pp. 5-6.

36 Balkanu Cape York Development Corporation, *Submission No 14*, p. 2.

37 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 5.

38 Yorta Yorta Nation Aboriginal Corporation, *Submission No. 52*, p. 4; Ms Leanne Miller, Transcript of evidence, 14 July 2008, p. 52.

5.50 The Yorta Yorta Nation also asserted that an SDC must be based in systems which respect and protect Indigenous protocols, ethics and knowledge systems.³⁹

Message Stick proposal

5.51 In its submission the Message Stick Group sets out a proposal for an introduction of a pilot Australian Indigenous SDC. The AIMSC proposal involves:

- the creation of modest infrastructure to manage the three year pilot project;
- the infrastructure required is an independent, ASIC registered, not for profit public company, a Board of Directors and a small management team (three persons) to manage the three year pilot project as per a clear and prudent Business Plan.
- The three year pilot project would initially be established to involve five to ten large corporates, three levels of government and ten Indigenous business enterprises (IBEs).
- Initial planning would aim to create business to business transactions between these ten IBEs and the corporate/ government members of \$1m in year one, \$8.5m in year two and \$17m in year three.
- Funding for the three year pilot project is proposed to be a blend of public and private sector funds (approximately \$600 000 of private sector funds will have been spent by the end of September 2008).⁴⁰

5.52 The Message Stick Group emphasised the importance of trialling the model to determine its effectiveness in the Australian environment.⁴¹ Message Stick Group also proposed that two large Government agencies, such as the Australia Taxation Office and Department of Defence should become corporate members to establish the SDC financially.

39 Yorta Yorta Nation Aboriginal Corporation, *Submission No. 52*, p. 4.

40 Message Stick Group, *Submission No. 10*, p. 2.

41 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 11.

Trialling an Indigenous supplier development council

- 5.53 The US SDC has a proven record of achievement in boosting opportunities for minority owned businesses. Nevertheless, there was some disagreement in the evidence about the capacity of the US model to address the very diverse needs of Australia's Indigenous business community.
- 5.54 While an Indigenous SDC would not be 'a silver bullet', it was considered the model could provide much needed opportunities to grow business acumen and confidence, particularly for urban and regional businesses.
- 5.55 As outlined by the SDC delegation, demographics are driving greater social responsibility and supplier diversity in the corporate world and there is a clear market incentive to be seen to engage with and support minority communities. An Indigenous SDC will facilitate Indigenous suppliers networking and connecting with potential government and corporate purchasers.
- 5.56 Consequently the Committee considers that an Australian Indigenous SDC model should be trialled.
- 5.57 The Committee is of the view that an Australian SDC should be Indigenous only, rather than minority, and its objective should be to increase market and network opportunities for Indigenous owned enterprises.

Recommendation 13

- 5.58 **The Committee recommends that the Australian Government pilot an Indigenous Supplier Development Council in Australia for a period of five years. There should be a review after three years that assesses longer term viability, participation levels and contribution to growing Indigenous businesses.**

Seed funding for the pilot should include adequate resources to network and market the benefits of the pilot Council to Indigenous suppliers and corporate buyers.

- 5.59 The Committee considers there is significant potential through an SDC to build the practice of supplier diversity among Australian Government agencies and authorities. In addition, the Committee

considers that Australian Government support for an Indigenous SDC is best demonstrated through utilising an SDC to meet agency procurement targets.

- 5.60 Introducing a series of Australian Government target levels of Indigenous procurement was recommended in the previous chapter. The Committee urges the Australian Government to implement this recommendation and so assist in building a culture of supplier diversity in Australia.
- 5.61 The Committee considers that essential to the success of an Indigenous SDC is the need for champions amongst Government agencies and authorities. The Committee recommends that a core of two or three Australian Government agencies become foundation members of the SDC and direct a targeted proportion of their procurement budget to the SDC.
- 5.62 Further, the Committee considers that, in time, all state, territory and Australian Government agencies and authorities should be members of the Indigenous SDC as part of the longer term target to maximise Indigenous business participation across all levels of government.
- 5.63 This Australian Government commitment will build further confidence in Indigenous businesses amongst corporate buyers.

Recommendation 14

- 5.64 **The Committee recommends that the Australian Government demonstrate its commitment to the pilot Indigenous Supplier Development Council (SDC) in the following ways:**
- **commit to a core of Australian Government agencies and authorities, which have significant procurement budgets, becoming foundation members of the Indigenous SDC and directing a targeted proportion of their procurement budget to the Indigenous SDC;**
 - **pending a successful pilot of the SDC, establish target dates for all Australian Government agencies and authorities to become members of the Indigenous SDC; and**
 - **work cooperatively through the Council of Australian Governments to maximise the use of the Indigenous SDC across all levels of government.**

- 5.65 During the course of the inquiry, the Committee was struck by the range of established Indigenous businesses which already exist in the mainstream business sector. These businesses have gone through the issues that face a new business and are now looking to move to the next level.
- 5.66 These businesses posed several questions to the Committee about what was out there to help them. How could they get the assistance they need to move beyond a solo employer to a small business with employees? How do they get to successfully tender for government?⁴² How do they move beyond government?⁴³ There are some mainstream services out there that could assist them but they wondered whether there was anything out there specifically for Indigenous businesses.
- 5.67 Businesses such as these would need a level of assistance before they would be able to provide services via an Indigenous SDC. This could take the form of additional training, a higher level of mentoring and assistance with any accreditation required.
- 5.68 The Committee recommends that to boost business readiness across the range of Indigenous enterprises, the Australian Government should establish an Indigenous business ready mentoring and accreditation program. The Committee considers that the Business Enterprise Centres, funded by the Department of Innovation, Industry, Science and Research, could expand their function to provide a mentoring and accreditation program.

Recommendation 15

- 5.69 **The Committee recommends that the Australian Government, in addition to establishing a pilot Indigenous Supplier Development Council, through the Department of Innovation, Industry, Science and Research trial an Indigenous business ready mentoring and accreditation program to increase the range and capacity of Indigenous businesses able to supply to the pilot Council.**

42 Ms Nancy Bamaga, *Transcript of evidence*, 9 September 2008, p. 64.

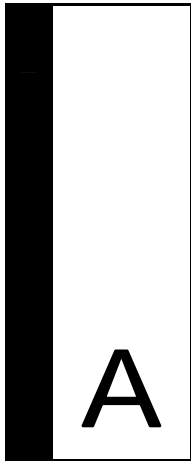
43 Ms Majella Anderson, *Transcript of evidence*, 9 September 2008, p. 55.

Conclusion

- 5.70 The Committee acknowledges the diversity and breadth of Indigenous enterprises in terms of sectors, locations, business drivers, governance structures and market readiness. The Committee is firmly of the view that it is too simplistic to respond to Indigenous business needs with a single program, or a even series of programs that assume a single business profile.
- 5.71 There is no single Indigenous business profile, and no single program response that will deliver benefits to Indigenous businesses in all sectors and regions of Australia. Accordingly, the Committee presents this report and its recommendations as a unit package of the initiatives needed to provide assistance across the spectrum of Indigenous business.
- 5.72 Firstly, accurate and trend data is required on the state of Indigenous businesses. This will assist policy makers to track overall growth, and provide targeted assistance to those types of businesses that require it. Indigenous communities must be empowered to make decisions about land use based on commercial, social and sustainable benefits to their communities. To do this, they require expert assistance and a template that sets down some ground work expectations for both negotiating parties.
- 5.73 More research is required in natural resource management to investigate the potential for commercialising the valuable Indigenous intellectual property that already exists in the area, and to investigate the commercial viability of new forms of business.
- 5.74 Knowing where help is available and how to navigate government assistance and regulations, and how to overcome market barriers and harness opportunities is key to growing Indigenous enterprises. Language, isolation and cultural differences can all impede the Indigenous entrepreneur in finding the right start up advice and ongoing assistance.
- 5.75 A more coordinated government approach through an inter-departmental committee and through a one stop shop for Indigenous businesses is required. Micro finance is also needed for Indigenous enterprises struggling to raise small start up capital. Similarly a reduction in company tax for the first three years of an Indigenous business could provide a much needed incentive through those difficult first years of business establishment.

- 5.76 The Committee also considers that the Australian Government should ensure that its own procurement guidelines provide opportunities for Indigenous businesses. This should be demonstrated through an Australian Government commitment for agencies to utilise the SDC and encouragement for state and territory governments to do the same.
- 5.77 An Indigenous SDC could provide valuable networking and market opportunities for Indigenous businesses, and connect suppliers with socially responsible corporate purchasers. While an SDC may not deliver strong benefits to remote businesses in the first instance, the Committee considers that the range of other recommendations will secure benefits through land use agreements, micro finance enterprises and natural resource management.
- 5.78 Finally, the Committee reiterates the importance of the Australian Government considering this report as a unit package of recommendations. Each recommendation provides one small step to addressing the challenges facing Indigenous businesses, and each small step that is taken helps transform Indigenous business ideas into thriving Indigenous businesses.

Richard Marles MP
October 2008



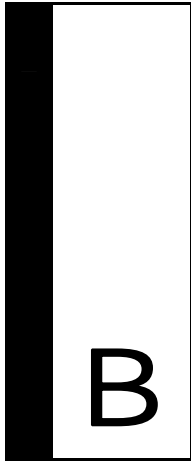
Appendix A: List of Submissions

1. Fr Dalton Bon
- 1a. Fr Dalton Bon SUPPLEMENTARY (to Submission No. 1)
2. Guurrbi Tours
3. Mr John Armstrong
4. Minority Super Development UK
5. Dr Tracy Westerman
6. City of Sydney
7. Message Stick Group
8. Canadian Aboriginal and Minority Supply Council
9. National Minority Supplier Development Council Inc.
10. Message Stick Group
11. Dreamtime Cultural Centre
12. Red Cockatoo Australia
13. Desert Knowledge Cooperative Research Centre
14. Balkanu Cape York Development Corporation P/L
15. Mr Peter Leo
16. Dr Barrie Pittock

17. Mr Paul Schenk
18. Mr Charles Jia
19. Central Queensland Indigenous Development Ltd
- 19a. CONFIDENTIAL
20. Councillor Marcelle Hoff
21. Looking Glass Trust
- 21a. CONFIDENTIAL
22. Ability Plus Painting and Decorating Services Pty Ltd
Attachment A
23. Diz Home Improvements
Attachment A
24. Boolarng Nanagamai Aboriginal Corporation and Boolarng
Nanagamai Aboriginal Art and Culture Studio
Attachment A
25. Focus Pty Ltd
26. Australian Institute of Aboriginal and Torres Strait Islander
Studies
27. CSIRO
28. Gunditj Mirring Aboriginal Corporation
29. Winda Mara Aboriginal Corporation
30. Tangentyere Council Inc
31. National Association for the Visual Arts Ltd
32. Terri Janke and Company Pty Ltd
33. Mr Craig Furneaux
Attachment A
34. Yunaga Mine Services Pty Ltd
35. Burrthi Aboriginal Corporation
36. Office of the Registrar of Indigenous Corporations
37. Jumbunna Indigenous House of Learning

-
38. RWM Consultancy and Burrthi Aboriginal Corporation
 39. Prof Jon Altman and Ms Kirrily Jordan
 40. Dr Boyd Hunter and Prof. Dennis Foley
 41. Koorie Women Mean Business Inc
Attachment A
 42. Indigenous Land Corporation
 43. Rio Tinto
 44. Outback Stores
 45. Mr Peter Shepherd and Mr Iain Govan
 46. Red Rock Gallery
 47. Mr Edgar Price
 48. Harlequin Consultants Pty Ltd
 49. NSW Government
 50. Australian Indigenous Chamber of Commerce
 51. Indigenous Capital Limited
Attachment A
Attachment B
Attachment C
Attachment D
 52. Yorta Yorta Aboriginal Corporation
 53. Law Council of Australia
 54. Minerals Council of Australia
 55. Wet Tropics Management Authority
 56. Small Business Ministerial Council
Attachment A
 57. Small Business Victoria
 58. Indigenous Business Australia
 59. Koori Communications and Training Pty Ltd

- 59a. Koori Communications and Training Pty Ltd
SUPPLEMENTARY (to Submission No. 59)
- 60. South Australian Government
Attachment A
Attachment B
- 61. Larrakia Development Corporation
- 62. ACT Government
- 63. Torres Strait Regional Authority
- 64. Willmetts Consultants
- 65. Xsite Building Services
- 66. Professor Bobby Banerjee, University of Western Sydney;
Deirdre Tedmanson, University of South Australia; Alan
O'Connor, University of South Australia and Dr Murray
Muirhead; Christopher Talbot and Peter McDonald,
UnitingCare Wesley Adelaide; Gary Lewis, Pukatja Community
Council; Dennis Colson, Turkey Bore & Tjutjunpiri Community;
Roxanne Colson and Bebe Ranzam, Anilalya Homelands
Council.
- 66a. Professor Bobby Banerjee, University of Western Sydney;
Deirdre Tedmanson, University of South Australia; Alan
O'Connor, University of South Australia and Dr Murray
Muirhead; Christopher Talbot and Peter McDonald,
UnitingCare Wesley Adelaide; Gary Lewis, Pukatja Community
Council; Dennis Colson, Turkey Bore & Tjutjunpiri Community;
Roxanne Colson and Bebe Ranzam, Anilalya Homelands
Council. SUPPLEMENTARY (to Submission No. 66)
- 67. Western Australian Government
- 68. Mandurah Hunter Indigenous Business Chamber Inc
- 69. Queensland Department of Tourism, Regional Development
and Industry



Appendix B: Public Hearings

Monday, 14 July 2008 - Melbourne

Individuals

Mr Donald De Busch

Professor Adela McMurray

Mr James Potter

Darebin Enterprise Centre Ltd

Ms Fionna Louise Deppeler, Business incubation program manager

Mr Robert Waite, Chief Executive Officer

Department of Innovation Industry and Regional Development - Koori Business Network

Ms Manahan Esmail, Manager

Mr Brian A Stevens, Manager, Strategic Policy

Koorie Women Mean Business Inc

Ms Leanne Miller, Executive Director

Rio Tinto

Mr Bruce Harvey, Global practice leader - Community Relations

Friday, 25 July 2008 - Sydney

Individuals

Mr Anthony Ashby

Ms Lani Blanco-Francis

Ms Marcelle Hoff

Ability Plus Painting and Decorating Services Pty Ltd

Mr and Mrs Daryll and Jennene Brown, Directors

Australian Indigenous Chamber of Commerce

Mr Warren Mundine, Interim Chair

Mr George Newhouse, Executive Director

Citigroup Pty Limited

Mr Adrian Aggett, Head, Citi Business Services Australia and NZ

Construction & Site Support Group Pty Ltd

Mr Grant Dickens, Director

Diz Home Improvements

Mr Douglas Delaney, Chief Executive

Exceed Security Services

Mr Colin Gordon, Director

Gunya Australia

Mr Paul Conlon, Managing Director

Indigenous Capital Limited

Mr Roger Allen, Director

Ms Maggie Gray, Director

Indigenous Enterprise Partnerships

Mr Mark Scott, Chief Executive Officer

Ms Lyn Snailham, Executive

Message Stick Group

Mr David Liddiard, Chairman

Mr Michael McLeod, Chief Executive Officer

Mr Dugald Russell, Director

World Indigenous Cultural Exchange & Economic Development Organisation

Mr Paul Dodd, Chief Executive Officer

Mr Russell Logan, Director

Wednesday, 6 August 2008 - Darwin

Individuals

Mr Iain Govan

Mr John Greateorex

Mr David Schroeder

Mr Peter Shepherd

Basil Hall Editions

Mr Basil Hall, Director

Indigenous Business Australia

Mr Craig Dalzell, Deputy General Manager Commercial

Mr Stephen Roberts, Senior Economic Development Officer

Indigenous Business Incubation Northern Territory

Ms Mandy Ashburner, Coordinator

Mr Robert Benson, Coordinator

Larrakia Development Corporation

Mr Greg Constantine, Chief Executive Officer

Northern Territory Industry Capability Network

Mr Kevin Peters, General Manager

Outback Stores

Mr Kenneth Hunt, Acting Chief Executive Officer/ Human Resource Manager

SarJan Consultancies

Ms Sarina Jan, Managing Director

Thursday, 7 August 2008 - Kununurra

Argyle Diamonds

Mr Timothy O'Neill, Manager Regional Participation

Ms Keren Vij, Superintendent, Community Partnerships

Gelganyen Trust

Mr Richard Downie, Executive Officer

Mrs Maria Morgan

Price Louvel

Mr Edgar Price, Principle

Red Rock Gallery

Mr Jenny Kelly

Waringarri Aboriginal Arts

Ms Catherine Cummins, Manager

Wunan Foundation Inc

Mr David Addis, Chief Executive

Mr Ian Trust, Chair

Thursday, 28 August 2008 - Canberra

Individuals

Prof Jon Altman, Director, Centre for Aboriginal Economic Policy Research

Prof Dennis Foley

Ms Kirrily Jordan

College of Arts and Social Sciences

Dr Boyd Hunter, Senior Fellow, Centre for Aboriginal Economic Policy Research

Office of the Registrar of Indigenous Corporations

Mr Anthony Beven, Registrar Of Indigenous Corporations

Mr Nathan Boyle, A/g Branch Manager, Governance Branch

Thursday, 4 September 2008 - Canberra

Australian Institute of Aboriginal and Torres Strait Islander Studies

Dr Lisa Strelein, Director of Research Programs

CSIRO

Ms Jocelyn Davies, Principal Research Scientist

Mr Gregory Davison, Indigenous Engagement Officer

Mr Glenn James, Anthropologist

Mr Kenneth Walker, Indigenous Engagement Officer

Department of Education, Employment and Workplace Relations

Mr Bob Harvey, Group Manager, Indigenous Group

Ms Mary-Anne Sakkara, Branch Manager, Indigenous Group

Ms Lynne Stevenson, Branch Manager, Indigenous Employment Programme Branch

Tuesday, 9 September 2008 - Brisbane

Individuals

Mr John Armstrong

Dr Jane Stanley

Black Business Consultancy

Ms Majella Anderson, Principal Consultant

Carbon Media

Mr Wayne Denning, Managing Director

Centre for Social Responsibility for Mining, University of Queensland

Professor Paul Memmott

Creative Economy

Ms Helene George, Director

Deadly Life and Business

Ms Allinta Rose, Managing Director

Indigenous Tenders

Mr Leigh Harris, Managing Director

Karma Lifestyles

Mr Charles Jia, Business and Community Solutions Consultant

Nguin Warrup (Black Drum)

Ms Nancy Bamaga, Member

Queensland Department of Tourism, Regional Development and Industry

Ms Sherrie McLean, Manager, Indigenous Business Development,
Office of Regional Development

Ms Maree Parker, Director, Office of Regional Development

Queensland University of Technology

Prof Kerry Brown, School of Management

Mr Craig Furneaux, School of Management

Willmetts Consultants

Mr Neil Willmetts, Managing Director

Winangali Pty Ltd

Mr Noel Niddrie, Director

Friday, 12 September 2008 - Perth

Desert Knowledge Cooperative Research Centre

Professor Murray McGregor, General Manager, Research

Dr Fay Rola-Rubzen, Core Project Leader, Desert Businesses

Harlequin Consultants Pty Ltd

Ms Julie Richardson, Director

The Chamber of Minerals and Energy of Western Australia Inc

Miss Cara Babb, Executive Officer, Indigenous Affairs

West Australian Indigenous Tourism Operators Committee

Miss Marissa Brown, Board Member (Secretary/Treasurer)

Ms Angelique Fransen, CEO

Yirra Yaakin Aboriginal Corporation

Ms Samantha Cook, Executive Producer-CEO

Mr Paul MacPhail, Operations Manager

Thursday, 18 September 2008 - Canberra

Anilalya Homelands

Ms Bebe Ramzan, Community Member

Anilalya Homelands/Turkey Bore Community

Ms Roxanne Colson

Canadian Aboriginal and Minority Supply Council

Mr Garth Scully, Chairman

DW Morgan Company Inc

Mr David Morgan, CEO and Founder

**Minority Business Development Agency, US Federal Department of
Commerce**

Mr Ronald Langston, National Director

National Minority Supplier Development Council Inc.

Ms Harriet Michel, President

UnitingCare Wesley Adelaide

Rev Peter McDonald, Minister

**University of South Australia (Chief Investigator, ARC Linkage research:
Social and cultural factors in Indigenous enterprise development,
management and governance)**

Ms Deirdre Tedmanson, Lecturer

**University of Western Sydney (Chief Investigator, ARC Linkage research:
Social and cultural factors in Indigenous enterprise development,
management and governance)**

Professor Bobby Banerjee

Thursday, 25 September 2008 - Canberra

Indigenous Business Australia

Mr Graeme Boulton, Assistant General Manager, Partnerships

Mr Craig Dalzell, Deputy General Manager Commercial

Ms Kaely Woods, Deputy General Manager, Business Support

Reconciliation Australia

Ms Barbara Livesey

Mr Grant Paulson, Relationships Manager, Reconciliation Action Plans Program

Ms Rosie Southwood, Advisor, Reconciliation Action Plan Program

Private Briefings

Thursday 19 June 2008 - Canberra

Indigenous Business Australia

Mr Ron Morony, General Manager

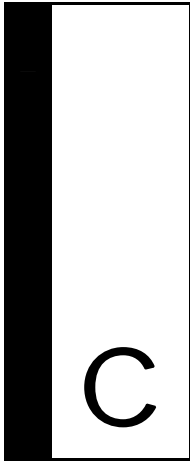
Mr Craig Dalzell, Deputy General Manager Commercial

Ms Kaely Woods, Deputy General Manager, Business Support

Thursday, 25 September 2008 - Canberra

Australian Trade Commission

Mr Jim Enright, A/g General Manager, Government International and Policy Group



Appendix C: List of Exhibits

- 1 Guurrbi Tours
Social Capital and the Indigenous Tourism Entrepreneur
(Related to Submission No. 2)

- 2 National Minority Supplier Development Council Inc.
*National Minority Supplier Development Council Annual Report
2007*
(Related to Submission No. 9)

- 3 National Minority Supplier Development Council Inc.
Best Practices in Minority Supplier Development - Guidelines
(Related to Submission No. 9)

- 4 National Minority Supplier Development Council Inc.
Global Link
(Related to Submission No. 9)

- 5 National Minority Supplier Development Council Inc.
Global Link Part II
(Related to Submission No. 9)
- 6 National Minority Supplier Development Council Inc.
When You're Good and Ready
(Related to Submission No. 9)
- 7 National Minority Supplier Development Council Inc.
Global Link
(Related to Submission No. 9)
- 8 National Minority Supplier Development Council Inc.
Benchmarking the Corporate Minority Supplier Development Program
(Related to Submission No. 9)
- 9 Kimberley College of TAFE
Working from Our Strengths: Indigenous Enterprise and Training in Action and Research
- 10 SarJan Consultancies
The Cultural Challenge - Doing Business Better with Aboriginal People and Communities
- 11 Outback Stores
Outback Stores (Overview)
(Related to Submission No. 44)

-
- 12 Mr Glen Brennan
Recyclable Philanthropy & The Pursuit of Happiness
- 13 Bawinanga Aboriginal Corporation
Bawinanga Aboriginal Corporation Annual Report
- 14 The Myuma Group
Georgina River Basin- Aboriginal Enterprise, Training and Cultural Heritage
- 15 Centre for Social Responsibility for Mining, University of Queensland
Mining and Indigenous Tourism in Northern Australia: Summary of Findings
- 16 Centre for Social Responsibility for Mining, University of Queensland
Mining and Indigenous Tourism in Northern Australia: Sustainable Tourism Summary Sheet
- 17 Reconciliation Australia
Reconciliation Action Plus
- 18 Reconciliation Australia
Letter to NTER Review Board



Additional Comments

Coalition members of the Committee appreciate the spirit in which the Chair has conducted the enquiry, are grateful for the effort which so many people have made to provide evidence and wholeheartedly support the objective of increasing and strengthening Indigenous businesses. Still, there are some observations and reservations that we think should be expressed.

A distinction needs to be drawn between businesses or enterprises that are offshoots of community groups, on the one hand, and private, for-profit businesses that are owned or operated by Aboriginal people, on the other. Many Aboriginal business enterprises are not private businesses at all. They're the business arms of local councils or collectives. They're Indigenous versions, so to speak, of the NSW railways rather than, say, Toll Holdings. There's much to be said for community organizations operating such enterprises. Nevertheless, substantial economic advancement requires, in our view, the development of a private sector consciousness among Aboriginal people. This will require an awareness of the need to accumulate capital and to take risks.

There should be no reason why work currently done by private business (especially for Indigenous communities) could not be done by Aboriginal businesses operating on market principles. There is no iron clad law that says Aboriginal business should be not-for-profit, community-owned or government subsidized. Government assistance should aim to enable Aboriginal business to operate in a normal market rather than to operate indefinitely without the need to face ordinary business imperatives.

In that regard, Coalition members think that IBA has done much good work but would like to see more Aboriginal businesses learning to deal with mainstream financial organizations.

Coalition members support the recommendations that will lead to wider awareness of Aboriginal business successes. We particularly support the recommendations that should lead to the creation of more for-profit businesses by Aboriginal people as sole traders, members of partnerships or as individual shareholders (although, in respect of government procurement requirements, we

note the current limited range of Indigenous business). We have reservations, though, about the recommendations which might restrict free negotiations involving Aboriginal people. Running a business should not, primarily, be about going to meetings or securing program grants. It's about seeing an opportunity, developing the skills, taking the risks and reaping the rewards of providing a service to the community.

Mr Andrew Laming MP
Deputy Chair

The Hon. Tony Abbott MP

The Hon. Dr Sharman Stone MP