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SUBMISSION TO THE HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

**INQUIRY INTO DEVELOPING INDIGENOUS
ENTERPRISES**

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Submission Prepared by the
Managing Director of Willmott Consultants, Brisbane
Mr Neil Willmott

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1. Introduction

Willmetts Consultants is a Brisbane based, Aboriginal owned and operated business with significant experience in mentoring businesses, providing business advice, undertaking reviews and providing strategic and operational advice on a variety of employment and business related issues.

The purpose of this submission is to provide the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs with solutions to assist develop Indigenous enterprises in Australia. These solutions have been identified by an Aboriginal business owner.

2. Background Information - Willmetts Consultants (Aboriginal Owned & Operated)

Willmetts Consultants was established in January 2004. The business predominantly provides low cost business advice and project management services to government, non-government organisations (NGO's), Indigenous organisations, small businesses and corporate sector clients across Australia.

The business employs a multi-disciplinary team of tertiary qualified project managers, business consultants and human resource advisors who collectively service a wide range of clients. The public administration of projects, the development of Indigenous businesses and advice to government on employment and business are our specialty areas.

This Aboriginal business has experienced rapid growth over the last 18 months and has used its generated income to grow and establish other Aboriginal businesses. It has never received government assistance to get established or expand.

3. Mr Neil Willmetts (Aboriginal Businessman)



Mr Neil Willmetts is the proprietor and Managing Director of Willmetts Consultants. He is also the proprietor of Willmetts Recruitment and Willmetts Media.

Neil is a well known Aboriginal entrepreneur, business author, business advisor and public administrator. He has been a business owner for over a decade. In April 2008, he was a participant at the Australia 2020 Summit where he spoke about the importance of establishing and supporting Aboriginal owned and operated businesses.

He is the Australia's first Aboriginal small business author and wrote the book – "How to Start a Successful Aboriginal Business in Australia" which was released in early 2008. His second book titled "An Employers Guide to Aboriginal Employment" will be released soon and in 2009 he hopes to launch a nationally distributed business magazine called "ABM - Aboriginal Business Monthly".

Neil believes that there are a number of strategies that need to be addressed if the Government are genuine about developing Indigenous enterprises in Australia.

These strategies are summarised on the next page.

4. Summary of Proposed Strategies to Develop the Indigenous Business Sector in Australia

- 1. The need for a National Review of Indigenous Business in Australia** so that baseline data on the number, type, location, size, contribution to the Australian economy and benefits/barriers can be identified.
- 2. The need for the Australian Bureau of Statistics to Implement a National Aboriginal Business Survey** to measure actual Indigenous business activity/shrinkage.
- 3. The need for Better Coordination of National, State and Local Government Resources that are provided to Agencies that provides Indigenous Business Services in Australia.**
- 4. The need for an Inclusion of an Annual Report by the Prime Minister to Parliament on Indigenous Business Activity in Australia** and how the Government is reducing the Indigenous and non-Indigenous business ownership gap.
- 5. The need to finance and support the Establishment of Indigenous Chambers of Commerce in all parts of Australia** to support and promote the importance of Indigenous business skill development and business ownership.
- 6. The need for the Commonwealth Government to provide set up funding support to implement the Minority Business Supplier Council Model** so that it can facilitate Corporate Australia purchasing products and services off Indigenous owned and operated businesses.
- 7. The need for the Commonwealth Government to develop and implement an Indigenous Business Procurement Strategy** so that the government can purchase products and services off Indigenous owned and operated businesses.
- 8. Introduce taxation reforms** by lowering the 30% company tax rate for Indigenous owned businesses to 10%.
- 9. Provision of mandatory mentoring** for Indigenous businesses that receive Government funding

These strategies are discussed in greater detail over the following pages.

Proposed Strategy to Develop the Indigenous Business Sector	Why do this? How will this lead to the development of Indigenous businesses?	Benefits to Australia
<p>4.1 The need for a National Review of Indigenous Business in Australia so that baseline data on the number, type, location, size, contribution to the Australian economy and benefits/barriers can be identified.</p>	<p>Within Australia, limited baseline information is available on the:</p> <ul style="list-style-type: none"> • Size of the Australian Indigenous business sector (i.e. accurate numbers of enterprises); • Type of business Structure used by Indigenous businesses (i.e. sole traders or Pty Ltd etc); • Industry in which the Indigenous businesses operates (i.e. construction, hospitality); • Locations of Indigenous businesses (i.e urban, rural or remote locations etc); • Contributions Indigenous businesses make to the Australian economy (It was estimated that Indigenous artists contributed approximately \$500 million dollars to the Australian community in 2007); • Impact that schooling/education has on establishing Indigenous businesses; • Impact that formal training has on establishing Indigenous businesses; • Employment opportunities that have been created by Indigenous businesses for Indigenous people/communities; • Financial contribution that Indigenous enterprises have on Australian economy; • Reduction on the dependence of government benefits; <p>In 1985, the Commonwealth Government funded the Report of the Committee of Review of Aboriginal Employment and Training Programs. The report was known as the Miller Report and it documented the low level of Indigenous disadvantage and made recommendations for changes to Aboriginal education and training. The report made the connection between education and employment. It provided evidence that improvement in education and training levels could overcome racism, geographic isolation and cultural difference and produce equal employment outcomes.</p> <p>Following this review, Mick Miller (Review Chairperson) had discussions with the Commonwealth Government. These discussions and the recommendations from the Review led to the development of a national Indigenous education policy this still being implemented today.</p>	<p><u>Better Targeting of Policy to Foster Indigenous business development</u></p> <p>Similar to the Review of Aboriginal Employment & Training Programs, a National Review of the Indigenous Business Sector in Australia could lead to the development of a national Indigenous business policy that is based on quality evidence.</p> <p>Indigenous business policy can only be developed and delivered across agencies properly if the actual sector is defined and understood.</p>

Proposed Strategy to Develop the Indigenous Business Sector	Why do this? How will this lead to the development of Indigenous businesses?	Benefits to Australia
<p>4.2 The need for the Australian Bureau of Statistics to Implement a National Aboriginal Business Survey to measure actual Indigenous business activity/shrinkage.</p>	<p>Currently, a number of sources including all levels of government collect data on Indigenous businesses. However, there is no <i>nationally</i> collected and analysed statistical survey data on Indigenous businesses in Australia.</p> <p>This is predominantly due to the fact that the sector is relatively new and emerging and also because some levels of government have poor linkages with each other.</p> <p>Other countries such as Canada and the United States of America undertake a national 'Aboriginal Business Survey' annually.</p> <p>It is virtually impossible to develop the Indigenous business sector when there is no baseline data.</p>	<p>Policy Capacity</p> <p>If the Commonwealth Government decides to implement a national 'Aboriginal Business Survey', social researchers and policy makers will be able to better identify and document the characteristics of the Aboriginal business sector.</p> <p>This will allow for the provision of targeted Indigenous business policy and business assistance programs.</p>

Proposed Strategy to Develop the Indigenous Business Sector	Why do this? How will this lead to the development of Indigenous businesses?	Benefits to Australia
<p>4.3 The need for Better Coordination of National, State and Local Government Resources that are Provided to Agencies that Provide Indigenous Business Services in Australia.</p>	<p>Within Australia there are currently several sources of assistance for Indigenous business owners. This includes Indigenous Business Australia (National); State Government Small Business Services (State) and local government business support like the Brisbane City Council Smart Business Black Business Hub. Most of these agencies provide business advice in one form or shape.</p> <p>Although all have a purpose and are useful, little coordination occurs across Australia leading to significant duplication of services. Although a reduction in the services that are currently being provided is not necessarily needed, a coordinated approach would be beneficial.</p>	<p><u>Better Use & Coordination of Government Resources</u></p> <p>Better provision of coordinated Indigenous business services and a sharing and collaboration of resources.</p>

Proposed Strategy to Develop the Indigenous Business Sector	Why do this? How will this lead to the development of Indigenous businesses?	Benefits to Australia
<p>4.4 The Inclusion of an Annual Report by the Prime Minister to Parliament on Indigenous Business Activity in Australia and how the Government is reducing the Indigenous and non-Indigenous business ownership gap.</p>	<p>The Commonwealth Government has shown a commitment to building a new partnership to close the gap between Indigenous and non-Indigenous Australia in health and education.</p> <p>On 5 April 2008 the Prime Minister released a statement saying that on the first working day of every parliamentary year that as the Prime Minister, he will report to the Parliament on the progress the Government has made in closing the gap between Indigenous and non-Indigenous Australians.</p> <p>This annual Prime Ministerial statement on closing the gap between Indigenous and non-Indigenous Australians will report on;</p> <ul style="list-style-type: none"> • Progress in closing the life expectancy gap; • Progress in closing the gap on infant mortality and mortality of children up to five years of age; and • Progress on closing the literacy and numeracy gap. <p>Although these areas are of significant importance, so is the large gap between the rates of Indigenous businesses and non-Indigenous business ownership. There is no reason that why in Australia that a successful developed nation with a modern and prosperous economy that we should have such a large gap.</p>	<p><u>Reduction in Business Ownership Gap</u></p> <p>Business ownership has a number of personal and economic benefits for Indigenous individuals, families and communities.</p> <p>There has been limited focus on Indigenous business activity in Australia.</p> <p>By including an Annual Report by the Prime Minister to Parliament on Indigenous Business Activity in Australia it will promote the importance of Indigenous business ownership and bring a greater intent to building more Indigenous enterprises.</p>

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<p>4.5 The need to finance and support the Establishment of Indigenous Chambers of Commerce in all parts of Australia to support and promote the importance of Indigenous business skill development and business ownership.</p>	<p>Within Australia, there are over 350,000 businesses represented through Chambers of Commerce in each State and Territory, and a nationwide network of industry associations. That makes the Australian Chamber of Commerce and Industry the largest and most representative business association in Australia.</p> <p>The history of the chamber movement in Australia dates back over 180 years to 5 June 1826 when the Sydney Chamber of Commerce was first established.</p> <p>The role of the Chambers of Commerce is to represent the interests of business at a local, state and national level. Collectively they have played an enormous part in the shaping of Australia, not only in economic but in social terms. Unfortunately, few mainstream Chambers of Commerce have promoted the importance of Indigenous people being in business, or have advocated for their specific business development needs.</p> <p>As a result, recently in Australia there has been a creation of Indigenous Chambers of Commerce. The role of these alliances has been to actively educate, promote, support and advocate Indigenous businesses so that they can be sustainable and successful.</p> <p>These business alliances have the potential to develop the Indigenous business sector and should be supported and developed across Australia in areas where there is a market.</p> <p>Because they are a new concept to Indigenous business owners, membership fees for these Chambers is low in an effort to attract membership. Unfortunately, as a result, little money is generated from membership subscription. Unlike mainstream Chambers of Commerce, corporate sponsorship is also rare. These factors have resulted in little operational money to support the objectives of the Chamber.</p> <p>As the Indigenous business sector grows, it is envisaged that the Indigenous business alliances will become self-sustaining from membership subscription, events and corporate sponsorship.</p> <p>In the meantime, providing costs to support the establishment of Indigenous Chambers in Australia has merit where it is driven by market demand.</p>	<p><u>Indigenous Business Alliances & Development</u></p> <p>For a long time the Indigenous business sector has been neglected. Indigenous business owners have had little input into the strategic issues that impact on the success and growth of their sector.</p> <p>The financial assistance will assist Indigenous Chambers of Commerce to:</p> <ul style="list-style-type: none"> • Overcome establishment costs • Promote the importance of and contribute to the development of Indigenous enterprises • Represent the Indigenous business sector and partnership and advocate to government • Research and contribute to the development of policy on national Indigenous business issues

Proposed Strategy to Develop the Indigenous Business Sector	Why do this? How will this lead to the development of Indigenous businesses?	Benefits to Australia
<p>4.6 The need for the Commonwealth Government to provide set up funding support to implement the Minority Business Supplier Council Model so that it can facilitate Corporate Australia purchasing products and services off Indigenous owned and operated businesses.</p>	<p>The Minority Business Supplier Council Model consists of three key stakeholders.</p> <ol style="list-style-type: none"> (1) Stakeholder 1 – Indigenous business (suppliers of services) (2) Stakeholder 2 – Minority Business Council (party that sets the criteria for engagement and also opens doors for Indigenous businesses to supply services to Corporations) (3) Stakeholder 3 – Corporations (purchasers of services from Indigenous businesses) <p>This type of Council is usually made up of a board that consists of Corporate Executives and key Indigenous business owners who together will establish a set of guidelines and criteria for Indigenous businesses that wish to secure corporate contracts.</p> <p>The Council is important because it is a key driver in getting corporate organisations to buy fee-for-service products/services off Indigenous businesses.</p> <p>It is an excellent vehicle for bringing together Indigenous businesses and corporate companies. This is a good concept because similar Councils around the world have made minority business owners very successful overnight, thus creating wealth creation stories that have encouraged more Indigenous people into business.</p> <p>For this model to be a success in Australia, it requires seed funding to get established. After three years, the model has the ability to be self sustaining by charging corporations a membership fee.</p> <p>The model has been very successful in the US and Canada and its success can be duplicated in Australia.</p>	<p>The benefits of a Minority Business Supplier Council model in Australia are:</p> <ol style="list-style-type: none"> a. The model creates nurtures and promotes economic participation in its most valuable form – asset ownership and wealth creation. b. The model creates nurtures and promotes individual responsibility and accountability. c. The model creates an enduring institution which is designed specifically for the enhancement of Indigenous economic independence and is independent of Government funding. d. The model will create and develop new Indigenous role models. These will be role models who will be emphasising the benefits and need for proper education and lifestyles for Indigenous youth. e. The model will attract private sector investment of finance and skills into Indigenous owned businesses – completely separate from government assistance. f. The model facilitates a direct skills transfer from generic corporate business to Indigenous business owners. g. Indigenous business owners typically have a strong desire to employ Indigenous people. Growth

		<p>in Indigenous businesses therefore translates directly to employment opportunities for Indigenous people.</p> <p>h. 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.</p> <p>i. The first stage of applying Supplier Diversity in Australia transformed a welfare dependent into a significant taxpayer. That taxpayer is now completely independent of any Government departmental programs or funding, has recently turned down an offer for Indigenous housing grants and is in the process of purchasing a house.</p> <p>j. The model has the capacity to achieve economic independence for many Indigenous Australians throughout Australia.</p>
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<p>4.7 The need for the Commonwealth Government to develop and implement an Indigenous Business Procurement Strategy so that the government can purchase products and services off Indigenous owned and operated businesses.</p>	<p>Every year the Commonwealth Government spends millions of dollars procuring goods, services and facilities. With such a large amount of money being spent on procurement, there is a potential for the Government to demonstrate their commitment to Indigenous economic independence by developing a Commonwealth Government - Indigenous Business Procurement Strategy.</p> <p>Why Establish an Indigenous Business Procurement Strategy?</p> <p>Many Indigenous people seek economic independence away from welfare. This independence is a motivating factor in Indigenous people becoming business owners. By developing an Indigenous Business Procurement Strategy, the Government will establish a strategic Indigenous economic framework that will support this thinking.</p> <p>How an Indigenous Business Procurement Strategy Could Work?</p> <p>There are a number of possible ways that an Indigenous Business Procurement Strategy could work. All focus on an increase in the number of Indigenous businesses working with the Government. Policy guidelines and any eligibility criteria would need to be determined during the development of the strategy.</p> <p>Suggested ways that an Indigenous Business Procurement Strategy could work include the Government (1) setting aside contracts for Indigenous owned businesses, (2) promoting joint ventures between Indigenous businesses and also Indigenous and non-Indigenous businesses, (3) encouraging successful non-Indigenous contractors to sub-contract Indigenous labour and (4) educating stakeholders about Indigenous business.</p> <p>For example:</p> <p>(1) Setting aside contracts for Indigenous Owned Businesses</p> <p>The Government could set aside contracts for Indigenous businesses by reserving all contracts that serve a primarily Indigenous population and that are worth more than \$10,000 for competition among eligible Indigenous businesses. Additionally, the Government could also set aside other contracts for competition among Indigenous businesses whenever practical.</p>	<p>Indigenous Business Development</p> <p>If the Government implements an Indigenous Business Procurement Strategy, there will be an increase in the number of businesses competing for these new opportunities.</p>

	<p>(2) Joint venturing</p> <p>The Government could encourage Indigenous businesses to create joint ventures with other Indigenous businesses or with non-Indigenous businesses to bid for or to execute government contracts.</p> <p>(3) Sub-contracting</p> <p>The Government could insist that whenever contractors need assistance to fulfill a government requirement that they are encouraged to sub-contract to Indigenous businesses and/or labour.</p> <p>(4) Educating Stakeholders about Indigenous Business</p> <p>Through the implementation of this strategy, the Government will educate Indigenous businesses about opportunities and contracting procedures. Similarly, government employees will be informed about the initiative and about Indigenous suppliers: who they are, where they can be found, and the goods and services they provide.</p> <p>However, equally important is the fact that this new framework could result in more Indigenous businesses being contracted with all government departments and agencies. Thus providing funds to develop the actual business.</p>	
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<p>4.8 Introduce taxation reforms by lowering the 30% company tax rate for Indigenous owned businesses to 10%.</p>	<p>In August 2008, the Rudd Government launched its <i>Australia's Future Tax System (AFTS) Discussion Paper</i> by Treasury Secretary Dr Ken Henry. According to Treasurer Wayne Swan "the long-term reform of our tax and welfare systems is a key way to secure our economic foundations for the future, create wealth, spread opportunity and reward working Australians</p> <p>The <i>AFTS Review</i> can play a vital role in modernising Australia's economy so that the taxation system can meet the great economic, social and environmental challenges of the 21st century.</p> <p>I believe that a way to stimulate the development of Indigenous businesses is for the Australian Taxation Office to introduce a lower company tax rate of 10% (or providing a rebate of 20% of the tax that is paid annually) for Aboriginal companies for the first 36 months of their start up.</p> <p>If this tax is adopted, this will stimulate the market and the number of new Aboriginal businesses that are created.</p>	<p>High taxation rates can hinder the development of a business. Reforms will stimulate business growth in the market place. This will lead to greater income for individuals, families and communities.</p>

Proposed Strategy to Develop the Indigenous Business Sector	Why do this? How will this lead to the development of Indigenous businesses?	Benefits to Australia
4.9 Provision of mandatory mentoring for Indigenous businesses that receive Government funding.	<p>In Australia, a number of businesses receive government funds to establish a business. While this financial support can be beneficial, its usefulness diminishes when the business is not supported during its start up phase.</p> <p>A mandatory mentoring arrangement should be compulsory for any Indigenous business that receives Government funding. Ideally, established Indigenous owned and operated businesses should provide this mentoring.</p>	Mentoring is a key cornerstone for any new business owner. Having a structured mentoring program will help, support and develop new business owners so that their business skills are developed. This will reduce the number of Aboriginal businesses that receive government funding from failing in the first three years.

5. Contact Details

Mr Neil Willmet
Managing Director
Willmet Consultants

PO Box 543
Bulimba, 4171

Fax: (07) 3399 1856

Appendix 1 - Terms of Reference for Inquiry

Inquiry into Developing Indigenous Enterprises

The House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs is undertaking an inquiry into ways to develop Indigenous enterprises. The Committee is asking for submissions which provide views on any or all of the following terms of reference.

Terms of Reference

The Committee is inquiring into opportunities for Aboriginal and Torres Strait Islander people to grow small and medium-size business. This includes Indigenous controlled enterprises and business in which Indigenous people are joint venture partners.

In particular, the Committee is focussing 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 (a background document on the United States minority business council will be available on the committee website shortly); and
4. whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.