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22 SEP 2008

Submission No.	66a
Date Received	

Dear Dr Dacre

BY:.....ATSIA.....

This has reference to our submission on Indigenous enterprises in Australia which we made during the public hearing at Parliament House on September 18. Our submission was followed by a submission made by the US Minority Business Council. We have some concerns about the submission made by the US Minority Business Council delegation in that it might not reach 'remote' Indigenous communities where we believe much business development support is being sought and badly needed. While we believe the US minority business model has achieved significant gains in promoting minority owned businesses in the US we are a bit skeptical about the applicability of that framework to Indigenous businesses in Australia unless significant additional programmatic support is provided that takes into account of needs of Indigenous Australians for basic infrastructure, training and development and start-up support.

The concept of minority businesses as conceptualized and implemented in the North American context (African Americans, Asian Americans, Native Americans and Hispanic Americas) is significantly different compared to the challenges faced by Indigenous communities in Australia, especially those that live in remote areas. We do not have the figures but we are willing to speculate that the US minority business council has a very low percentage of Native American businesses in their portfolio compared to other minorities. Moreover, the share of business or revenue that is owned by the Native American businesses will be marginal at best in our view again compared to other population minorities. Thus while the minority model may suit the needs of African Americans and other minorities its applicability to the overall developmental context of Indigenous Americans may be less than its significant achievements overall. We are pleased to know that the focus of the Minority Business Council's trip to Australia and presentation to the House of Reps Standing Committee has been to champion the need for significant support *specifically* targeted to Indigenous business and enterprise development in Australia. We welcome and support the specific focus on Indigenous Australians and agree with the Minority Council's international network support for this urgent call for innovation and backing from the corporate, government, NGO and philanthropic sectors for Indigenous enterprise efforts across the nation in both remote, regional and urban settings.

The US model of corporate philanthropy is just that however – characteristically North American. US styled corporate philanthropy is not shared by most Australian businesses and expecting that the private sector in Australia will automatically make social investments to promote Indigenous businesses is unrealistic. The government must match and monitor such investment and compliment it with start-up, training and development support for Indigenous enterprise.

The structure of the US industry and political economy is significantly different from Australia. Large corporations dominate the North American business landscape whereas the opposite is true for the Australian economy which is dominated by small and medium

scale enterprise (SMEs) whose resources are significantly lower than large corporations. Consequently philanthropic and social investments made by SMEs are marginal at best.

While we do support legislation that will compel corporations or governments to procure their supplies from Indigenous businesses we do not believe such a policy by itself will address the economic and social problems facing Indigenous communities in Australia. What Indigenous communities need is support, training and funding to start enterprises (something that is outside the mandate of the US Minority Business Council and must be state provided). Also, there has to be an explicit recognition of the vast structural and geographic differences between urban and remote entrepreneurs in Australia. What is needed we believe is an alternate funding model that supports social enterprises in remote areas – interest free loans for example that help set up the basic enterprise without expecting any profits in the medium term. The aim of social enterprise is to become commercially viable – some may and some may not. However even the ones that do not will still deliver some positive social outcomes. The goal is to come up with a framework that includes element of both the social welfare model and the purely entrepreneurial model. Individual businesses, family businesses, community owned enterprise are all ways of achieving these goals.

We believe that government funding that unreservedly supports the US Minority Business Development will not lead to more Indigenous enterprises. Our recommendation is to support both the program for Minority Business Development as well as focused funding and microfinance for Indigenous enterprise development. We believe such an approach will deliver positive economic and social outcomes for Indigenous communities.

Please let us know if you have any questions.

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