



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES  
STRAIT ISLANDER AFFAIRS

**Reference: Developing Indigenous enterprises**

MONDAY, 14 JULY 2008

MELBOURNE

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



## **INTERNET**

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

**<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:

**<http://parlinfoweb.aph.gov.au>**

**HOUSE OF REPRESENTATIVES STANDING  
COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS**

**Monday, 14 July 2008**

**Members:** Mr Marles (*Chair*), Mr Laming (*Deputy Chair*), Mr Abbott, Ms Campbell, Mr Katter, Ms Rea, Dr Stone, Mr Kelvin Thomson, Mr Trevor and Mr Turnour

**Members in attendance:** Mr Laming, Mr Marles, Ms Rea and Dr Stone

**Terms of reference for the inquiry:**

To 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 US 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.

**WITNESSES**

<b>DE BUSCH, Mr Donald Edmond, Private capacity .....</b>	<b>7</b>
<b>DEPPELER, Ms Fiona Louise, Business Incubation Program Manager, Darebin Enterprise Centre Ltd.....</b>	<b>29</b>
<b>HARVEY, Mr Bruce, Global Practice Leader, Community Relations, Rio Tinto.....</b>	<b>12</b>
<b>MANAHAN, Ms Esmail, Manager, Koori Business Network, Department of Innovation, Industry and Regional Development.....</b>	<b>1</b>
<b>McMURRAY, Professor Adela Jana, Private capacity .....</b>	<b>29</b>
<b>MILLER, Ms Leanne, Executive Director, Koorie Women Mean Business Inc.....</b>	<b>29</b>
<b>POTTER, Mr David James, Private capacity .....</b>	<b>29</b>
<b>STEVENS, Mr Brian, Manager, Strategic Policy, Koori Business Network, Department of Innovation, Industry and Regional Development .....</b>	<b>29</b>
<b>WAITE, Mr Robert Carl, Chief Executive Officer, Darebin Enterprise Centre Ltd.....</b>	<b>21, 29</b>



**Committee met at 11.26 am****MANAHAN, Ms Esmai, Manager, Koori Business Network, Department of Innovation, Industry and Regional Development**

**CHAIR (Mr Marles)**—Good morning, everyone; I now declare open the public hearing of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs Inquiry into Developing Indigenous Enterprises. I respectfully acknowledge the past and present traditional owners of this land on which we are meeting this morning, which are the Wiradjuri people. It is a privilege to be here today standing on Wiradjuri country. This is the first public hearing that the committee has undertaken for the inquiry into developing Indigenous enterprises, and we welcome the witnesses and round table participants who are coming here today. We will start by hearing from witnesses in a public hearing, and then we will hold a round table session later this afternoon. The hearing is open to the public, and a transcript of what is said will be placed on the committee's website. If you would like further details about the inquiry or the transcripts, then please ask any of the committee staff here at the hearing. I call our first witness today, Ms Esmai Manahan of the Koori Business Network, to give evidence. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament, and giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. That is not intended to freak you out, but I have to say that. Would you like to make a brief introductory statement before we start asking you questions?

**Ms Manahan**—The Koori Business Network is the Victorian Government's lead agency for promoting the growth of sustainable Indigenous business and economic development. It is located within the Department of Innovation, Industry and Regional Development. KBN seeks to overcome a culture of welfare dependence and to promote a sense of social inclusion and empowerment amongst Indigenous Victorians. KBN does this by taking an economic development perspective to Indigenous policy making, through positive engagement, forging business relationships and delivering government support services in a culturally appropriate way. KBN assists in breaking down the historic barriers of mistrust between Indigenous Victorians and government. I might add that the Koori Business Network is led by me as a Yorta Yorta woman from this state, as well as Brian Stevens, who is co-manager with me. He reports to me and he is a Ginnai man from Gippsland. We have maintained that cultural importance of having Victorian Indigenous people lead the agency.

**CHAIR**—Do you maintain a register of the Indigenous businesses that you are assisting?

**Ms Manahan**—KBN has recently launched the second *Indigenous Business Directory*, and the number of businesses in this represents almost 140 Indigenous businesses. That is actually an increase of approximately 50 per cent from last year. You should understand that a number of businesses are not included, but the number will grow. We hope by next year that the number of businesses represented in here will grow. We know through statistics that approximately 700 Indigenous businesses have been recorded, but we also know that many of these could be hobby businesses and part-time businesses as well.

**CHAIR**—That figure is in Victoria?

**Ms Manahan**—Yes.

**CHAIR**—What statistic is that?

**Ms Manahan**—That is through the last census.

**Ms REA**—How big is the agency?

**Ms Manahan**—The Koori Business Network employs between eight and nine people. Our budget is \$1.8 million over two years, so \$900,000 spread over each year. That is quite small given the amount of work that we deliver. I will talk about the programs that we are delivering. We have two business development officers who have state wide coverage and who work with Indigenous businesses across the state in tenders and established businesses. We have Tyeema, which is our research, evaluation and monitoring program. The research program recently entered into a partnership with RMIT and Swinburne University, and received funding from the Australian Research Council to undertake research in this state. We are about to advertise for two Indigenous masters candidates to come on board with us to participate in this two-year research program. We also have our business support and development program. Daborra, which is an advanced business training program, will work with between 10 and 15 Indigenous businesses—well-advanced businesses—to take them to the next step so that they have successful outcomes and we can increase the number of successful outcomes for and the sustainability of Indigenous businesses.

I might also say that our focus is on entrepreneurship. We work with both Indigenous entrepreneurs and community enterprises. It is very important to understand the difference. There are a number of community enterprises based on land, living on the land or the community and which could be seen as not-for-profit—all the profits go back into the community. We are increasing our focus on Indigenous entrepreneurs, and these are based on individuals, families or partnerships. We have noticed that there are an increasing number of Indigenous people choosing to become entrepreneurs. In identifying or addressing closing the gap of Indigenous disadvantage, there is certainly a benefit in individuals, families or partnerships becoming entrepreneurs where the wealth goes back to the individuals involved.

We have also a number of other programs, particularly around the marketing and promotion of Indigenous businesses, through trade fairs and the Tribal Expressions exhibition. Next year we are to have our second Indigenous economic development conference, Yulkuum Jerrang, which leads on from the first one that was held last year. It attracted a number of Aboriginal people in business, as well as communities and others who were interested, from around Australia, but it focused on Victoria. The second conference will be held next year. The theme of that is around growing our future, but is specifically around Indigenous economic development. The *Victorian Indigenous Business Directory* is seen as being very successful. It has had a lot of very good feedback from the community. It is used as a resource by Indigenous and non-Indigenous alike nationally. People are using it to find an Indigenous business and to refer to Indigenous consultants who are listed in the directory. We will continue to grow that directory. It is seen as being highly successful.

**CHAIR**—Is it your view that Indigenous businesses are growing in Victoria?



**Ms Manahan**—Yes.

**CHAIR**—Why do you think that is?

**Ms Manahan**—There are a number of ways that we monitor and gauge the growth of Indigenous businesses, such as through inquiries that come into the KBN. There are an increasing number of inquiries, particularly as understanding grows about the services that we—as well as other agencies, including Commonwealth agencies who provide support to Indigenous businesses—provide. We are aware of the growth of the number of inquiries and the interest in getting into business through the work that the KBN is doing across the whole state. With respect to our work with Indigenous youth, we have a partnership with the Department of Justice that delivers regional and metropolitan workshops based on getting into business, staying in school and developing your career. We use young Indigenous entrepreneurs as panel members and talk to young Kooris across the state.

**CHAIR**—Do you think the growth in Indigenous business has a demographic to it? Do you think it is happening amongst younger Indigenous people?

**Ms Manahan**—There is certainly a lot of interest among young Kooris in getting into business. We have noticed that it has certainly picked up, and we have also noticed that young Kooris certainly have no fear. They are certainly willing to go and try something and participate. They are willing to take a risk, and we have noticed that through the number of young Kooris that are starting up or are involved in their own business. As an example, Native Oz Cuisine is run by a young couple. A young Indigenous woman is behind that. They have now gone nationally with their product in Safeway stores. They see themselves truly as Indigenous entrepreneurs. Another one would be Keira Martin, who runs her own website program. She has moved down to Melbourne from Shepparton because her business is growing. She now sees herself as developing her business. I met her on Saturday night at the Aboriginal ball, and she said, 'I'm going to be employing up to 12 people in another year.' We are working very closely with Keira to develop her business. Young people have very little fear about going out and taking a risk. We certainly support that.

The Koori Business Network is about to initiate a pilot called the Young Indigenous Entrepreneurs Program, which will focus on young Indigenous entrepreneurs. That adds value to the regional workshops that are happening all over the state. The last workshop was in Swan Hill, where we attracted about 40 young people. They ranged from high school students to the unemployed. They were very interested. We also invited their parents. We always invite parents to come in after the workshops to listen to what we have been talking about. We provide dinner, and everybody sits down and talks, and we have a bit of entertainment. It is a really good fun way of talking about getting into business, listening to some role models and champions of the same age. We want to get young people to think about the opportunities that are available for them and to not drop out of school. That is very important.

**Ms REA**—I would be interested to know, particularly in terms of the businesses that the network has supported or seeded in terms of getting off the ground, what percentage you would say are sustainable or that have become successful and managed to maintain their commercial focus? Is there any one particular ingredient, or are there a number of ingredients that would

mark some businesses out as more sustainable—not just successful, but actually sustainable in the long term?

**Ms Manahan**—The businesses that KBN has worked with from the very beginning and that are now moving up and becoming sustainable have worked because of a number of ingredients. One would be passion and commitment to what they are doing; another would be understanding what it takes to run a small business. Mentoring is very important. We work with the Small Business Mentoring Service within Small Business Victoria to match up mentors. We also have other mentors state wide that we are using, including Indigenous mentors who come in and will work with a business. That is very important, because it provides support and advice and someone just to talk to. One ingredient is a basic understanding of business skills, which includes knowing just how to do your quarterly tax returns. That is very important. We, along with other agencies, assist businesses to develop their business plan. We assist them, but they are part of the development of their business plan so they actually understand it and can translate it into the way they do business.

We have businesses that are culturally relevant, but there are also businesses that are just normal businesses. One is Timewize Fresh, which we have worked very closely with. Again, that is a husband and wife team providing an Internet service. They came up with an innovative idea of providing fresh fruit and vegetables that you can order through the Internet. They are doing well because there is a commitment and a passion, and we know they are doing well because they have left their former employment to work in the business full time. That indicates to us that that business is growing and that it can actually sustain a family. It is probably a number of those things.

What we provide those businesses is mentoring and those other supports, as well as an opportunity to showcase their business through the number of showcases that we run. The last one was Tribal Expressions at Federation Square. We also buy into other festivals and things where there is an opportunity for our businesses to showcase. One where we had businesses showcasing was the Sustainable Living Festival. We obviously do not work with all Aboriginal businesses across the state. That would be impossible, because our budget is very small and our resources are limit what we can do. We certainly can provide support indirectly in other ways if we do not work directly. We provide referrals for Aboriginal businesses to look at Commonwealth programs, for instance, or some of the other programs that are around. And they do the same; there is a toing-and-froing, and I think we very nicely work alongside each other in referring Indigenous businesses back and forth.

**CHAIR**—In a way you have kind of answered this question, but I want to focus on what you think are the biggest hurdles or barriers for Indigenous businesses.

**Ms Manahan**—There are a number of barriers and challenges that Indigenous businesses face in this state. I think Victoria has a low profile on the national stage of Indigenous affairs, and I think that is seen. We are constantly addressing those impediments that are relevant to Victorian businesses, because we do have Indigenous communities; we do have Indigenous people living in remote areas. I call Mildura remote. Another barrier or challenge is understanding business. It is really important to understand business. Access to finance is improving, but it is also an issue, particularly around seed funding. It is very important to businesses to get a kick along, and have opportunities to promote their business. To get an understanding about how to do business it is

very important to network. The other thing is a lack of research on Indigenous economic development and Indigenous business, particularly in this state. That is why the KBN is working with RMIT and Swinburne, and the First Nations University of Canada, to actually look at models that exist globally with Indigenous people, particularly in North America. We are looking at that. We are looking to address the lack of research data in this state by initiating research projects.

**CHAIR**—We are running short of time, but it seems from the materials that we have that there is a particular focus on aquaculture and tourism. Is that right?

**Ms REA**—Yes.

**Ms Manahan**—We have run industry programs which, as of 30 June, no longer exist. With the aquaculture project, we did have an Indigenous aquaculture strategy. We facilitated the growth of the Victorian Indigenous Seafood Committee. We received funding from the Commonwealth, from DoA, and that enabled the VISC to actually go and sit with an Aboriginal organisation, Wathaurang, with a project coordinator. It is successful, because it is removed from government, and it is now going to sit within an Aboriginal community. It has the funding to grow aquaculture, so I think that has been a very successful outcome for us.

**CHAIR**—Why those two industry sectors?

**Ms Manahan**—One was the arts as well. We had a partnership with Arts Victoria and the Australia Council to promote the profile of south-east Australian Indigenous art. That was very successful, and we again were able to move that out of KBN and back to Arts Victoria, where it belongs. Tourism is important. Like with the arts, the identity of Indigenous Victorians in this state is very different from anywhere else, so there are enormous opportunities for tourism growth within this state connected to the cultural growth. That has been seen through the growth of the Koori Heritage Trust in Melbourne, a highly successful and one of the best known cultural organisations nationally. We had identified enormous potential in arts and tourism, and we have certainly done a lot of foundation work in employing people in those sectors and encouraging those government departments around tourism and arts to take on those people. That has been done.

I might add also that the KBN has been consulting with the Victorian Indigenous community around the establishment of a Victorian Indigenous Chamber of Commerce. We had full consultations with the firm StrategyCo that came back with a very strong indication of support from across Victoria; in fact, we used the directory as our database, as well as other organisations. There has been very strong support for the establishment of a Victorian Indigenous Chamber of Commerce, and we are now proceeding to develop that in partnership with the Victorian Employers Chamber of Commerce and Industry, VECI, and we are very happy to see that. Hopefully, we will have somebody on board in the next couple of months to start the formation of that chamber.

**CHAIR**—We are going to have to keep moving, but thank you very much for giving us your time this morning. If you have any other thoughts and you would like to make a submission, then we would very much welcome that. A question that we will leave hanging for everyone is:

if there is a role particularly that you think the Commonwealth government ought to be playing in this area, please let us know. Thank you very much for coming today.

**Ms Manahan**—Thank you.

**Ms REA**—Could I very quickly ask you if the KBN has a definition of an Indigenous business? How do you define one?

**Ms Manahan**—Yes, we do. An Indigenous business is one that has a majority ownership by Aboriginal people, so if a business is owned 51 per cent by Aboriginal people, we would define that as an Aboriginal business.

**CHAIR**—Thank you very much for coming today.

[11:49]

**DE BUSCH, Mr Donald Edmond, Private capacity**

**CHAIR**—Do you have anything to add about the capacity in which you appear?

**Mr De Busch**—I am a director of the Cape York Institute for Policy and Leadership and involved as a director of AEMEE, Aboriginal Enterprises in Mining, Energy and Exploration. I am speaking on behalf of myself, but I also represent ASNS and my family this morning.

**CHAIR**—Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament and giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Do you wish to make a brief statement before we ask you some questions?

**Mr De Busch**—Yes. I am the Managing Director of ASNS Facilities Management. I am not too sure if you guys received the stuff that I sent through because it was a little bit late coming. We are a 100 per cent Indigenous owned business. We are a 90 per cent Indigenous operator; we have a non-Indigenous CEO who shows a genuine interest in changing the social wheels—helping us make changes—and so forth. I was the chairman of a network up in Cairns called Advanced Indigenous Business where two years ago we started to develop some thinking around procurement strategies, and I see that the third term of reference of the inquiry is about the adoption of some kind of minority business structure that would help Indigenous businesses in that way. This fantastic business network has helped people take opportunities. As to the procurement strategy and the minority business model, I understand that the Commonwealth government is trying to make real inroads into getting Indigenous employment numbers up. Getting people employed is what I understand as the real agenda behind this. Not too long ago we had 80 employees, 90 per cent of whom were all Indigenous. I suppose that came about by having a strategic model of not going into an industry where a whole lot of technical skills are required. They are basic skills that anybody could do. That is the reason why we have a facility management company that provides cleaning services, catering services and landscaping services—some of the businesses that CDEPs all across the country have been providing for quite a long time. We have had to continuously come up with strategic ways to grow the business, such as forming alliances with other businesses.

**CHAIR**—Are you across Australia? Where is the business operating?

**Mr De Busch**—We operate in Alice Springs and Townsville, and we have operations starting down here pretty soon. The Corporate Leaders Act is one of the things that we are using to in a strategic way in order to find and create more business. The biggest challenge for us as a company is gaining contracts. Through Corporate Leaders, we have a model that has a high success rate in employing Indigenous people. The work readiness models and all those sorts of things are tailored to our business model. The challenge for us is gaining contracts. We are continuously innovating our business model.

**CHAIR**—How have you done that so far?

**Mr De Busch**—I suppose a lot of trial sites are starting to be developed between GPT Group, who are the owners of Voyages, the Melbourne Central Shopping Centre and the Casuarina Shopping Centre. It is how we have developed proposals for them to see if there is an interest in getting a model such as ours to help them achieve their corporate leaders' status.

**Ms REA**—What is it about your model; what is it that you are actually trying to sell in terms of the model that you see as more attractive?

**Mr De Busch**—We have thought long and hard about what any business would want, and that is minimal risks and doing business with other business for the right dollar. We also have developed a good understanding of what we can give the corporates. It is a nice thing to tag your name onto something that is having a social impact and a social agenda. Our business model is as much a social enterprise as it is a business.

**Ms REA**—I guess that is actually what I was asking. When you are out bidding for contracts and approaching businesses to get contracts, a lot of the bidding is successful because those businesses are keen to endorse and support an Indigenous business. One aspect of that is that obviously you must have a business plan and provide value for money and all the standard procedures that go with tendering for any contract, but is there definitely a view that those businesses are interested in supporting—

**Mr De Busch**—Definitely. The challenge is getting a signature on a piece of paper. Everybody thinks it is all fantastic and rosy and everything else, but there are real challenges in getting people to put pen on a piece of paper and sign off on a contract—such as the Serco Sodexo contracts that we have currently up throughout the north. We have had to really be strategic about how we have done that. We have actually had to pull ourselves out of the real negotiations and bring in another white fella to negotiate with his own people to get them to see value in what we are.

**CHAIR**—Do you feel like you have run into prejudice in terms of getting—

**Mr De Busch**—Definitely.

**CHAIR**—Could you talk about that a bit?

**Mr De Busch**—Well, I will give you the best example that I can think of. I know that a lot of mining negotiations and contracts, ILUAs, exist. Bruce would be able to talk a little bit about it as well. Procurement strategies exist in ILUAs with mining companies. They are KPIs that Indigenous people have with mining companies to achieve outcomes, whether that is through enterprise or Indigenous employment targets and so forth. What we are finding is that none of those agreements exists with corporate leaders. We do not know who is monitoring these things and who is keeping the pressure on corporate leaders to allow companies like ours—and every other person who is in that book over there; in the network—to gainfully and respectfully link up with corporate leaders outside of ILUAs. Not everybody, and not every Indigenous business, has the ability to link into a mining company deal to allow them to progress their family and other people. Companies like our company that operate in the real marketplace find it very difficult to gain contracts.

We get a lot of people who just tag on. A company in the north that I have already mentioned has asked us to specifically put our business model into their tender with the Commonwealth to assist them to get over the line in Defence Force contracts. I do not know how to read that. I feel as though our company has just been used as a template model to be tagged onto a fairly large tender which will be used as something to get over the line for them. I have been in continuous conversations and phone calls with Serco Sodexho to try to work out, if it was good enough for them—and I am talking about a tender in December—what is wrong with it now? We are a company that can provide these services right now. What is wrong with answering your phone and talking to us about the opportunities that exist now, not just later on once you get the contract and then you make up your mind if you want to use us?

**CHAIR**—How did you get your first contact?

**Mr De Busch**—We started in Cairns. Growing up in Cairns, we used the regional networks and the regional bodies through the Cape York Institute, Balkanu, Cape York Land Council and some of the other associated regional bodies. They knew what I was doing. I left a really good job to walk out and start a business. That is the risk factor that this lady was talking about: the risks that some of the other young juveniles and stuff are taking. They are risks that not too many other people take: the risk of stepping out on a limb and trying to generate revenue. We used regional networks and the ability to pick up contracts and slowly build momentum. Then we had the opportunity to tender on a large contract over at Zinifex Century Mine, which worked.

We worked it into a point—and I still think that the timing of this was premature—so that after nine months we won a large contract over at Zinifex Century Mine with an Aboriginal activist and another global company called ISS Facility Services that do all the airports. That turned into a large contract. That is why up to not too long ago we had 82 people employed, and 100 per cent of those people out at the mine, where we employed up to 54, were Indigenous—every single one of them. Not all of them were from the local area, but I think we employed up to about 75 to 80 per cent from Doomadgee, Burketown and Mornington—from the remote Aboriginal communities. That was once again through a procurement strategy and a preferential treatment clause inside the ILUA that allowed people like Murrandoo Yanner to push it over the line and play the politics and everything else. His problem was that he did not know when to stop playing politics.

**CHAIR**—It sounds from the way you are talking that you identify the biggest hurdle for Indigenous businesses as networking and having the contacts to the contracts, I suppose. Is that fair? Is that what you would say?

**Mr De Busch**—Not for everybody. There are so many other elements of business that need to be met. There is no point in having the contacts or the opportunities, or creating opportunities, if you do not have management systems in place and if you do not have your QAs and all the other things that could restrict you. I think there is benefit in having a procurement strategy. I do not feel that we need a minority business strategy here. We need an Indigenous procurement strategy that allows for Indigenous people and Indigenous business owners to link up with and formalise partnerships with companies that have been in the industries for a long time, such as us with ISS. That has worked. It has worked to a stage where we have developed a real understanding of the management systems that are needed for companies such as ours.

**Ms REA**—That is an interesting point, and I guess it leads into my next question. Picking up on what Richard said, it is the contacts and networks, but it also seems to me from what you were saying earlier that it is that ability to negotiate—to sit around a table and do fairly hard line negotiations around getting contracts—that would probably be useful as well. That is why I thought what you just said was interesting. It is not necessarily always specifically your business negotiating with some form of industry—whether it is a mining company or a shopping centre or whatever; rather, you are negotiating to build up a partnership with a larger organisation that is into the same business as you, whether it is a large cleaning or catering business or whatever, so as to link up with them and actually get a percentage of what is a much bigger contract. Do you see that as a reasonably successful model?

**Mr De Busch**—Definitely. The corporate leaders—the Serco Sodexhos, the ISSs, the Rios and the BHPs of this world—get outcomes. There are contracts that exist inside companies. The Commonwealth has buildings and stuff that need to be cleaned and that need catering services. These types of opportunities that exist are the fundamentals, and I think a procurement strategy will allow for the negotiations and the execution of opportunities; the corporate leaders have real outcomes, and the Commonwealth, state and local governments have Indigenous employment targets, and it is the ability to link up with individuals that are in books like this that is fantastic. They are the other parts of creating opportunities. It needs to be tailored into a real ‘doable, let’s just make it happen’ approach. I think an Indigenous procurement strategy is what would definitely do that.

**CHAIR**—Correct me if I am wrong, but are you opposed to the idea of a minority business council?

**Mr De Busch**—Yes, from the sense of a minority business. A minority business is really broad. It is not defined.

**CHAIR**—If it was Indigenous specific, is that something that you think would be a good idea?

**Mr De Busch**—Yes, definitely.

**CHAIR**—Because it does sound, as you are talking, that if you adapted the ideas of a minority business council and made them Indigenous specific in Australia—

**Mr De Busch**—Just the word, I suppose. They are differential.

**CHAIR**—Good, that makes that clear. Is there anything else you would like to add?

**Mr De Busch**—No. I hope I have pushed my point home pretty strongly.

**CHAIR**—It has been really interesting, and we very much thank you for your time. Again, I might leave that question hanging: if there are any interventions or things that you think the Commonwealth can do in this area, please turn your mind to it, and if you want to make a submission around that, then do so. The formal closing date for submissions is 18 July, but we will accept submissions after that.



**Mr De Busch**—Will do.

**CHAIR**—Beautiful. Thank you, Donald, for coming; we really appreciate it.

[12:09]

**HARVEY, Mr Bruce, Global Practice Leader, Community Relations, Rio Tinto**

**CHAIR**—Welcome. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as contempt of the parliament. Would you like to make a brief introductory statement before we start asking you questions?

**Mr Harvey**—Sure. We have a major submission which will be put to the committee in the next two to three weeks. In large part, this morning will just be a snapshot of that, and there may well be some personal reflections. The formal company position will come with the formal submission. I presume that everyone knows who Rio Tinto is, but let me just say we are a very large mining company, the largest mining company in Australia. We have many operations across northern Australia that you will variously recognise as Rio Tinto Iron Ore, Rio Tinto Alcan at Cape York, the Gove operation, Energy Resources Australia Ranger Mine, the Argyle Diamond Mine, Dampier Salt and Rio Tinto Coal in Queensland, the Hunter Valley and North Parks. We have a corporate headquarters here in Melbourne; a very large exploration presence based out of Perth, which explores Asia Australia; and various technical divisions. In total, we employ something like 16,000 people in Australia.

I think it is probably quite important that you understand what we mean by ‘communities work’ within Rio Tinto. It is not grant making; it is not charitable good intent; it is not media management; it is not working directly with government—we have other people who do that. Communities work in Rio Tinto is essentially a socioeconomic proposition. We go into remote communities. It is pretty obvious that we do not have any operations in Victoria, so my appearance here is a matter of convenience rather than geographic focus. I will be referring mainly to our experience in northern Australia—remote and rural northern Australia.

Our fundamental approach to land connected communities around the world is as follows. We say: ‘We are going to dig a very large hole in your backyard that will irreversibly change your physical and social landscape. In return for that, we will help you build an economy: what do you reckon?’ That is basically the value proposition. Our mines are very long lived—40, 50, 60, 80 years. Current reserves usually extend 20 years, but the resource goes way beyond that; it is ill defined, but we specialise in very large, long-life operations with multiple generation contact. You can see that fundamental to our approach is this element of building economies.

As I said before, there will be a formal submission. It is in preparation now, and I am not working off that because it is still somewhere out there in draft. You will get that. I might also refer you to a document of your own, a joint venture between the Minerals Council of Australia and the Department of Industry, Tourism and Resources last year. I had the pleasure of chairing that. We think it is an extremely good oversight of how mining companies are endeavouring to work with Indigenous communities in Australia, and there is a section at the end on the facilitation of enterprise development. It is necessarily at very high level, and does not give a lot

of detail, but I think it is actually quite useful. I will leave that there. You can source it from there or elsewhere.

We have an approach in Australia of making land use agreements with land connected affected communities—Aboriginal communities—wherever we work. We now have nine major Indigenous land use agreements on mine development projects, and over 80 exploration agreements. We are currently negotiating an additional seven or eight comprehensive mine development agreements in the Pilbara. These are very comprehensive—we call it agreement making rather than negotiating. They are very comprehensive. The Argyle participation agreement has drawn a lot of public comment. That is our model. There are a fair few going in the Pilbara now, so amongst a portfolio of areas that we want to participate with land connected peoples in is the area of enterprise development. We are all coming from a low base, it has to be said, so we are learning at a million miles an hour. Under those agreements, in the last six to seven years we have helped set up 30 Indigenous businesses around our mines. Many have fallen by the way, and others have been picked up, but we are progressing.

There are two forms of business, if you like. First, there are businesses that will directly contract to the mine, and that will include things like earthmoving, camp catering, land rehabilitation, cultural awareness and heritage management. Usually those businesses are best undertaken through the splitting of contracts—the joint venture arrangements which were just referred to by Donald. I think that is a very, very good way for Aboriginal people to acquire skills so that they can ultimately run a business of their own. Ironically, one of the best ways we can prepare people for that is through direct employment. We find that once people have been directly employed on the mine workforce for four, five or six years they have then acquired many of the skills necessary to set up their own business and contract back.

We are finding that one of the best entry points for self-sustaining small to medium enterprises is through direct employment. We now have in excess of 1,300 Aboriginal employees across Australia working on our mine sites, and many more have moved on. We have actually just started a research project to track where those people who have moved on have gone. We have found that less than two per cent have not gone on to another job. Some of them will have gone on to set up their own businesses. So, once you have a job, that leads to a succession of jobs. It does actually lead to the setting up your own business.

**Ms REA**—That 1,300 is the current number?

**Mr Harvey**—The 1,300 is the current number.

**Ms REA**—Out of 16,000 people you have roughly 1,300 Indigenous people employed?

**Mr Harvey**—Yes, about eight per cent of our total workforce. We have come from less than 0.05 per cent eight years ago to now eight per cent of our total workforce. We are the largest employer of Aboriginal people outside the public sector. Over 1,300—some 1,308 or something at the end of Q1; the numbers for Q2 are just coming in now, so it will be more than that. That is the number of people currently working on our mine sites under direct employment. Probably over the last five or six years, given turnover and mobility, it might be twice that.

**Ms REA**—Sure, but that is the current number.

**CHAIR**—Do you go out of your way to employ Indigenous people?

**Mr Harvey**—Absolutely. We have a very, very proactive Aboriginal employment program which we undertake in partnership with the Commonwealth and with state governments. It is hugely expensive. It can cost us up to \$80,000 to take an Aboriginal person who has never had a job before and get them into 26 weeks of full-time employment. That is the subject of another committee, actually. We have made a submission to that one as well, so that is all there. Contracting with business enterprises directly for the mine site is one stream, but equally we are very deeply interested in the multiplier economy, so, people who are developing enterprises outside and off the mine sites.

**Ms REA**—I am sorry to interrupt, but just to clarify before we leave that issue, does that 1,300 include people who are working for those businesses as well or is it direct employees?

**Mr Harvey**—Where our mines have subcontracted earthmoving companies who employ Aboriginal people, which is the model that is used at quite a number of mines, it includes those numbers.

**Ms REA**—Okay, so it includes those people as well?

**Mr Harvey**—Yes. I do not quite know what the split is.

**Ms REA**—No, I just wanted to clarify that. Thank you.

**Mr Harvey**—I also rush to add that it includes people in technical and managerial roles. We now have our first Aboriginal managers, and we have people who were on cadetships who have now graduated and are working in technical environmental roles and engineering roles—we have the full profile, albeit that we are not getting too many people into high level management positions yet, but that will come. We are equally focused on enterprise and jobs outside the mine. The reason for that is that, with high labour productivity on mines, in our wildest dreams we cannot hope to employ every Aboriginal person who lives in the hinterland of our operations. With population growth rates of two to four per cent, it is the healthiest organic population growth in Australia, so that is terrific. We have to engender jobs outside the mine because miners who are earning good money will want to buy things locally, and if Indigenous people are running businesses locally, they will have things to sell.

Also, the best place to recruit people on to the mine is out of the smaller enterprise where they have already learnt the work skills of regularity and punctuality and the like. Directly employing people on to the mine at the age of 18 years when they have never been employed is a pretty difficult thing to do. Direct mine employment, notwithstanding that we have done very well, is extremely challenging. The shift structures are not family friendly; the conditions around drug and alcohol, with zero tolerance, preclude many people. Housing is difficult to come by. Over time we would much rather recruit mature workers—people who are 20, 21 or 22 and who have already worked on the forecourt of the local service station or worked for a courier company—who have learnt some life skills, because that is where most of our other employees come from.

The pyramid of opportunity has a lot of people who leave school and get their first jobs and then work their way up. We do not do anything altruistically. If we can build a large

comprehensive multiplier economy around our mines, it is much easier for us to recruit people from that multiplier economy and, in return, that multiplier economy will actually support the mine. As I said, it is not charitable good intent; it is about building a comprehensive economy around our long-life mines. I guess that is my opening statement. I have other stuff I can refer to, but it might be better to do that in the course of answering questions.

**CHAIR**—I would like to inquire a bit more about the motivation of the company in doing this, and you have said it is not a charitable intent. Presumably this is something you do around the world?

**Mr Harvey**—Indeed, yes.

**CHAIR**—You do not have to do it. Are there places where you do not? Is there a measurable benefit to you from the effort that you are putting in with respect to this?

**Mr Harvey**—Mines cannot operate as islands of wealth in a sea of economic despair. There is nothing sustainable about that. Where people may have been able to get away with that in the past, looking to the future it will not work that way. Local populations have to be employed, particularly where local populations are expanding and where there is a rapid population growth rate. Lots of young people hanging around who are not gainfully and satisfyingly employed will become ungainfully employed, and that is not a recipe for mining sustainability. Over a period of time we want to create situations around our mine where all people are meaningfully and gainfully employed. The Hunter Valley, for instance, is a good example. What may have been a frontier 80 to 100 years ago is no longer. It is a well developed economy; there are plenty of job opportunities and the mine is just one of them. In northern Australia, we are dealing with frontiers—absolute frontiers—where there is very little in the way of soft or hard infrastructure. In fact, the only infrastructure in place in many instances is the mine itself, apart from regional centres like Cairns, Kununurra, Darwin or Katherine. Looking at population growth rates, we know that we have to have the entire Indigenous population given opportunity within the next 10, 15 or 20 years.

**CHAIR**—But, from your point of view, it is about acceptance of your activities within the community.

**Mr Harvey**—Yes.

**CHAIR**—Is it about developing a labour pool?

**Mr Harvey**—Yes, it is.

**CHAIR**—Do you have a problem attracting labour generally at the moment?

**Mr Harvey**—We do at the moment. As to skilled labour in the mining industry, it is estimated that there are 70,000 or 80,000 skilled labour shortages at the moment.

**CHAIR**—As a consequence of that fact—I do not mean this in a bad way—are you seeing the Indigenous community as a potential labour resource for you?

**Mr Harvey**—Absolutely; for sure. I would unashamedly say that. We put it right up front, why we are doing this. We need people to work on our mines. In 20 years' time, we would prefer if there were local land connected people who are working on those mines. At the moment, most—

**CHAIR**—Why?

**Mr Harvey**—One is the stability that I talked about before. If our mines are islands of wealth surrounded by 10,000 people who have nothing to do and are sitting down and receiving welfare or receiving payments from the mines, that is not a sustainable situation. We have seen it elsewhere in the world. The other one is that, over time, we will save money. Let me provide an example: the mining costs in Kalgoorlie are significantly lower than what they are in the Pilbara because there is a locally domiciled set of highly competitive local enterprises that compete vigorously to get the jobs on the mines. It tends to drive costs down.

Our remote mines on Cape York, in north-east Arnhem Land, in the Kimberley—less in the Kimberley—and in the Pilbara are basically manned by expatriate workforce, people who either fly in or fly out, or they move to those regions for the duration of their employment. It might be six years, 16 years or 26 years, but they do not retire and die there. They take their accumulated capital and they go back to Brisbane or they go back to Perth. They have been operating as if they were the far side of the moon. That is not sustainable going forward.

**CHAIR**—You operate fly-in fly-out?

**Mr Harvey**—Yes.

**CHAIR**—That is a necessary evil for you; you would prefer not to have to do it?

**Mr Harvey**—It is unfortunately a necessary evil because highly skilled mine employees want their families and children to live in capital centres where they have access to education and all of the rest of it.

**Ms REA**—I think it is really interesting to get an insight into what you are doing. I guess with respect to the terms of reference for the inquiry, you have a wealth of experience, and we look forward to seeing your submission when it comes through. From your experience in terms of supporting Indigenous businesses, not so much the direct employment of individuals, but that issue of both direct mine related businesses and also those other sort of more community based or outside the mine businesses, do you have some insight from your perspective about what the barriers have been? Obviously some businesses have succeeded, as you said, while others have fallen over. You mentioned there have probably been about 30 businesses that you have set up over time. Do you have some insight into the barriers that you think caused some to fail where others have succeeded?

**Mr Harvey**—Some of them we have set up; most we have not set up. One of the things we have discovered is that if you set up a business, that is the simplest way to get it to fail.

**Ms REA**—Yes, I understand.

**Mr Harvey**—I would argue that we as a company, and much of the mining industry, have done everything that is structurally possible to create equitable and diverse employment and enterprise opportunities for Aboriginal people. There still remain lots of insidious and historical prejudices. They are resident within people's heads. Over time we have to try to do something about that. That is what we are doing. We have a long way to go. There is no point in glossing over that. There is a lot of opportunity to make a lot of money in the north, and lots of people would prefer to come up from down south and make a lot of money and go back down south later on. The company certainly does not prefer that. The company certainly would prefer that in 20 or 30 years' time, we have permanently resident land connected Aboriginal people who are the backbone of our workforce and the backbone of an economy in those regions, with stable, civic governance, with people who have parents and grandparents and children who are going to stay there. That is where we want to be.

Aboriginal enterprises at the moment find it very, very difficult to meet the prequalification requirements. Every week we hear about businesses where, ironically, government inspectors find that they do not have seatbelts in their vehicles or that there is some other fundamental flaw in their safety systems, and we cannot have that. If you are administering contracts on a strict basis, you actually have to ask them to leave the site. We have to actually set up business support structures so that you are not just rigidly following tender guidelines, that you are partnering with Aboriginal enterprises so that you are helping them get through prequalification and you are helping them maintain their prequalification thresholds. That costs money. We have to be prepared to accept additional costs on those contracts. We cannot do it for critical path contracts.

**CHAIR**—What does that mean—critical path contracts?

**Mr Harvey**—By that I mean if we are loading iron ore or bauxite or other business functions that are part of a just in time supply chain, we cannot actually support businesses that may miss by 24 or 48 hours on a critical delivery. Nevertheless, that means we can quarantine non-critical path contracts for preferential consideration by Aboriginal businesses. They would be contracts like catering, for instance, and camp services or cleaning, and even earthmoving where it is removing oversize from around a rail work yard and if it stays there for an extra week it does not matter but over time it will be moved; satellite mining operations that are delivering ore to a conveyor head or to a railhead that just then becomes part of an aggregate supply system. We are always looking for non-critical contract opportunities. The critical path ones are very, very difficult. There is a lot of risk involved there.

**CHAIR**—In answer to Kerry's question, you identified meeting the prequalification requirements as being a big barrier. You work with Indigenous businesses to get them over the hill, if you like, in terms of that?

**Mr Harvey**—Yes.

**CHAIR**—Having done that, is it the experience that those businesses maintain those standards, if that is the right word? Is it an issue of just education and getting over that initial hump, or is there something bigger than that?

**Mr Harvey**—No, there needs to be ongoing work, and that is why we prefer that, for major earthmoving contracts that are anywhere near critical path, a joint venture between a well

experienced non-Aboriginal company and an Aboriginal company with the Aboriginal company having at least 51 per cent is the best way to get people up to speed and get those businesses to maintain their standards.

**CHAIR**—Is that a joint venture with you, or do you find the other joint venture partners?

**Mr Harvey**—No, that will be a joint venture between an Aboriginal enterprise and another major earthmoving contractor business.

**CHAIR**—Do you then play a role in putting that joint venture together?

**Mr Harvey**—We prefer not to, but where a joint venture like that offers itself as part of a tendering portfolio, we would look at it very, very favourable.

**CHAIR**—Are there other issues?

**Mr Harvey**—The development of what I would call business leadership skills is critical. That is governance sort of business—separating the ownership of a business from the management of a business. It is all very well to have an Aboriginal owned business, but they may want to actively employ a non-Aboriginal manager to actually run the business, to remove the day-to-day operational demands from the intrigue that is inevitably involved with a board structure and with ownership by governance committee. If you have a non-Aboriginal manager, which is not necessarily a bad thing; over time we would love there to be more Aboriginal managers, but as long as that person has performance targets that they are to employ Aboriginal people and that they are to run that business as an Aboriginal business, that is a way over time of building skills.

As to the business leadership function that I have talked about, we have supported various courses. There is one running now, actually, in north-east Arnhem Land on accounting systems, governance systems, HR systems. There is a lot of civic leadership out there available for Aboriginal people—how to present in public, ethics, probity, board structures and the like. Business leadership is a different matter. It is about being very hard nosed, so we do not actually see a lot of business leadership support from government or anybody else.

**CHAIR**—What do you think would be a useful government intervention in this area? I am sure that is in your submission, but if it is not, I would encourage you to include it. You have seen how this plays out in other parts of the world; how does Australia compare?

**Mr Harvey**—Some places in Canada are doing much, much better. We have a mine in Canada in the Arctic called Diavik, and it has contracted over \$1.5 billion Canadian to Indigenous businesses in the last six years. They had an early start. We are taking those lessons and we will roll them into Australia, obviously. There is a company in northern Alberta called Syncrude that has done particularly well. There is a company in northern Saskatchewan called Cameco, the uranium miner, that has done extremely well. They have been at it for a long, long time, but there are some very clear models that have worked exceptionally well. Financing has been a bit more enlightened.

**CHAIR**—Do you articulate them in the submission, because we would be really interested to hear about that.



**Mr Harvey**—Yes, we will.

**Ms REA**—Is it partly in connection with actual sheer numbers that you have larger populations that you are working with, or is that not necessarily a factor?

**Mr Harvey**—There are larger populations, and that makes it much easier to develop a multiplier economy, that is for sure. You hear lots of aspirational desires in Australia for setting up microfinance and Grameen Bank types, but the numbers are just not big enough. If you have 100,000 people sitting in the valley, there is plenty of enterprise going on. When you only have 1,000 or 2,000 people, it is very, very hard to get a multiplier economy working around that. Nevertheless, that is what we should be aiming for, absolutely. Hairdressing—whatever you like—this is an anecdote, but I saw a young Aboriginal woman a couple of years ago who wanted to set up a hairdressing salon in her community, and was turned down for a \$5,000 government fund grant because, why would you need a hairdressing salon in this place? Well, that is precisely what you need in a place like that. It does not take a lot of money. At the moment, Indigenous Business Australia—IBA—and the ILC will not lend microfinance money; they will only lend to large established businesses that can demonstrate a positive cash flow and if they are a real profitable business over time. I cannot see the point of that. Banks will do that. If you can borrow money off IBA, you can borrow money off any of the mainstream banks. What you really need is for IBA to consider setting up a small loan function for people without collateral for, say, \$5,000 or \$10,000. For instance, that young woman who wanted to set up a hairdressing salon, it would not be a salon like in the main street of Melbourne, but nevertheless, I do not know any women anywhere who do not want to be able to go and get their hair done.

**Ms REA**—Absolutely!

**Mr Harvey**—You can run that off the back porch of your house. All she needed was six months training and \$5,000 to buy a hair dryer and a few clippers. It was devastating for her to be turned down because it did not fit the model. In fact, I do not know why the mainstream banks are not up in arms about government money being lent at the same rate and terms that they do; they are losing business. IBA should have a large focus on small, non-collateralised loans for people who just want to have a go.

**CHAIR**—Is there an equivalent of IBA in Canada?

**Mr Harvey**—The Bank of Montreal. Actually, I do not know if there is a government fund in Canada that does similar things. The Bank of Montreal established itself for the last 10 years as a niche provider. It secured the vast bulk of Canadian Aboriginal banking in Canada through commercial support. That is another thing. Australian banks at the moment are starting to lend support, which is great, but they are doing it mostly through their social responsibility wing. I do not know why they do not just step up and see it as a fantastic business opportunity. 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.

**CHAIR**—Going back to the original issue, which in a sense is what you just said then about the motivation for being in this area, do you think the other resource companies see things as you do?

**Mr Harvey**—It varies. I would have to say that our colleagues, BHP Billiton, and other larger resource companies like Xstrata, Newmont and Anglo—we prefer to believe that we are ahead of the pack and that we are more enlightened than others, but I think that most of the major mining companies, the ones who are members of the Minerals Council of Australia, see it like we do. Smaller companies are catching on. Junior companies would not see it that way; they are struggling for survival.

**CHAIR**—The question then is: is there room for some government intervention there in terms of encouraging the view that you hold about the need to develop the communities around their activities?

**Mr Harvey**—We have a MOU with the Commonwealth government already through the Minerals Council that is piloting regional participation agreements in I think about 10 mining regions across Australia now. We want the companies to be linked up in doing this in a coordinated fashion with local government, state government and the Commonwealth, and all the companies that are in the region. Otherwise we are just competing against each other. That model is already in place and working. It is early days. It needs some more momentum. It needs some more effort. Part of that is that, in a town that is essentially a service centre in a mining region, there is an Aboriginal enterprise hub, and that should be funded by the Commonwealth government, and indeed that is happening. It should be resourced by someone who actually knows, who is inspired and passionate about getting Aboriginal people into work, and giving them the support to get through the prequalification requirements, and identifying for them how they can secure the finance they need from either a mainstream source or somewhere else. It is very, very difficult for people who have spent all their life in remote Australia and probably find it even difficult to access the web, to navigate the plethora of bureaucracy that is associated with those things.

**Ms REA**—Thank you, it is very interesting.

**CHAIR**—Yes, Bruce, thank you very much for giving us your time here today; it has been really interesting, and we await your submission with bated breath. We are now about to break for lunch. I think we resume at 1.15, so we have about half an hour. If anyone would like to stay for lunch, you would be very welcome. There is actually enough food for us to share.

**Proceedings suspended from 12.44 pm to 1.27 pm**

**WAITE, Mr Robert Carl, Chief Executive Officer, Darebin Enterprise Centre Limited**

**CHAIR**—Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament, and giving false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Would you like to make an introductory statement and then we might ask you some questions?

**Mr Waite**—Sure. I manage Darebin Enterprise Centre. Darebin Enterprise Centre is a small business incubator established in 1997 under the Commonwealth government's small incubation program at the time. We have been running for a bit over 10 years. We were self sufficient by our second year of operation. We have approximately 45 businesses on site at our Alphington incubator. It is quite a large site. It used to be the old Northcote Council depot. They range from IT businesses through to trade based businesses, horticultural businesses and the like. Since about 2000 we have also extended our business support services to Indigenous communities around Victoria and also individual Indigenous business owners. Since 2006 we have run business hubs in Tasmania, and we currently run two business hubs, one in Alice Springs and one in Darwin. We have three people employed in the Territory to administer those services for them, and we mentor and monitor that development.

**CHAIR**—Are you owned by the City of Darebin?

**Mr Waite**—Darebin Enterprise Centre Ltd is a not-for-profit company limited by guarantee. The City of Darebin is one of the members of that company.

**CHAIR**—In the year 2000 you said you began an Indigenous program. Why did you do that?

**Mr Waite**—The Indigenous issues have always been foremost with the City of Darebin. The City of Darebin has the largest Indigenous population in metropolitan Melbourne. In about 2000 we actually had a feasibility study into looking at setting up an Indigenous business hub within the City of Darebin. For one reason or another my board did not proceed with that application at the time, but we did offer our services to Indigenous businesses in the local area and beyond.

**CHAIR**—But then you have moved interstate. That is what I am trying to get my around. You have been quite entrepreneurial. Can you tell us a bit about how that occurred?

**Mr Waite**—A lot of the work we did around Victoria was through Indigenous Business Australia or through the then Department of Employment and Workplace Relations. We were contracted to work with communities, with the Indigenous small business fund program in Victoria, and in Tasmania we were contracted by IBA to run a business hub across Tasmania. More recently, through the Department of Education, Employment and Workplace Relations, we have been contracted to provide services in the Northern Territory.

**CHAIR**—When you say a business hub, can you just describe that?

**Ms REA**—And tack services onto that, too.

**Mr Waite**—Yes. With respect to the business hubs that we run in the Northern Territory, in Darwin we lease an office from Yilli Rreung Housing which is an Indigenous housing organisation on the outskirts of Darwin, in Berrima. We have an office base there. We employ an Indigenous woman with experience in small business development to run from that site. We market our services across Darwin and beyond. Indigenous people who are interested in setting up a small business contact the hub and then Mandy Ashburner, our employee in Darwin, 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, bookkeeping service for the business, and the like.

**Ms REA**—But not actually funding for the business? It is just purely that sort of business development, marketing, support?

**Mr Waite**—Yes. We do have access to various government grant programs that we could recommend the businesses to. We also have an arrangement with the National Bank of Australia; we administer their microenterprise loan program in the Northern Territory. We were set up to do that.

**CHAIR**—In terms of that hub in the Northern Territory, for example, how is it sustainable, or do you just pay for it to be there? Does it bring in any revenue?

**Mr Waite**—That program is being funded by the EIEI program which runs out of the Department of Education, Employment and Workplace Relations. It is fully funded by them. More recently in Alice Springs we have put another employee on, and we are setting up a bookkeeping service that will run from that office, and that will be a revenue raiser for that particular hub. Our intention in the future is for us to basically train the operators in the Territory to be able to administer those programs without our assistance.

**CHAIR**—Do you get any revenue from the National Australia Bank in terms of running its microloans business?

**Mr Waite**—We were provided with \$20,000 for administrative services to run that program.

**CHAIR**—But, you are still operating as a business incubator for non-Indigenous businesses here?

**Mr Waite**—Yes.

**CHAIR**—I guess that must give you a reasonably unique perspective in terms of comparing the kinds of issues which face Indigenous businesses relative to the kinds of the issues which face non-Indigenous businesses?

**Mr Waite**—Yes, sure.

**CHAIR**—What do you think are the particular hurdles, barriers or challenges that Indigenous businesses face when they are starting up?

**Mr Waite**—I think all small businesses face problems with key issues like financial management. For a number of reasons, that is amplified with Indigenous businesses who often do not have a family background in small business, and do not have the same history of money handling abilities and banking and the like, so certainly they are key issues. Generally, access to networks associated with small business is also a big issue with Indigenous businesses. Most of us in the general community have friends or friends of friends who run a small business or have networks that could certainly assist small business development.

**CHAIR**—What you have just said then has been a theme that has come out of the morning. Picking up on that last comment, most people have a network that will assist them; presumably Indigenous people will have a network within their own community which might help them with their business. Why does that not work in the same way?

**Mr Waite**—I do not think they are the same networks that would provide, for example, support for marketing and sales of their products. With a lot of the small non-Indigenous businesses we deal with here in Melbourne, for example, they are generally selling the products and services that they start with to family and friends. It is those networks that increase their sales and increase their marketing. Indigenous people generally do not have those same networks for their sales and marketing.

**Ms REA**—Do you find it an advantage being a small business incubator for both Indigenous and non-Indigenous? Is there some sort of cross-fertilisation, if you like, or some benefits of actually dealing with all sorts of small businesses that people can actually learn from each other, or are you dealing with distinctly different services, depending on what area of small business you are focusing on?

**Mr Waite**—I think the type of service that we offer to Indigenous businesses is pretty much the same as we do to non-Indigenous businesses. We do not apply any different rules. I guess the difference would be that it tends to be a lot more intensive with Indigenous businesses. For example, a lot of the backup services that we provide for business development, like bookkeeping, for example, we may have to extend those services for a much longer period of time with Indigenous businesses than with non-Indigenous businesses.

**Mr LAMING**—My apologies; I missed your first remarks. Can you just update us on whether those in your incubator process also at the same time sometimes have access to TAFE based small business solution training? Do any of them do concurrent work through TAFE?

**Mr Waite**—Generally not, no. In fact, it is interesting, if I can just digress for a moment, when I first set up the incubator 10 years ago, I had quite an extensive background in education. One of the first things I did was get Darebin Enterprise Centre registered as a training provider. I then turned around to the small business proprietors who were coming to the incubator and said we could give them certified training. Most small business people are sort of head down, tail up, and they really do not have the time for that sort of formal training. The sort of training that they want is an on-the-go, on-the-hop; their financial systems, for example, have extended beyond the notepad, beyond the spreadsheet, and they are looking to move into an integrated accounting package and they want help with it then and there in their business. They do not have time to take off and do a sort of three-week TAFE course in financial management, for example.

**Mr LAMING**—Is there in Victoria a business based TAFE alternative? I need to know whether Victoria is doing the same thing that perhaps other states are, which is an in-business arrangement for those in business to do a Certificate III or Certificate IV without leaving the workplace?

**Mr Waite**—Not without leaving the workplace, I am not aware of. Most would need to leave the workplace to complete certainly a Certificate IV in Small Business Management.

**Mr LAMING**—At the risk of asking a question that has already been answered, does your incubator system involve the use of mentors in the workplace based assistance?

**Mr Waite**—No, it does not. We have our own staff who do the mentoring of our businesses.

**Mr LAMING**—The expansion of your services relies on basically a simple revenue model and employing more people to work with new businesses within the incubator, so there is not an option to simply identify in this case Indigenous type mentors who might be really suitable for Indigenous start-ups? You have to actually employ Indigenous staff?

**Mr Waite**—We have employed Indigenous staff, yes, as mentors in our business. We have three employed in the Territory. We have had an additional person employed in the Territory in the last 12 months as well.

**Mr LAMING**—My last question is to better understand whether you saw the most promise in drawing out current Indigenous employees within small business to take a more sort of active role in both business leadership and running a business, or whether you are getting people walking through the door wanting to do a start-up, or thirdly, whether you are identifying family based business that you would see some benefit in turning into a sort of more long-term well-grounded small business itself and moving out of the home and into a more professional environment? Of those three areas, which is most promising?

**Mr Waite**—Difficult to say, I think.

**Mr LAMING**—Of those three options, identifying Indigenous staff who are currently in a mainstream business and encouraging them to grow with their confidence in business skills and go out on their own; or whether it involves people already in cottage industries and they are potentially looking at having a business basis; or thirdly, whether people walk through the door and say ‘I have an idea: I want to see if this could be a potential business’?

**Mr Waite**—Generally the model we work with would be the latter. People walk in and say: we have a business idea that we want to—that is not to say that we cannot find business opportunities. That is the challenge as well, particularly in some of the remote communities in Australia, finding the business opportunities and assisting to develop those business opportunities with family and community.

**Mr LAMING**—From your experience and the experience of those in the field, have you seen some enterprises that showed significant promise and often you say business is very much personality driven, especially small business. Are there models that you have seen that were

quite successful where you said, 'If only there was another X in another community, this could work.' What is the missing ingredient in disseminating a good business model?

**Mr Waite**—If it does not have someone who is really enthusiastic, who is the champion for that enterprise, that enterprise development, any small business is not going to work. We have been involved in a number of projects where the community has been quite enthusiastic about setting up business or setting up enterprise, but without that personal champion behind the business, generally they will not be successful.

**Mr LAMING**—My follow-on question is to try to work out where that bottleneck is. If you were to want to expand or disseminate a reasonably good business model—because we tend to travel the country and find something working well in one location and wonder why it is not happening everywhere—if there were to be a policy that promoted that dissemination, is it one that actually takes the form of a demonstration project: this is working in community X, and you take it around to other communities to try to draw out enthusiasm, or is it a matter of identifying individuals who could be just successful business people, even without the revenue model, in building their confidence? I am just asking where you might think the next step is?

**Mr Waite**—I do not think we are going to generate leadership and entrepreneurship. I do not think there is any program that will necessarily do that. Entrepreneurs and leaders emerge where opportunities do. What is absolutely needed is that, when those business opportunities emerge, there is significant support there to assist the business, to set the business up in a way that it is not going to fail, to provide the support—whether that is advice about marketing or financial management, and provide the ongoing mentoring support for the business owners and managers. That is what is needed. As you go around the country, I think you will identify business opportunities, even in remote communities that have very little enterprise. You must ask yourself, 'Why haven't these business opportunities been realised?' I could go on.

**Ms REA**—Can I just pick up on Andrew's comment, and in a sense flip the question around and ask: from your experience, looking particularly at Indigenous small business—and you obviously have the comparison with non-Indigenous through the centre—can you identify the barriers to businesses that have the potential to succeed or businesses that maybe have succeeded but did not become sustainable? What would be the barriers that you would see to more Indigenous businesses getting off the ground and being sustainable?

**Mr Waite**—One of the key problems we have had with working with Indigenous business is we are working with a cohort group that is socially disadvantaged, and there are issues with—well, I do not need to mention all the issues, but issues of drug and alcohol and the like. We work with one fairly successful business—it is becoming a successful business here in Melbourne—but 12 months ago the proprietor of that business went back on the bottle. He had an alcohol problem. We held that business together for nearly six months, so we continued to market that business for the person. We continued to administer contracts for the business. We literally had the chequebook for the business in our business incubator. We ran that business until that person got over that problem. I could go through half a dozen cases like that, where we have held the business together because of the issues behind.

**Mr LAMING**—I am sorry that I missed the start of your presentation, but did you give us a couple of examples of what your workers were doing in the Territory in the way of business models that they were supporting and encouraging and developing?

**Mr Waite**—Yes.

**Mr LAMING**—Sorry to miss it.

**Mr Waite**—The types of businesses they are working with vary from tourist business to arts based businesses. Actually, I have given a profile. In the envelope I handed up, there is a profile of a number of the businesses we are working with, including some in Darwin and Alice Springs and around Victoria. There is generally a cross-section of businesses. There are tourist related businesses. We have a farmer producing organically grown eggs out towards Hermannsburg, out at Alice Springs; an automotive mechanic business; and glass designers. There is a variety across all areas.

**Mr LAMING**—Did you discuss some of the threats to the longevity of those businesses before I came? You have mentioned the health of those involved and their ability to effectively monitor and look after a business. Are there issues around family agreements or relationships between families, clans and communities? I am just trying to work out the Indigenous specific limitations that you have identified when an individual goes into business.

**Mr Waite**—We have. On the family matter, we have had one business in Alice Springs that basically had to close because of family issues.

**Mr LAMING**—Because of interfamily conflict or because of sorry time?

**Mr Waite**—Interfamily conflict. But that is not unusual; you find that in mainstream business. Doing business with brothers and sisters and the like is not always the easiest thing. I do not think that is particularly cultural.

**CHAIR**—Can I ask you a bit about the microloans that you are doing with the National Australia Bank? Can you explain to us how they work and their level of effectiveness in terms of getting businesses up and running?

**Mr Waite**—We have been most disappointed with the Indigenous microenterprise loan program. I might add that I am also the chair of the national association of business incubators—Business Innovation and Incubation Australia. We also run a similar program across incubators. The take-up rate within our general purpose incubators has been fair to middling.

**CHAIR**—Sorry, the take-up rate of what?

**Mr Waite**—The take-up rate of the loans within the incubators has been fair to middling, but we have yet to subscribe an Indigenous business loan in the Northern Territory.

**Ms REA**—So you are talking about people actually coming to you and using that facility to get a loan?



**Mr Waite**—Coming to us to use the loan. I will explain the way the loan program should be working. They are totally unsecured loans up to the value of \$20,000. They must be supported by a business plan and good financials included in the business plan. We have sat down with Indigenous people in the Northern Territory who want to start up a small business—for example, a lawn mowing round—and we have said to them, ‘Here is an opportunity for you to take out the loan. We have done the cash flows to indicate that the business could well support the loan repayments.’ We have not had one take-up yet. The only reason for that is that there are other programs out there that give grants to Indigenous people to set up loans. The Northern Territory grant program gives grants up to \$100,000—

**CHAIR**—Where they are not being paid back?

**Mr Waite**—Where there is no repayment. I understand that the current take-up rate of that is more than 200 per cent oversubscribed. In other words, you have people waiting on lists for the next two years. The Indigenous people that we are dealing with who want to set up business come to us and we present them with the other option but they say, no, they will wait for the grant, although that might be up to two years. What I am saying is that it is very, very difficult to have a microenterprise loan program that sits alongside government programs where money is being given as grants with no repayments.

**CHAIR**—And the program you are talking about there is a Northern Territory government program?

**Mr Waite**—A Northern Territory government program.

**Ms REA**—So it is not that there are not businesses that are getting off the ground; it is just that they are actually accessing grant money rather than a loan?

**Mr Waite**—They are accessing grant money, yes. If you want to, you could follow that up a bit further with Glen Brennan from the National Bank who administers the National Enterprise Loan Program. He recently came back from his Churchill Fellowship, and his Churchill Fellowship was based on looking at microenterprise loan programs internationally. He came back with the overwhelming conclusion that microenterprise loan programs would not work if a grant program sits side-by-side with it.

**Mr LAMING**—You just identified that issue of moral hazard; that, until there is some sort of personal risk on the line, it is very hard to have that stickability in the early stages of small business, which is vital in virtually any environment.

**Mr Waite**—Absolutely.

**CHAIR**—Are there any differences in experiences of the business hub that you have in Tasmania relative to Darwin?

**Mr Waite**—We are no longer operating our program in Tasmania. That was an 18-month program that we ran through IBA Australia. Some of the problems that we had in Tasmania were identifying aboriginality. I am not sure whether you are familiar with this—though it is likely

that you are—but there are certainly great barriers to identifying as an Aboriginal person in Tasmania. That was probably one of the key issues we faced in Tasmania.

**CHAIR**—Where was that hub in Tasmania?

**Mr Waite**—We ran the hub from Melbourne. It is not a huge friction of distance actually between Tasmania and Melbourne. It is probably less than between here and Bairnsdale or here and Warrnambool, in many ways. We ran the operation across Tasmania. We serviced clients in Queenstown, Hobart and Devonport—in fact, all across Tasmania.

**CHAIR**—Thank you very much, Bob, for coming along and giving us your time. We really appreciate it. If there are any other comments or ideas that you would like to give us, please feel free to do so. There is an ability to put in a written submission. I think the formal closing date is 18 July, but we will take submissions after that time if you want to provide them. The question that we are kind of leaving hanging there for all witnesses is: if there is a particular idea that you have about a useful Commonwealth intervention into this area, we would certainly be keen to hear about it.

**Mr Waite**—Thank you.

**CHAIR**—Thanks for coming.

**Proceedings suspended from 1.55 pm to 2.08 pm**

**DEPELER, Ms Fiona Louise, Business Incubation Program Manager, Darebin Enterprise Centre Ltd**

**McMURRAY, Professor Adela Jana, Private capacity**

**MILLER, Ms Leanne, Executive Director, Koorie Women Mean Business Inc.**

**POTTER, Mr David James, Private capacity**

**STEVENS, Mr Brian, Manager, Strategic Policy, Koori Business Network, Department of Innovation, Industry and Regional Development**

**WAITE, Mr Robert Carl, Chief Executive Officer, Darebin Enterprise Centre Ltd**

**CHAIR**—Welcome and thank you for coming today. We really appreciate you coming, and I am sure that the discussion this afternoon will be really informative, as has been the evidence that we received earlier in the day. The committee does not require any of you to give evidence under oath, but I need to advise that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament.

As a roundtable, the proceedings are intended to be a little less formal than the public hearing that we had earlier, but I ask you all to bear in mind that these proceedings are being recorded by Hansard. As chair of the committee, I will be chairing this afternoon's discussion. We do have a set of questions that we will try to use to get the discussion going, but we are not limited to them. I ask you to direct your questions through me so that we can try to have one meeting. I will try to make sure that, by the end of the day, everyone has had an opportunity to say what they would like to and has had a go. We thought we might start off by asking each of you what you think are the biggest barriers for Indigenous enterprises getting off the ground and succeeding. I will ask each of you to give your name and the capacity in which you appear before us and then give us some of your thoughts about that question as to the biggest barriers to an Indigenous business getting off the ground.

**Mr Potter**—My name is David Potter. I own a car audio business in Bundoora Street: Bundoora Street Sound and Vision. I got a financial loan from IBA 18 months ago to start up the business. That is the reason I am here now. The biggest barrier for Aboriginal people in business would be to get that money as they start the business—having the money there and getting access to it.

**Mr Stevens**—My name is Brian Stevens. I am Manager, Strategic Policy, Koori Business Network. I work for the Department of Innovation, Industry and Regional Development. Just reiterating what David was saying, I suppose it is getting access to finance, understanding the starting point in terms of where you go with the idea, what types of supports are out there that you can tap into to help you work through this and the plethora of information out there. I think some of the biggest barriers for starting off an Indigenous business is trying to work out how to get in there and understanding how to make it work for them.

**Mr Waite**—I am Bob Waite from Darebin Enterprise Centre. A key barrier is lack of support and networks for small business roll out.

**Ms Deppeler**—I am Fiona Deppeler—also from the Darebin Enterprise Centre. I am the Business Incubation Program Manager there. I also oversaw the Tasmanian hub that we had back in 2006. I also work with the Indigenous business hubs in the Northern Territory. I would say a key barrier is not only access to financial support for business start-up but also a quick turnaround on those sorts of things. It is access to it, but quick access to it. The restriction of having assets to support that is also a barrier. So it is not just access to those financial things but the assets that go with that—whether or not applicants have those assets—and, once they have the funds, the financial support to actually implement those funds correctly and make sure their business survives.

**Ms Miller**—I am Leanne Miller. I am Executive Director, Koorie Women Mean Business. We are a proactive women's organisation with strong membership of Aboriginal women in regional and rural Victoria. We specialise in developing partnership projects, identifying business opportunities and offering support and connecting up women, individuals and groups that fall outside the cracks of the system. I would have to say that I believe all that has been mentioned are barriers. I believe another barrier is the lack of financial literacy amongst Aboriginal and Torres Strait Islander people. In our experience to do with women in business, another barrier is the issue of disaggregated data in relation to women's participation and Indigenous participation in business, particularly microbusiness and small business development.

**CHAIR**—Could you just explain what you mean by that?

**Ms Miller**—We believe that there is data that exists in relation to businesses, but it is actually represented by the name of the company, not by whether it is female or male, and an age factor. It would be interesting to break that down just a little bit more.

**CHAIR**—Do you mean to try to get the demographics?

**Ms Miller**—Yes, and particularly in relation to rural communities, metro and remote, in terms of acquisition, and whether they have actually been assisted to make their product export ready.

**Prof. McMurray**—My name is Adela McMurray; I am Associate Professor of Management at RMIT University. My role there is Assistant Dean of Research and Innovation. I am here in my capacity as the chief investigator of a recent successful Australian Research Council grant with industry partner Koori Business Network. Brian Stevens is the partner investigator on that grant in that team. The area that I see as important in this area is the lack of integration of five key barriers that relate to Indigenous entrepreneurship. These relate to social and individual disadvantage; geographic disadvantage; cultural disadvantages; economic disadvantages; and political and structural disadvantages, including infrastructure and policy. There is a need to integrate those disadvantages and those barriers so that we can reconcile mainstream business practice and Indigenous community values.

**CHAIR**—Thank you. One of the barriers you mentioned was cultural disadvantage. Can you explain that? I guess it is in relation to your last comment. Is there a cultural barrier to engaging in business?

**Prof. McMurray**—Yes, I do believe so. There are instances where racism is experienced and there are also language difficulties. There is a need for more education.

**CHAIR**—Leanne, I want to explore the demographic issue. We did ask this question of one of the witnesses this morning, but do you think there is a particular demographic within the Indigenous community who are getting involved in business development, or is that the question that you think needs to be answered?

**Ms Miller**—My thinking around the demographics and disaggregated data is based on trends. We have in relation to contact with young women that they are starting to look at developing business and looking into businesses as early as 20 and 21. Considering the demographic that we come from, that is typical and reflective, but, when you try to do business in mainstream, that is not the typical demographic.

**Mr LAMING**—So you are seeing some interest from that demographic, from younger females?

**Ms Miller**—Yes, younger women.

**Mr LAMING**—Where are you identifying that trend? Is it people coming to you seeking business support?

**Ms Miller**—People coming to us, starting out with small ideas and focusing on where they would like to be, and finding out that they cannot access things like a small business course through a registered training provider because they want to be taught by their own people and be modelled on their own people's experience. They find it extremely frustrating.

**Mr LAMING**—Do you go to Indigenous fora and speak about the possibilities of going into business and you elucidate interest from young people?

**Ms Miller**—Yes, but we look at business in the context of the underlying issues that hold up women in doing business and how they go about business, and what they consider business to be, which is not the stereotypical business that you and I would say is a small business operator. When we take women on women's camps to talk about social issues as well as the big picture and how that impacts on them, their community and their lifestyles, over the course of those two or three days comes a discussion around, for example, 'We have a young woman who has an idea and it is actually taking off and we want her to take it further.' But they might live a place like Lakes Entrance or Mildura, and 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.

**Mr LAMING**—Obviously in Queensland there is provider competition with private sector trainers able to offer in-business mentor support. It would not be that hard for you to take advantage of that were you in Queensland. Is that kind of option available in Victoria, where you can take Indigenous mentors who can compete as an RTO to deliver either training or mentorship for existing Indigenous people working in small business, not necessarily running it, to take them through to become either leaders of that business or spin off on their own? Is there that opportunity here to do that?

**Ms Miller**—I think the best person to answer that is Brian. This is a roundtable!

**Mr LAMING**—Well done; nice handpass!

**Mr Stevens**—You will have to say that again.

**Mr LAMING**—Sure. I am trying to understand just whether there are any barriers to having Indigenous mentorship for people who are either in business and want to move up in a business? They might be in a middle-management position in a medium-size firm. Are there any barriers when you have new ideas run to you to have Indigenous mentorship to take that business model to fruition? Obviously you cannot always go to do a TAFE course to achieve that, but you want to do it in the workplace.

**Mr Stevens**—We are just starting to get into that now in terms of working with small business operators. I suppose in the early days the barrier was—and it always is—gaining access to appropriately skilled people who understand how to engage with Indigenous people. There are those barriers that Leanne touched on before, such as financial literacy. We are now working with mainstream mentors, but it has taken us a long time to get to this point, and I think it is a lot to do with that trust issue. We are still dealing with that legacy of education with some of our businesses still feeling a little bit embarrassed. It is about the cultural sensitivities that we have to deal with in terms of looking at mentors. It is all right to say that we can link to mainstream institutions but, at the end of the day, if the mob are not understanding what it is that we are trying to convey in terms of learning and teaching, it will not go far. It is really getting back to some of the basics, which is understanding the individuals, where they come from, what it is that they are trying to overcome in terms of their own growth and development in terms of where they want to take their own career, whether it is into small business, entrepreneurship and that sort of thing, and also the role that they play in influencing others in their communities from a leadership point of view. It is a fairly complex area when we start to talk about mentors.

**Mr LAMING**—David, when did you first start having ideas of running your own business? You said that you have been in the car stereo business for 18 years.

**Mr Potter**—I actually started my own business 10 years ago, working for myself, just on site—a small thing. Then about three years ago one of my business partners and I had a chat and we said, ‘Let’s start a business.’ He was a salesman and I was a good installer, so it was a good combination of people. Getting back to the issue of mentors: these guys in Darebin are fantastic, but I thought a lot of their time was spent on speaking to IBA—communicating between me, IBA and themselves.

**Mr LAMING**—Helping you interact with IBA?

**Mr Potter**—Yes. A lot of the support should have come with things like telephone contracts, insurances and financial and legal advice, but all their time was spent communicating with IBA as the in-between person.

**CHAIR**—Does that mean you were finding it difficult to interact with IBA?

**Mr Potter**—Yes, for sure. I have a long story!

**CHAIR**—We would be interested to hear it.

**Ms REA**—Would you say that negotiation was a critical thing for you as an individual—that finding your way around the minefield of stuff that you need to do to set up a small business was a big factor?

**Mr Potter**—If I had tried to do this 15 years ago when I did not own a house, I would not have got anywhere near getting anything. My partner owns half a house and I own half a house, and we still found it hard to get the finances. It had more to do with crossing the t's, dotting the i's—just small, irrelevant things in the end. It was a really stressful time at the start.

**Ms REA**—I would like to ask a general question of everyone and pick up what Leanne was saying about young women looking for support in setting up businesses. One of the things that emerged this morning from one of the witnesses was that, if you are looking at individual enterprise amongst Indigenous people, primarily those coming up with the ideas are younger people who are probably in a different generational space and are able to say, 'Look, I actually want to do this and make it happen.' I am interested whether you think that is actually true, that that is where the ideas that individual businesses and commercial businesses are coming from? Is that a cultural issue? Obviously, more broadly, in mainstream society, we do not necessarily fund 21-year-olds starting up their own business. Maybe there is something there that we could actually explore? Do people want to make a comment about that?

**Mr Potter**—If a young person has an idea about starting a business, they should be given a mentor like these people here, who can work really closely with them—not someone who just drops in and sees them every three months but who works really closely with them and can make sure they are keeping on track.

Even if you did the financial part of it as a tiered thing—you would give them a certain amount to start off with, and, as they went along and saw they were doing something, give them more. I cannot see a young person getting financial assistance for anything after the experience I had.

**CHAIR**—Fionna, did you have an answer to that question?

**Ms Deppeler**—I was going to add that self-employment, not having a boss, is a really good option for a lot of young Indigenous people. They like the idea of not having a boss as such, so a self-employment option is something that they like to pursue, with the support to be able to pursue that idea. A lot of entrepreneurs, if you want to use that word, are created by a lot of young people. They see a gap, and it is a lot more widely spoken about, so a lot of young people are a bit more aware of spotting those sorts of things. It would not surprise me at all that you are saying young women are coming to you and saying that they have ideas, but it is supporting that and nurturing that. We get some young men with the same scenario; they have worked for an employer and they think they can do the same thing, so they want to move on and expand into their own operations. It comes from working with an environment and self-employment becomes the option that they want to pursue. They do not see it as a business at that stage; they see it as just working for themselves. They forget that there has to be a business strategy behind it. I think that is where the ideas sort of flow from as well.

**Ms Miller**—I want to pick up on the earlier part of the question to do with a young person. If we look at it in a cultural context, yes, it is ground-breaking for an individual to stand up and be counted, particularly at, like, the age of 21 plus. But, there is also the other side to that: they still have a cultural obligation to be part of the family enterprise or the family business, so there is a struggle. We have seen the evolution of that in a couple of different areas. Prior to KWMB, I worked in the tourism sector where the subject of community enterprises was heavily debated and discussed, as opposed to sole ventures and sole partnerships. The types of support that they need have been identified, but it is the types of support that you really cannot tick the box to do with moral, and 24-hour access, just to say ‘this is fine, you’re on track’, it is a social and emotional wellbeing issue for them. It is not just because of their age but because they are stepping out of the whole family kinship clan existence to do something. Even though everybody believes and supports, they still have their first obligation, which is to be part of that community enterprise or that community org.

**Prof. McMurray**—Also, just to add to Leanne’s and Fionna’s viewpoint, the research shows that there are different drivers for Indigenous entrepreneurship and motivators than traditional entrepreneurs. For example, with the Indigenous, it is around succession planning, and it is about the drivers that are the desires for the future generations not to have to go through the hardships that they went through and their predecessors went through; whereas other entrepreneurs see drivers are very much for profit and for gain. We have to be very careful when we talk about Indigenous entrepreneurship here, because with different communities, there are subtle differences. To lump everything together is quite dangerous. To aggregate everything together is something that we need to address in the research that we can disaggregate that. It is also inherent in mainstream entrepreneurship where the research has just now unpacked that, for example, family businesses have different drivers; family entrepreneurs have different drivers to other entrepreneurs. To disaggregate that is really important for the discipline and to uncover that knowledge and the factors and the barriers that are surrounding entrepreneurship. Coming back to young entrepreneurs and Indigenous entrepreneurs, some of the latest research shows that it is about empowerment and it is about driving and wanting to improve the future generations so that they don’t have to go through what they went through previously.

**CHAIR**—Is that a substantial difference to non-Indigenous communities? I would have imagined that for a lot of non-Indigenous people, that is a significant motive as well, is it not?

**Prof. McMurray**—It would be, but not as significant as wanting to assist the generation and succession planning within the generation and help that generation lift their economic status in terms of where they are today and where they were before. It is subtle, but it is significant.

**CHAIR**—Leanne, you made an interesting point that it is kind of breaking out of that kinship and that the primary obligation is to the family, if that is right, or the clan. Are you saying that in a sense that cultural norm works against individual enterprise? That is putting it too strongly, but it makes it harder?

**Ms Miller**—Do you want to rephrase that question again, please?

**CHAIR**—Did I not make any sense?

**Ms Miller**—No.



**CHAIR**—Sorry, okay. People say that to me often!

**Ms Miller**—Sorry.

**CHAIR**—You said that for a lot of the young Indigenous entrepreneurs, they are breaking out of a cultural obligation to the family.

**Ms Miller**—Yes.

**CHAIR**—I guess my question is: does that obligation make it harder to engage in individual enterprise?

**Ms Miller**—I think if you look at the context of where the business operates, and whether it is an online business or whether it is customer service related—because if it was customer service related, of course it would have drawbacks—and it depends on the context of the relationship with the clan or within the family groups. They are thriving in some areas, but it depends on how big the dream is, like everything else. The dream is not as big as how much the access is there to support your dream. If the access is not there, as in financial and moral, as well as an understanding of where you have the capacity to drive and to go, then you are only limited by that. We see some fantastic stories around Indigenous arts and arts enterprises. We do not see a lot of stories around the local shop business people, that we have Indigenous butchers and we have Indigenous shop fronts, but their only capacity is to stay local; it is not to go across the state, it is not to go national, and it is not to go global. It is about how you grow either the entity or the individual's thinking and supporting that, not just with a mentor, but with someone that actually has a grounding and an understanding of the cultural makeup that they come from. I am quite happy for David to have any contribution he likes there, because I am not saying that people are limited by the scope of what they can do, but if they were given more information and more access, and like every business, red tape is a huge barrier. This whole thing about 'your product has to be here' and you not telling us what the hell it is to get from that point to that product ready before we get that grant is a sticking point. The other sticking point becomes: okay, your product is now ready, but your only access is through government grants. How do you actually advise someone how to develop a joint partnership or a joint venture and how do you actually develop that partnership with someone that you trust? We still have embedded in us a whole lack of trust issues. I think Brian has raised that.

**Prof. McMurray**—This is where incubators could be of assistance in terms of mentorship and your business directory there, Brian—KBN's director, and those businesses that are already successful and up and running getting into meet and link up with these newly fledged entrepreneurs, and the incubators would certainly be a way of mentorship and also in conjunction with the Victorian Indigenous Chamber of Commerce, the new proposed initiative. We are looking at an integration of strategic initiatives here to be able to talk to each other and provide support from a holistic approach, and that is what is lacking at the moment—that integration of even strategic documents. We did a matrix of all of the Indigenous strategic documents at KBN and found that there were gaps, and we are addressing those at the moment. But, in terms of integrating initiatives and policies, it would be good to be able to provide them in a holistic way.

**CHAIR**—David, the first thing you said was access to capital, and you described getting a loan from IBA. I suppose we would have imagined that, in a non-Indigenous context, one of the critical issues to getting a business off the ground is access to capital. There seems to be a kind of an equivocal answer to that question, I reckon, in the context of today's discussion. Bob and Fiona, do you think, for example, that getting that initial block of money is a big issue for Indigenous businesses, or not as big?

**Ms Deppeler**—It is definitely one of the issues. If you take David's example, he needed money to open a shopfront, so he needed shop fittings and things, so that was imperative to his business development. He has run a bit of a business on the side years ago where he did some installing and things, but he is ready to take that next step, so for him as an Indigenous business owner, it was imperative for him to get that money. Barriers to that, from David's experience, was timeframes, and one of the biggest issues with IBA would be that their turnarounds and the loan times are just what you could not believe.

**CHAIR**—Can one of you expand on that?

**Mr Waite**—Six months.

**Ms Deppeler**—For a business loan.

**CHAIR**—How much money are we talking about?

**Mr Potter**—Some \$140,000; \$70,000 each to my business partner and me.

**Ms Deppeler**—Security was two houses secured against business assets.

**Ms REA**—Effectively, what you could have gone into a bank and got, it took you six months to get?

**Mr Potter**—Yes.

**Ms Deppeler**—Yes, and that is one example we have out of a handful that we deal with on a continuing basis.

**Mr Waite**—For 12 months.

**Ms Deppeler**—Yes, we have had one that has been as long as 12 months to settle on a loan. It is the access, but also the timeframes. With smaller operations, if you are going into an Internet based business, then some capital is obviously an issue, but it is not always the issue. I think it is the same as any business; it is not always capital that is needed. It might be information that is needed. A number of things can come up as barriers. It is not always finance, and it is not always a lack of literacy. There is a combination of things that come in, and each individual is so very different. You can say broadly that access to finance is a problem, but it is not necessarily always the problem.

**Ms REA**—Can I just ask a follow up question to that one? If we are having a roundtable now in general about small business, I think everybody would say the biggest issue is that access to

start-up capital. We have a great idea; we need the money to do it. Are all of you saying, particularly those people that have been involved in small business across the board, that it is clearly harder even for Indigenous people to get that start-up than it is for anyone trying to start a small business?

**Mr Potter**—The reason for that is there is not much wealth in Aboriginal families. I do not have a mother or a father or an auntie or an uncle I can borrow money from. I am the first generation who has lived in Melbourne who is starting their own business. Most Aboriginal people work for Aboriginal organisations.

**CHAIR**—Indigenous Business Australia is meant to be providing easier access to capital; presumably that is one of its points. It would be good if we could record the looks on people's faces as an answer to that! I do not know if Hansard is up to that.

**Mr Potter**—I nearly went to a bank half-way through, because—

**CHAIR**—That is my question. Why could you not just go to one?

**Mr Potter**—Because I knew that my business would work, and it would be a tick for IBA, and it would help Aboriginal people in the future. So, if I pull the pin and become successful, there would be stats there saying that this guy has got his money from IBA, got mentored—there would not have been anything there.

**CHAIR**—You were actually sticking with IBA rather than the other way around?

**Mr Potter**—For the Aboriginal people, yes, for the future.

**Ms REA**—That they would have businesses like yours on their books that says, 'It is worth us investing this money because here is an example of this guy.'

**Mr Potter**—This place is successful, yes. That is right.

**Ms REA**—That is an interesting point.

**Mr LAMING**—Your non-Indigenous business partner who also had half a house to put up—without that person, do you believe you would have still been successful through IBA on your own?

**Mr Potter**—I do not know. I think I would have in the end, but it still would have taken the same amount of time.

**Mr LAMING**—There was no particular advantage having this business partner?

**Mr Potter**—It was IBA's idea to have him go halves in the loan. It was their choice. He was going to get his own money; I was going to get my own money.

**CHAIR**—We can do this research, but people here may have some information that they can contribute to this. Bob in his evidence earlier was talking about how Darebin look after the

National Australia Bank's micro loans system just in the NT; is that a program that is just provided in the Northern Territory?

**Mr Waite**—It is, yes.

**Ms Deppeler**—IBA has now made it accessible as well down here.

**CHAIR**—Have made what accessible—the National Australia—

**Ms Deppeler**—The National Australia Bank loan. They are saying that IBA is now supporting it with mentoring and business planning support. So, if you wanted to go to IBA, you put in an application to IBA now for business support, and if the loan is under \$20,000 they will also encourage a NAB application.

**CHAIR**—In a sense, IBA is administering the NAB program nationally?

**Ms Deppeler**—Yes.

**CHAIR**—Do the other banks provide other products?

**Ms Deppeler**—No one has stood up and said, 'We are willing to provide this product.' The NAB has actually stood up and said, 'We have this product; we believe it can work in Indigenous communities as well because it is unsecured up to \$20,000.' If somebody else was to come up with a similar product to \$50,000, then obviously it would be supported as well, but none of the other banks at this stage has done so. Bendigo Bank is a bit of a supporter. They say that they will support Indigenous business loan applications, but I do not necessarily know whether they look on them any differently than they would any other application.

**CHAIR**—In terms of NAB, is this a business opportunity for NAB, or is this kind of part of its corporate—

**Ms Deppeler**—It is part of its corporate social responsibility team. They have obviously recognised that there is a need for a product like that. They have run it out through mainstream business as well, as Bob mentioned earlier, through the incubator system, through the NEIS (the New Enterprise Incentive Scheme). People on that can also access the micro enterprise, so they have established the loan program which is also available to Indigenous people. It is targeted now obviously specifically Indigenous, but it is set up for other people without security for business development.

**Prof. McMurray**—It was actually trialled last year. I actually met with Glen, the manager there, and we trialled it last year, and it was such a success, they were the first bank in Australia to provide a \$20,000 unsecured loan for entrepreneurs, and at that time I was the director of entrepreneurship, and we have actually put through some entrepreneurs at undergraduate level to apply for loans. They were saying it was such a success that they wanted to roll it out nationally, so that is what happened.

**CHAIR**—This is where?

**Prof. McMurray**—In Victoria. That is where it was piloted.

**CHAIR**—I am not sure you were here, Adela, but the point of my asking that question was that it sounds as though it was not a particularly successful program in the NT. Perhaps explain it again?

**Mr Waite**—We have not had any take up rate in the Northern Territory primarily because there is a Northern Territory government grant program that sits out there with grants up to \$100,000. Despite the fact that it is oversubscribed for the next two years, people wanting to start up business will be prepared to sit and wait for that grant funding rather than take the risk of a \$20,000 loan.

**Ms Deppeler**—We have just had one gentleman who has just been approved for this grant who has waited three years for his grant. He has waited that long.

**Mr LAMING**—In what location and what business?

**Ms Deppeler**—This is in the Northern Territory.

**Mr LAMING**—For what sort of business?

**Ms Deppeler**—I think he is an arts based business.

**CHAIR**—I suppose the point you are making is that, in that event, business activity has kind of been sitting on the shelf for three years because of that grant program?

**Ms Deppeler**—He has kept going along at his just sustainable level waiting for his grant obviously to build the business to what he really wanted it to be, for his vision. It has taken that period of time to get that grant money because that program is so oversubscribed. The fear of picking up a loan, with the repayments involved in the Territory particularly, has been a bit scary for some, or for all.

**Mr Stevens**—I think what we have to be very careful of when we are talking about entrepreneurs, Indigenous people setting up in business—and that is the classic example, he has waited for three years, and they have pinned all their hopes on a grant—if we are talking about stability, empowerment, and these people creating opportunities to change some of the landscape that they live and breathe in, it goes back to the earlier question that you guys asked before about mentors and the skills and training that is needed to actually allow them to move forward with confidence to know that, as they go through the stages of their business lifecycle, they can sustain themselves. Grants are really good, and I think IBA offers a really unique product, and what we do with the Koori Business Network, we have business development officers out in the field who work one-on-one and develop up a fairly strong relationship with our businesses or our intenders or start-ups, those who are more established who are looking to get into it for a long-term type approach. They will always lean towards looking at Indigenous programs, and I think that is something that is a legacy of the past in terms of ATSIC and all those types of opportunities that were around in years gone past. I think it is a lot to do with the legacy of moving in that welfare model, and our communities are so used to thinking that way, so a lot of our work is really trying to re-educate them to move them across into understanding the

principles that sit behind good economics in terms of managing their businesses. When we are talking about grants, we can look at community enterprise; that is a different kettle of fish all together, but when we talk about entrepreneurs, we really need to make sure that these people are able to stand on their own two feet as they move through as their business grows. I suppose that is what I wanted to clarify: be careful when we are starting to talk about these sorts of things. 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.

**Mr Potter**—As I was saying before, about the role of the mentors, instead of spending all their time communicating with IBA, they should be out helping us with contracts and those things—things that we are not quite sure of. We know how to do the work, how to make the money in the business, but it is the background work.

**Dr STONE**—David, you are saying that you do not think that the mentors that you have had experience with were spending enough time on the ground?

**Mr Potter**—The mentor spent lots of time with me, but it was all spent on IBA.

**Dr STONE**—On IBA business, so to speak?

**Mr Potter**—Yes.

**Dr STONE**—I understand, and making sure you complied with IBA's requirements vis-à-vis their loan and that sort of thing?

**Mr Potter**—Yes.

**Dr STONE**—Have you any experience with the NEIS program which has been around forever? I think you mentioned it, Fionna, in passing, or maybe someone else here, where it is non-Indigenous; it is just for anybody who wants to start a business, but typically you need to be unemployed to take it up, and then it gives you the equivalent of unemployment benefits for 12 months, I think, New Start Allowance, while you are mentored, trained, do a business plan and that sort of thing. Maybe some of the rest of the panel has had that experience of NEIS as well. Is there a sort of hybrid model with IBA that would sort of build on that fact that it also has an income stream to iron out the bumps for the first year so that you have a little of the risk taken out of the first year of business at least?

**Mr Potter**—I do not understand where you get that from.

**Dr STONE**—It is a business support program for start-up entrepreneurs. To do it you need to have been unemployed before, and then if you look as if you have a pretty good idea—and that is assessed by a panel, it is not sort of trying to market ice to Eskimos or something, a pretty good idea—then you may be accepted into this course, I think it is TAFE or maybe a private provider will train you up in business practice and the other issues like workplace safety and tax and all the other stuff that goes on with business, and you are mentored by someone. During the first 12 months of your NEIS, you are still getting the unemployment payment of New Start

Allowance, so you have an income coming in while you are building up your business case, being mentored, starting up your business.

**Mr Potter**—Yes. Take away the unemployment side of it, it would be good to be mentored while you are actually doing the work.

**Dr STONE**—Yes, you are trying to build the business in this first 12 months—it only goes 12 months—you are building a business, you are getting it going, you are starting up whatever it is, but even though you might have income flowing into your business, you are still on unemployment payment for the first 12 months with the accompanying health care card and what else goes with the New Start Allowance. NEIS has kind of been dying a bit; it is sort of dying out.

**Mr Potter**—What happens if you have never been unemployed?

**Dr STONE**—Well, no, it is only for unemployed people.

**Mr Waite**—We are actually a NEIS provider. We run a consortium program with Northern Melbourne TAFE so it is part of our program of work. I would have to say that we have always been very concerned; there have been very few Indigenous people involved in our NEIS program.

**Dr STONE**—That is what I am wondering.

**Mr Waite**—We actually did some research on it about five years ago where we actually surveyed NEIS providers across Victoria. We found that generally the participation rate of Indigenous people in NEIS programs was very low. We tried to find the reasons for that. In some cases it was seen to be that perhaps Indigenous trainers were needed. I think Leanne alluded to this a while ago. Where courses were set up with Indigenous trainers or co-trainers alongside, no Indigenous person who was engaged in the program completed it. Programs were set up that were purely Indigenous in terms of participants, so every participant in that class was an Indigenous person. They had Indigenous trainers, Indigenous co-trainers, Indigenous literacy trainers, Indigenous numeracy trainers; not one of those programs had a graduate. We have run the program for eight years, and we have had two graduates. It has been incredibly difficult. We have had to hold their hand all the way through to get through those programs. There is a number of reasons for that, but I think the program is currently under investigation from the department. There are some queries around it. I do not think that is particularly the answer. I think the level that it was pitched at for Certificate IV was far too difficult for most people. Even for non-Indigenous people, it was seen to be too difficult, and there was certainly too much included in it for a person who was keen and anxious to get out there and start up a small business as soon as they could. Notwithstanding that, I think it is a great program. I think it gives people the opportunity to do some formal planning in their business. It gives them the opportunity to effectively capitalise the business for the first 12 months with the extent of the NEIS allowance, albeit only \$10,000 of which is effective. Thirdly, it provides mentor assistance, and that mentor assistance is there every month for the businesses operating, so I think it is a great model but I do not think it was particularly the best model for Indigenous entrepreneurs.

**Ms REA**—That I guess was reinforced a little bit this morning in terms of what particularly the witness from Rio Tinto was saying, that first of all their support for individually directly employing Indigenous people in the mines, then their moving to actually supporting businesses that were perhaps contracted to the mine, and then supporting businesses that were based around the local town or local community. Those people that succeeded in business were people who had actually had some employment for a while. I suspect the barrier is not being employed, like at that stage of just getting to work on time, managing your home/work/life balance and picking up even those ordinary skills is maybe why there was not as much success on that program, whereas that business of going from individual employment into then having a good idea and support, and develop that into self-employment as you were saying, is probably more—

**Ms Deppeler**—If there is an option for it to go from employment into a self-employment situation through NEIS, then the take-up on the program would probably double or triple because there are a lot of people—David as an example—if that had been an option for him, he certainly could have pursued that option and had his income for the first 12 months. It is a major support, and you can work those programs. The two that we have put through NEIS have worked with an IBA situation as well, so they have had a bit of extra support, obviously, to get the business plan and things to a level for a NEIS participation or to be signed off by NEIS. NEIS does not always work, because you have to have that unemployment option. I am not saying that NEIS is the option there; we are saying that every person that wants to go into self-employment is unemployed.

**Mr Potter**—In other words, strike while the iron is hot.

**Dr STONE**—Yes, when people are keen and they are perhaps working in whatever the industry is—cleaning or so what.

**Mr Potter**—If we make it furniture—

**Dr STONE**—I can run my own show better than this mob perhaps. Bob, when you evaluated all those NEIS participants who did not finish their course, had any of them had previous employment that you were aware of?

**Mr Waite**—Yes, they did.

**Dr STONE**—We are looking at sort of a hybrid model where ideally you do not have to become unemployed to get support into a business mentor program.

**CHAIR**—Is there anything out there at the moment for people who are employed?

**Dr STONE**—Not with the income support. That income support is pretty helpful in that first 12 months.

**CHAIR**—Just returning to the issue of initial capital, it seemed to me the conclusion from what everyone was saying is that there is room to have a better system of providing capital to Indigenous businesses. There seems to be patchy experience in relation to the micro loans, although as you have said, Adela, there is a good experience here in Victoria, but there seems to



be general dissatisfaction with the way IBA operates in terms of providing finance; is that a fair summary?

**Prof. McMurray**—Yes.

**Dr STONE**—Sorry, I missed it, but I presume that you pinpointed exactly what those problems were with IBA?

**Mr Potter**—I had my application in for two months. They said my loan would come through in a month, so we had the opportunity to move into a shop at the end of November so we could get the Christmas shopping period, so we set up the shop, got all our stock on two months' payment, and operated, done fantastically well, and we waited and waited until March for the money to come. By then, all our suppliers were really happy with us. It was a horrible experience. The money only came because we actually had to start abusing people. I actually went into the IBA office in Melbourne nearly in tears, because I could see the whole thing falling apart.

**Ms Miller**—For those people like David who are entrepreneurs, the history of IBA is one that it deals with the top end of the Aboriginal population and the market, and not sole traders. They do not have a history of doing business and doing business well outside of the top end of Australia. It is also about that historical reference of the demise of ATSIC, and where programs went, and the fact that people are still trying to work out within their own systems how to deliver a service, because we are becoming more and more demanding, and departments cannot keep up with us, so we have to rage.

**CHAIR**—What Leanne has just said now, Bruce Harvey from Rio this morning almost made exactly that point in almost exactly the same words. In a sense the business loans are focused very much at the top end, and in a way—

**Dr STONE**—Do you mean the big multimillion dollar type effort?

**Ms Miller**—Yes, with mining companies and tourism products.

**Dr STONE**—Not a cleaning business?

**Mr Potter**—No.

**Ms Miller**—Not a small, little family vision.

**Mr Potter**—Uluru and all those sorts of places.

**CHAIR**—The point, anyway, is for that top end, given the finance they need and what they are able to supply, they can get that from a bank anyway, so in a sense the question he left with us is: what value is being added by IBA? There was that comment, and the absence of kind of micro unsecured easier to get loans combined with David's experience of it taking forever.

**Mr Potter**—Those big businesses are fantastic, because it keeps the people together in their own venture, but not everyone wants to be in their own community ventures.

**Mr Waite**—If I could just clarify here, IBA has two arms—IBA Investment, where the loans or joint ventures start at \$2 million. There is nothing under \$2 million. IBA Enterprises, on the other hand—and we are a preferred service provider with IBA Enterprises—offer loans down to \$20,000. We are working also with loans of about half a million dollars, so they do offer a much wider range to predominately sole traders that we are working with across that sector.

**Ms Deppeler**—There are a lot of hoops to jump through to get those loans, too.

**Dr STONE**—What is the average time it takes from agreement that the loan is approved through to people being able to get the money?

**Mr Waite**—From completion of the business plan, completion of the application, we are probably looking at about six months.

**Dr STONE**—Six months; that is a long time to have a lease on a building hanging out or suppliers and so on.

**CHAIR**—Fionna, when we went around at the very start and identified barriers, when you said timely, that is what you meant, is it?

**Ms Deppeler**—Yes. It has become a real issue. We have a number of IBA applications either being processed or waiting on bits and pieces, but the time frame with previous experience—David being one of them and, as I said, there are three or four more that I could mention that have similar issues. It is not just time frames; it is the security that they are taking on the loans as well. We are talking two and three times the value of the loan in security. It is not making any sense. My perception of what IBA is supposed to be is that gap between mainstream finance, and it does not seem to be filling that gap. They promote themselves as filling it, and it just does not appear to be doing that.

**Dr STONE**—You would presume, given the target market for these loans, a lot of people would not have two or three times that asset to put on the table?

**Mr Potter**—No.

**Ms Deppeler**—They will often take less, but they will take whatever they can, and that drags out even more because then there is added security. David has an instance at the moment where his partner is trying to refinance things, and that has taken nearly two months just on the refinance component, because they are concerned about reducing the security on the loan.

**Mr Potter**—One of the things we had to sign was during the term of the loan we were not allowed to borrow money off anyone unless we told them. They have security on it. I want to buy a car for my wife, but I cannot. I am stuck.

**Ms Deppeler**—And that person probably has enough assets now to secure the loan on its own, but they are still holding David's property and his business partner's property. We are not just talking about the time frames; we are talking about the continual hoops that you have to jump through. We have an instance with another loan situation where it has taken quite a considerable time to get to approval. It has been approved, but then there are the 10 next hurdles that they

need to jump. The Australian Government Solicitor, AGS, is involved, and their time frames are not realistic at all. The time frames that AGS put on things, in normal mainstream operation, it would take two to three days; it is taking AGS two to three weeks to turn around a document. It just creates problems. We have had an instance with a business where they pulled out of their loan because their window of opportunity is gone for their business. There are multiple examples of where IBA's slowness and lack of flexibility has created issues.

**CHAIR**—Just so that I can be clear about the National Australia Bank, Adela, is it your understanding that, with the exception of the Northern Territory—and I guess that is quite a specific sort of issue with those grants being available—do you think the micro loans being offered by the National Australia Bank have worked?

**Prof. McMurray**—It is my understanding from Glen that the pilot in Victoria was successful, and this was the training ground or the proving ground to then see if they were going to roll out nationally. Based on that, they rolled out nationally in terms of the unsecured \$20,000 micro loan.

**CHAIR**—Is it successful for the National Australia Bank? Are they making money out of this as well? Is it a good business proposition for them?

**Prof. McMurray**—It was, yes, and actually they were surprised at how very few of the loans failed. They did not anticipate that. I do not know how public this should be, but there is a business plan that you put in a certain amount of risk and loss, and if that was not met—but they were quite surprised at how well it was actually going. Based on that, they went nationally. I do not know if I am supposed to say that.

**Mr Potter**—How long does it take to go through the process?

**Prof. McMurray**—Apparently not very long at all.

**Ms Deppeler**—Up to a week.

**Prof. McMurray**—Yes. In conjunction with that, David, I have to ask you: do you know anyone who has started up their business in an incubator?

**Mr Potter**—No, I do not, only what Bob has talked about.

**Prof. McMurray**—That is something that really provides a good sense of community from the research that we are finding in incubators. In terms of providing support, like legal support and marketing, so many entrepreneurs, when they start a business, are not really exposed or versed in so many of the skills that they require. Suddenly they are confronted with this array of various skills that they need; for example, marketing, legal, finance—all those areas. The incubator sort of helps and assists with all of that until people can actually get on their feet and leave. They become graduates of the incubators.

**CHAIR**—Following on from that, because that is kind of the next thing, the issue about skills base, and that came through strongly in the evidence we have received this morning, and

mentorship fits into that as well, do you think the Koori Business Network is getting to most Indigenous businesses in Victoria?

**Mr Stevens**—No. It really is about the business or the person who wants a bit of support ringing up to use the network, and the directory has started to become a major part of that now. It also relates to advertising the programs that we run, and it is through people's awareness of what we do that they are referred on. We are now finding that, as the businesses start to move into more complex areas, the intensity of support is a little bit greater. They need a little bit more time. As we are a very small team, we are recognising that there is a lot of value in, I suppose, the continuity of support. We have just done some market research with a company, particularly for the Chamber of Commerce, and one that came out was that networking between one another in terms of supporting themselves collectively as a group. More broadly, it is looking at: what are the other supports they need around them to actually feel that they can move through those stages where they can become a little more independent. As I said, we have only two staff that cover the state at the moment, but we are starting to find the increase in terms of what we do for access to their skills is getting quite demanding.

**CHAIR**—The evidence from the Koori Business Network this morning was that there was a belief that Indigenous business was growing in Victoria; do you agree with that?

**Mr Stevens**—It is, yes. When we first started out about nine or 10 years ago, and probably in the last four to five years, there has been a fairly big growth spurt. Admittedly, they are still in their early stages, and those businesses are still around some four or five years later, so there is something happening out there. We also recognise that, as they grow into the next stage, that is where the risk factors start to come in terms of needed the other layers of support. If you are looking at providing role models and, I suppose, leadership in terms of others, in terms of succession, wanting to start out—and picking up on some of Leanne's stuff—if you are coming from community, there is that fear of stepping out into the unknown. It is that fear of what is going to come as a result of stepping away from your cultural supports and, dare I say it, there is that tall poppy syndrome type thing that still exists out there. That hinders people moving forward, so it is important to have those supports. Through other business operators or other Indigenous people stepping out into business, that is where you can stop a lot of that negative perception, I suppose, about getting out there and making something for yourself.

**Ms Miller**—Being taught in their communities to be able to move forward with their businesses I think is an important factor in reconciling those values and aligning those values and still retaining that tradition and culture so that it maintains its momentum through to the next generation. It is really encouraging to see the increase in Indigenous entrepreneurship here in Victoria. I think a lot has to do with the support from KBN and that critical directory where everyone speaks with one another and they network with one another. We also must note that, in Australia, Indigenous entrepreneurship is still behind the US, Canada and New Zealand.

**Mr Potter**—I think Brian hit it on the head with the fact that they only call on people when they want the help. They do not waste their time on people who are fine. If someone rings up and says, 'I need help on this', they give them the help so that time is not wasted on things that they do not need to spend the time on.

**Dr STONE**—Is the Koori Business Network in the business of making sure that someone like you, David, knows that there is the National Bank, there is Bendigo Bank, there is IBA, there might be the ordinary other lenders, depending what your business is, and so on? For example, David, were you aware of the whole range of options that there were?

**Mr Potter**—I did not know that the Koori Business Network was around until six months ago.

**Dr STONE**—Okay, so there is a communication issue for a would-be entrepreneur knowing—

**Mr Potter**—I had sort of started off.

**Mr Stevens**—Probably in the last four or five years is where we have picked up momentum. We are still relatively small and relatively new, and we are just starting to—

**Mr Potter**—See, that is where they should be working with IBA a bit more.

**Dr STONE**—The Koori community in my electorate in Murray is big, and Shep and Echuca in particular, I know from working with some of those families wanting to do business that not knowing where to go to find lenders or the supports is the first problem. Maybe we are looking at just how you communicate to a would-be entrepreneur or someone already in a business who is beginning to think: Hey, I can do this myself. I know in Shep we had a couple of women who wanted to start some health and beauty massage type businesses, and really had a terribly difficult time working out where to go to get support. I think you have answered the question, David: it is not very easy to find that information. It does not come at you in the mail. By the way, you are thinking about a business; we know you have been employed for X; here is a whole range of options and opportunities, or a website or something.

**Mr Potter**—Something I was getting at before with the mentors, I thought that the business mentors would help me with buying telephones and Telstra deals and contracts and dealing with insurance companies, that sort of thing, but they did not have time. They were dealing with IBA a lot of the time.

**Dr STONE**—As to the point that Adela made about the business incubators, they are right throughout Australia with different names, and they are self-evidently another way a lot of new businesses start. They particularly share things like your IT or your reception costs or whatever—even your parking costs are now shared in those early days, which can really leach a new business.

**Mr Potter**—We own our shopfront; we had to stand alone, but they also helped us with QuickBooks, when we got it. I think you sent someone down. That is the sort of support we need.

**CHAIR**—Brian, you were going to make a point?

**Mr Stevens**—That is the kind of role that we play. It is linking. If somebody comes to us, like David, 'I've got this idea' or 'I've been working in the business for 12 months and I want to

expand it; I'm not sure where to start, what is out there', our business development officers actually sit with the individual or the partners or whatever and work them through what is out there and start to link them with the opportunities. If it is a bank or whatever; as we said earlier on, when we first started out, there is a plethora of information out there, and really it is about, 'Where do I start?' It is trying to sift through that and work with the individual to try to get the best fit and the best fix, and then developing that relationship so they feel that they can come back to you and say, 'I'm stuck here; I'm not sure where to go.' That is the role that we play. I think it is a very important role. As the businesses start to mature, we find that their dependency on the staff starts to be less, so that gives us the opportunity to work with some of the more start-up businesses that are looking for more intense support. It comes back to that resource issue of having a number of staff on the ground.

**Mr Waite**—We currently have five graduates or undergraduates, much through RMIT, actually, through its faculty of business and accounting. We currently have two cooperative education students and three graduates in accounting, because we have found that the back-up services required particularly by Indigenous businesses for the financial management support that they need has been critical to the business. We have employed these people, albeit through the cooperative education program which does not cost us a lot of money. We are talking about salaries of \$30,000, but we have also taken on three graduates in that program, and they work almost exclusively with our Indigenous businesses. Probably 70 to 80 per cent of their work would be with Indigenous business. They are setting up their bookkeeping services for them. In some cases we are managing the bookkeeping services, including I think three remotely out of Alice Springs at the moment, where we are transferring files backwards and forwards across the internet. That has been a really important part of success in the businesses.

**CHAIR**—We have Koori Business Network, Darebin and Koorie Women Mean Business, all kind of providing support to Indigenous businesses. Beyond those three organisations, are there other Indigenous specific support organisations around in Victoria?

**Ms Deppeler**—There is a list of preferred service providers that IBA work with, but there are not a lot on that list that are specifically Indigenous focused. We are talking the likes of Deloittes and there is a number of other large consultancy agencies on that list. A lot of those are working at a consultant level, so they go in and do a business plan and then walk away. That is one of the issues that we have seen with a lot of things. Feasibility studies have been done for communities; business plans have been done for communities. The paperwork looks really good, but then there is no follow-up support, there is no support to then implement those business plans. There is a number of other operators in the space; I am sure no one will disagree with that, but it is on effectiveness of what they are doing, and I think we all agree that it is the support—you can write as many business plans as you like, but without the support to go with it, then—

**CHAIR**—Yes, I guess the question is how accessible is that to a new Indigenous entrepreneur. I take it from what you are saying that, beyond perhaps who is here at the table, there are not a lot?

**Ms Deppeler**—It depends on the circumstances. If they are an individual business, then obviously they can access through IBA. If they are a community group, they can access through DEEWR, and there is also KBN and Aboriginal Affairs Victoria. It depends on the type of idea,

whether it is a group of people or an individual, depending on the situation, as to where they can access support or funding.

**Ms REA**—Picking up on the point that Brian made earlier, as well as Adela, that there has been quite clear growth in terms of Indigenous businesses in Victoria over the last few years, I am assuming when you say that that you are just not meaning because of population growth; there has clearly been something that has been working which has meant that more businesses have got off the ground and at least got to that four or five-year point that Brian was talking about before. Adela said it was KBN. I am not asking you to necessarily come in and say ‘yes’ on that point, but if it is, take the credit for it. Is it the networking incubator model; is it generational change? What do you think has come together to see that increase?

**Mr Stevens**—I think there is a number of factors, and I think it comes back to leadership within the organisation itself. When we first started out, we were solely and wholly an Indigenous team. We had our networks spread fairly wide across Victoria. We all come to the positions with I suppose a lot of history in terms of what is going on out there. That was probably one of the points that we really looked at, in terms of how we get out there and work with our communities. I think it is a lot to do with the trust as well, and building that relationship with the individuals, and pairing people up. It takes a long time to develop that trust. We have staff that have been with us for quite a number of years, so there is that continuity of support. When we talk about IBA, we have worked with clients who have engaged with IBA, and some of the stuff that comes back—and we have done some research ourselves—is that lack of continuity in terms of building a relationship from start to finish. I worked with a business many years ago that was in the seafood industry, aquaculture in particular, and were working with IBA and a range of other organisations in looking at funding, particular activity enterprise development, and they cited the issue around changing client managers. Every couple of months they were handed over to somebody else, so they would have to reiterate the story again about what they were trying to do. After probably two years, they ultimately said, ‘We can’t do this anymore’ and pulled away from the whole process. Unfortunately, that business, through whatever reason, has chosen to downsize and move on to other things. Through support, getting out there amongst it, building those relationships and linking them and, I suppose, telling it as it is with the business people who want to set up in business, really working through ‘Do you fully understand what this is about?’ So, pulling away all the notion of this is going to be a smooth, easy road. It is not a smooth, easy road. We tell it warts and all. If you are in for the hard yards and prepared to back behind it, you will make it work. It is that cultural support, I think, is what we offer. We do a lot of work with our staff to ensure that they are in tune with the environment in which they are working.

**CHAIR**—I am conscious of the time. We will have one more question, and because we are running a bit over, we might have a break for 10 or 15 minutes and have a coffee.

**Dr STONE**—I am sorry if you have already answered this, but can you characterise what sorts of businesses in Victoria are currently now happening? Are they right across the board? Is there some sort of business that is more likely to succeed than others? What are the women doing in business compared to men’s business enterprises? Is there any difference? Are women as likely to pick up the same sorts of businesses as men? I am just trying to get a feel for what sorts of businesses are being started up. Brian, you say that more are succeeding; perhaps that is also a reflection that the economy has been doing well, going gangbusters for the last little while.

Can we characterise it? Is it more likely to be making didgeridoos or hairdressing or cleaning businesses?

**Ms Deppeler**—You certainly do get an aspect of arts based businesses. There will always be a cultural perspective to the businesses that we work with and the number of arts based businesses that we work and I am sure KBN work with as well, but we work with so many others. David's is a really good example of a non-traditional business. We work with a cleaning operator; we have a nursery which is about to open. We have a number of different styles of businesses. I would not like to say that any one business is particularly more common than any other, although you say that the arts and cultural stuff is a foundation for a lot of operators. There are still so many other things that are happening beyond the arts and cultural perspective.

**Mr Stevens**—Taking it one step further, you are looking at the tuition side of things. You've got businesses who are actually looking at export in terms of tourism. They have been out there doing it for quite some time. I have seen a growth in the professional services in terms of consultancy. You are looking at hospitality services that are starting to expand. You are looking at some of the businesses—one in particular is getting potentially into the export market; and you are looking at native foods. It is a sports battering. I agree with you, it used to be the arts and all that sort of stuff, but now it is getting into the more diverse IT, web design, all those sorts of things.

**Ms Miller**—I will just add that, when you are asking about businesses, it is also based on self-identification and disclosure, just as much as whether or not they use the services.

**CHAIR**—Did you have something to add, Leanne, in terms of the gender part of the question?

**Ms Miller**—I think I answered that at the start, did I not?

**CHAIR**—You did.

**Dr STONE**—That is why I prefaced my remark with what you have already told us. I will look at in the transcript.

**Ms Miller**—I am sorry you were not here, but my question as part of the introduction to where I came from was that we are extremely keen to get some data as it relates to the participation of Aboriginal women and girls, and how they have an uptake in the program, and whether or not their economic statuses are increasing or decreasing, given the makeup of the community, and the barriers in terms of social and economic factors.

**Dr STONE**—You do not really have good data to be able to talk about women's aspirations in particular?

**Ms Miller**—No. I think it is historical as well. I also think it is reflective of a recent report that was tabled in the parliament to do with the administration of Aboriginal affairs in Victoria, in which it was highlighted. It also highlighted the lack of coordination.

**Proceedings suspended from 3.28 pm to 3.50 pm**

---



**CHAIR**—We might kick off again. One of the issues that has been raised during the day again as a hurdle for Indigenous businesses is the lack of networking or the need to get better networking into the mainstream economy, I guess. An idea that we are looking at, and I want to put it out there and get people's comment on it, is one that comes from America. It is described as the 'minority business council'—and I guess in an Australian context we are really thinking about it as an Indigenous business council, so do not get hung up on the word 'minority'. The basic idea would be an entity that provided some sort of agency for Indigenous businesses into the mainstream economy. The entity would have a register of Indigenous businesses and would also have as its members blue-chip companies, for instance. If there were a procurement from those blue-chip companies, it could be done through this supply council, which would first ensure that the prerequisites were being met by the Indigenous businesses so that they were in a position to tender, and then, in a sense, would broker the tender with the relevant Indigenous businesses. The question is this—and I put it out there for whoever wants to answer it: firstly, do you think that networking and contacts are an issue for Indigenous businesses and, secondly, does that model or something like it sound useful? Does there need to be something in that space to try to bridge that networking gap and connect Indigenous businesses into the mainstream economy? Who wants to kick off on that?

**Prof. McMurray**—In our last session we did talk about the different drivers for entrepreneurship—those for independence and wealth creation and also the succession of a generation that has better conditions than they had previously—but I think we also overlooked the fact that there is a third type of entrepreneurship, and that is necessity. That is one where the opportunities do not exist; there is no work; or they are not palatable. If you are looking at networking and you are looking at those three types of entrepreneurship, I think that those drivers need to be taken into consideration in terms of the people with whom those entrepreneurs are communicating and are able to access support for their ventures—the mentoring and the networking. I think networking needs to be defined. It is a real buzzword lately, and unless it is structured in our situation, particularly in early Indigenous entrepreneurship, unless we actually capture that and have it in a structured way and capture the research around that—because there is very little research around Indigenous entrepreneurship—I think we will have to be able to develop a roadmap that we can follow. That networking is important, but it is how we define it and how it is structured and how it has the various spin-offs on that roadmap in terms of relationships and mentorship.

**CHAIR**—In terms of defining it, one of our witnesses this morning is running very much an Indigenous business in the sense that the employees are all Indigenous and it is Indigenous run, but it is a cleaning business; it is not based around any specific Indigenous art base or cultural aspect. Mr De Busch, the witness, said that, for him, the biggest issue was having the contacts to find the contracts. It was all about: 'How can I get the next contract, and who do I know who will be able to supply that?' It is networking in that sense.

**Mr Waite**—I have two comments to make by way of stories. My first comment is that I came into this industry of business incubation 12 years ago. My introduction to it was through Tim Costello, who many of you will know. Tim was then working for the Baptist Church, and he had Tony Campolo, one of his evangelist Baptist friends, out from the US. Tony Campolo was the spiritual adviser to Bill Clinton, amongst other things. You may have seen him standing behind Bill Clinton on many occasions, particularly those embarrassing moments when he was under the pump from the press. Tony Campolo was always there.

Tony was also very much involved in the business incubation industry with minority groups in the US. What he identified in the east coast US cities, from Boston through to Washington, was this doughnut of poverty around a city. In this doughnut of poverty there were Hispanics and blacks, mainly unemployed persons and lots and lots of social problems. He developed a series of businesses that developed in these centres on a model of preferred procurement. He went to government and he went to business and asked, 'Where are you getting your gizmos or whatever?' and negotiated preferred contracts with government and with big corporate organisations. It was most successful. That is by way of one story.

By way of another story, I would like to recount a trip I had to Yuendumu, which is north-west of Alice Springs, about three hours out of Alice Springs. At Yuendumu, 50 per cent of their power is generated by big dishes that collect the sun's energy and convert it to electricity. They are about the size of this room, the height of this room. They have to be cleaned. When I was out there, I actually went over and spoke to the guy who was cleaning them. He was a non-Indigenous person from Perth, and I asked him, 'How long does it take to clean one of these dishes?' He said, 'By the time I finish one, I start again on the way around.' There were 10 of these dishes, so it is a never-ending job; it is like cleaning the Sydney Harbour Bridge. I said, 'So you live out here in this donga for that whole time?' He said, 'No, I live here two weeks on, two weeks off. Someone else flies up from Perth and takes over from me.' I said to him, 'Well, is this a hard job?' He said, 'No, it is a dish-cleaning job.' I asked, 'Do you need to be a technician to do it?' He said, 'Well, I am a technician, but, no, you don't need to be a technician.' The question I put to him was, 'Could we train someone from Yuendumu'—which was a seven-iron golf shot away from these dishes—'to do the job?' He said, 'Most certainly.' The question I put back is, 'Why is government not adopting the preferred procurement for services like that in these communities?' I am sure there are many, many examples that we could run through. Sorry I took so long there.

**CHAIR**—Leanne?

**Ms Miller**—Can I just comment on the minority business development council model that you mentioned. I have some prior experience with the tourism sector in developing the Aboriginal Tourism peak body. We found it extremely beneficial to have our sector immersed in part of the business of tourism and the tourism council as well as having a structure. The structure was based on state representatives and representation. At some stage it became an issue of big name, no blankets. We had the product and we had people who were willing as part of tourism generosity and goodwill to do networking with our people, but we still did not have the finance, and we also did not have a lot of the expectations that industry had for Indigenous product, as well as Indigenous people in delivering it. There was no clear directive indication of what the detriments were to meet those expectations. We had to go out and we had to look for them and seek for them and ask for assistance. I believe that a minority business development council has merit. I believe that it should embrace the United Nations instruments to do with human rights, to do with women's rights, to do with Indigenous rights. I think there needs to be a very clear administrative arrangement around the operation of such a council. I know it would go to further consultation. I think it would have to be fully resourced and accessed—as in accessible by and to Indigenous business operators. I think that we talk not about just individual run; we talk about organisation run and family run companies.

As to the second part to your networking, I think networking is something that is intrinsic, but there is a certain point where our people have to have that entrepreneurial up-front attitude: 'It is okay to say this is what I do; this is the product I have.' If not, they need to have the finances to employ someone that does it for them. A lot of really strong tourism operators had the product but did not have the confidence to go out and promote their product, so we would promote it for them or we would find someone within the sector to do the promotion and to be a part of watching their product develop at a local level. Tourism is not a rich sector; it is a sector full of goodwill. In the microbusiness and the small business, it is such a diverse area of interest. I am not sure if a business development council could cater for all of that. We have specific demands and specific needs. This is just a new concept.

**CHAIR**—You said it needed to embrace the United Nations instruments. Could you explain that a bit more.

**Ms Miller**—There is a trend that, for corporate bodies that want to partake in the triple bottom line, there are some areas of partnerships and joint ventures where the Indigenous partnership was falling over because people were actually taking advantage of the goodwill of the people. My preference, and my board's preference, in anything is to ensure that, if we address submissions formally or in an informal context, we emphasise that we would like it to be consistent with the United Nations instruments.

**Dr STONE**—Could I just follow on from what you are saying, Leanne. When I was looking at the free trade agreement with the US, we in fact found that a lot of the things US was protecting, and understandably so, were those minority group government procurement requirements. It was in the government procurement area, where governments in different states and federally had to have a proportion of their business run by minorities. It was not just Indigenous; it was disabled, Vietnam veterans and so on. In talking to some of the US officials, they said, 'Of course, we will never change these regulations because the community supports them very much in the US.' But a lot of dummy business goes on where you have a token head of company X or Y, and then no Indigenous or disabled, or whatever the minority group was, actually working behind the token head of the company. They were saying, 'We want to sort of work at how we can make that more transparent and do something about that.' It was interesting how that had been subverted a lot.

I do not know if Rio Tinto mentioned it this morning, but what I am very interested in—and I would be interested in your views—is that I personally think that, if we did have government procurement in Australia that did have some Indigenous requirement that was relevant to the business area, or any business area, I personally would like to explore that. I think it is a good thing, because we can control government procurement. It is worth billions of dollars a year. But, as you are probably aware, in Canada they have a regulation that says the proportion of the Indigenous community in that province must be reflected by mining companies who ask for exploration leases and so on, which then set Rio on a pathway of employing—I think it was—47 per cent or 42 per cent of Indigenous people in the Arctic region where it is diamond mining. It meant that for the first time Indigenous people were learning diamond cutting and drilling and a whole range of skills. They have now voluntarily introduced that to Argyle, as you are probably aware and they probably told you, which gives that salary experience which before we were saying very often is a great precursor to people then stepping out from being employed as a truck driver in the mines to becoming a contractor in charge of a contract where you have a dozen

Euclids and so many drivers and so on. Do you think in Australia we should be stepping more into that realm of affirmative action, or whatever you want to call it, which at least could talk about government procurement and requirements there, and then at the state level start to talk, if a company wants mining leases, for instance—and this would certainly operate in Northern Australia—about there being requirements about employment of Indigenous people that are genuine and real, that are that step to business?

**Ms Miller**—I think that every community enterprise has an aspiration that their community will be represented in any contractual arrangements. I think there has to be scope for government to look at how that can be done. We have competitive tendering, but we have also a right to look at the way in which that operates. There are people that are actually bona fide and would love to contend with other people but cannot get a look in because there is an ongoing contract, and there is already that connection in a business sense. You can look at the catering sector that works and operates in that manner. I feel that that is the way that we need to be looking at it, given the expansion of import and export in this country. It also will help with the growth of the aspirations of the next generation.

**Dr STONE**—It seems to be with traditional owners, especially in Northern Australia, where they are negotiating mining rights or whatever, that there usually is some discussion about employment—

**Ms Miller**—That is right.

**Dr STONE**—but often when you look back at that outcome a few years later nothing much has happened.

**Ms Miller**—Absolutely. The experience of Indigenous land claimants and negotiating, particularly in Singleton as well—and VicRoads has done it on a local level with some communities—is that their reflection is that they will employ Indigenous people as part of their core recruitment process. Once again, they are recruited, but they are not retained. Why is that? If they are not retained, why do they not have the opportunity to tender for that?

**Dr STONE**—So we are not following up—we are not saying that it is not just an issue of recruitment in the first instance and getting a magic proportion or whatever has been agreed, or quota; there has to be annually a review of who is still on the books, and if you do not still have 20 per cent or 10 per cent or whatever quota has been agreed, then you have failed in your contract obligations?

**Ms Miller**—Absolutely. I think if there is to be procurement and it is to be looked at, there has to be some sort of recompense around how people are getting away with not actually opening up some of the tender process to minority groups, not just Indigenous people but across the board. There are some teething problems in developing up this concept of joint ventures outside of the tourism sector, tourism to small business, but I think there is merit in looking at that. Early research was done—particularly in the hysterical ATSIC days—which looked at the cultural industry strategy, the arts strategy, the cattle strategy and the tourism sector and at what the outcome from that is, where that has gone, what that has done and who sustained a lot of that. There are still people that came through and whose businesses developed within the context of those strategies that are still standing today. They are not successful—they are like big name, no

blankets—but they are still there plugging away. In terms of giving them an opportunity to take the product into a wider market and to show a wider market, it would be an advantage to show them how to do a tender process, how to put themselves into a partnership to win a tender process and do it successfully.

**Ms Deppeler**—We have had some successful times with the Public Tenant Employment Program. One of our Indigenous cleaning operators has managed to secure some contracts through the department of housing—they are actually department of housing contracts. They engage large-scale engineers and construction firms to refurbish the high rises and things, particularly in this area a lot, and the cleaning company, Too Deadly Cleaning Services, have the contracts for the cleaning component. They have the builders clean, and that has been only through the work of the Public Tenant Employment Program. They have pushed and pushed and pushed to get that as part of those contracts for those large companies—to actually have that as part of their contract. They have to engage public tenants, and we have had two wins obviously with that scenario, with our business director. He is a public tenant and he is an Indigenous man. We have had two wins in that scenario, but it is only through that Public Tenant Employment Program that that has been possible for us to even access those sorts of contracts for that business. It would not have been accessible otherwise, because of the number of large cleaning companies that have the majority of those contracts. But, through this work that the Public Tenant Employment Program has been doing, that has allowed this cleaning company to access those sorts of contracts.

**Dr STONE**—It has been mandated; they have to do that to get the contract?

**Ms Deppeler**—Yes. They sign it off by saying, ‘This is what we would like to do.’ A couple of the contracted companies said, ‘We will support that’, but now it is actually written in their arrangements that there is a certain number of hours that has to be taken up by public tenant people. They do not necessarily want to employ because of the rigmaroles behind employment, so they have seen the Too Deadly Cleaning Services as a convenient way for them as well to be able to subcontract that work and meet their targets. That business currently employs three people, and they have had up to six people employed at one time.

**Mr Waite**—Gary McInerney, one of the directors of that company, was due to appear before this committee, but he is very busy on a contract in Brunswick, and he apologised. The booklet that we presented you with, *DECL's Decade: 10 years of Darebin Enterprise Centre Ltd*, has a case study on Gary McInerney's business, Too Deadly Cleaning Services.

**Dr STONE**—Do you also support mandating, actually requiring quotas and whatever for minority or Indigenous groups, Bob?

**Mr Waite**—I think considering the very low participation of Indigenous people in small business, I think it is absolutely necessary to give them a leg up if we are going to accelerate the process of small business growth.

**Prof. McMurray**—is inextricably linked to retention as well. Those two concepts are really important, because one is dependent upon the other and informs—

**Dr STONE**—Recruitment retention?

**Prof. McMurray**—Absolutely.

**Dr STONE**—We are talking before about the problem for a lot of Indigenous young and perhaps older people too that there has not been a salary experience or an ordinary job experience, and it is a big ask to go from unemployment to suddenly being in a business. Do you think there is a role that schools could be playing more actively where, at about year 10 level or even years 8, 9 and 10, before a lot of the Koori students leave, there is like a VET type program, but it is a small business type project? We have done this in some schools where kids are taught how to use the stock market, for example, and they are given a mock number of dollars and they are literally set loose on stock market and they learn all about the stock market and so on. It seems to me that a lot of not just Indigenous kids but a lot of our Australian non-Indigenous population, particularly from a refugee background—I have a lot of this in the Goulburn Valley—are very keen to become entrepreneurial themselves but they do not have a clue how the Australian system works. I had them in the office just the other day asking: how do we get an ABN? How do we incorporate? What does a constitution mean in Australia? All that sort of thing. Do you think that schools could take a more active part in actively training children in school to understand what it takes to run a business and then to have a little project where it is an artificial environment, but they run a project; would that be useful?

**Prof. McMurray**—Absolutely, yes. We need to start early. By the time our population reaches university, where we have entrepreneurship degrees, I think it is too late. In terms of high school, that is where we need to be. The GEM—Global Entrepreneurship Monitor—project has provided that recommendation a number of years ago, and that is a major project that looks at entrepreneurship in over 42 different countries.

**Dr STONE**—GEM—Global Employment—

**Prof. McMurray**—Global Entrepreneurship Monitor. One of those key findings came through in Australia that we need to get into the high school system. A presentation by Professor Kevin Hindle talked about that about five years ago.

**Dr STONE**—For example, a lot of our Indigenous kids do not have birth certificates, they cannot open a bank account, and it is very difficult even to get a vehicle licence because of the problems of not having any formal identification. I think we are overcoming that somewhat in hospitals now, when babies are born. In order for the mums to access Centrelink, the kids have to be registered. Are you aware of that? I think that has now just started.

**CHAIR**—That is right.

**Dr STONE**—I know certainly one of the big issues in getting a passport, it takes a lot of Indigenous forever, because they do not have a birth certificate and any codification does not exist. Have you come across that, David, with some of your Indigenous friends, that people do not have basic ID?

**Mr Potter**—No, I have lived in Melbourne all my life, so all my people are on the books, put it that way.

**Dr STONE**—It is pretty typical that Indigenous Australians do not have birth certificates and other ID that is essential to start a business, if you are going to get a loan.

**Mr Potter**—Getting back to the school thing, I went to a technical school, so we spent a lot of time working with tools and that sort of thing. That has gone out of schools now. Not everyone is good at computers; not everyone is good at office work; so it would be good to get something like that back in schools. That has been helpful with the work I have been doing for the last 20 years—those four years in tech school.

**Dr STONE**—That has been the foundation of it, yes.

**CHAIR**—Brian, in terms of what Sharman was saying, have you come across that? A sort of a lack of documentation being an impediment to get businesses up and running, in terms of getting loans?

**Mr Stevens**—Yes. I think working with individuals in terms of understanding what they need to present if they are going to go to a bank, in terms of the bits and pieces that says this is who I am. The other impediment, I suppose, is around the majority of our mob also have in some way, shape or form over many years may have incurred some debt, whether it be not paying a power bill, and it is sitting there, it might be \$50 or something, and it has been there for five or six years, but knowing how to remove that. It is quite easy, but that stops them from actually stepping across the line. It is all those little things that become bigger things for them, and it just becomes, ‘Well, it’s too hard’, and it is not that hard when you sit down and actually unpack it. Once you show them that there is a way of doing this, the light goes on. It is just unpacking those simple little things.

**Dr STONE**—It is daunting. At Shepparton sports and health, one of the first things they do with all the students is to get them birth certificates. They are at about year 11 at that stage, and most of them do not have birth certificates. They cannot travel, and they cannot get a licence, and they cannot get the points at the bank. It is so fundamental. It is just another hurdle to get over if you are Indigenous, which can be just another nail in the coffin if you think it is very hard.

**CHAIR**—On the minority business council idea, Brian, do you have any thoughts about that?

**Mr Stevens**—I was just thinking about it. I think Leanne touched on it before. I think there have been many attempts historically when ATSIC was around; I have worked on various initiatives through whole of government, Indigenous employment strategies, to look at those procurement issues, looking at tendering for public works. A really good business here in Melbourne, the Koori Gardening Team, was bidding for major pieces of parks and gardens here. That was a great success story. I do not know exactly what happened in terms of its dismantling. Years ago, when CDEP was around, there were lots of opportunities to look at managing reserves—land management type stuff.

There are a lot of Indigenous people out there who have those sorts of skills. Yes, there are targets. Within various government departments now, there are major initiatives and strategies in place to increase Indigenous employment, and that has been through their own efforts that they have actually increased the number of Indigenous people being employed. With that, there is the

opportunity to expand outside of that and look at some of those. A lot of Indigenous people are being employed in land and water management areas. It seems to be a natural affiliation, I suppose, where Indigenous people feel that they have the skills and the capacity to operate in those areas—so land based type activities. That is where KBN started out, looking at land and water type activity, particularly in some of the industry sectors around aquaculture and the seafood industry, looking at the native foods industry. They are still relatively new concepts for them to get their head around, but I think when we did some research, that is where a lot of the mob wanted to work. Not having to move too far away from their home base is another critical area. If you are looking at procurement types, I think it is looking at what is in the backyards, and I think Indigenous communities in this day and age are ideally situated to take advantage of some of the environmental issues that we are experiencing at the moment. They have those skills. We have been doing lots of training over many, many years, and I think it is just about going back and looking at how we can actually start recognising those skills and giving them the leg up to actually look at how they can actually employ those things in the local area. The stuff that Leanne talked about—we have removed ATSIIC out of the equation. I think that was some of the stuff that they were looking at many, many years ago. I think it is about revisiting some of that kind of stuff and looking at how we can bring it into the context that we are looking at now.

**Dr STONE**—A lot of that is male orientated work, except for the bush tucker. Women are often involved in bush tucker, but the other stuff is bloke stuff. Women I know are often saying, ‘We’d like to become qualified to do child care’—which I know is flipping almost too far the other way, saying women are to do with children, but I think we very often are still focused on the men and on men’s interests. There is probably a real problem with a lot of our young Koori girls who tend to have bubs to look after, family to look after, but they have had interrupted schooling and they need to get back to their schooling, and they need to be given career and role models. They often are very interested in small business, too, but there is a lot of stuff that makes assumptions about, well, it is the men who mostly need the work now, and let us focus on the men. I am pleased to see that Leanne and others are particularly women focused and so on, but we need to be very conscious of particularly young girls’ broken education and need to be independent financially.

**Mr Stevens**—It is diverse.

**Dr STONE**—I remember up in Northern Australia being really annoyed. The big mines were very proud of the fact that they had all these rangers employed. There wasn’t a single woman amongst them. There were all these male rangers, yet the traditional women’s work was the seed collecting and cleaning and so on, yet there was not a single woman employed as a ranger by these mines. Not fair.

**Mr Potter**—One thing that could be done with the tender process—and we are only a small company, so we do not have time to read the newspapers all weekend to find out tenders—is to have some sort of alert sent out to us saying this tender is up for grabs. If there is a cleaning tender up for grabs, tell the people doing the cleaning, but that sort of thing would give us a leg up.

**Dr STONE**—Do you about the site called AusTender on the web?

**Mr Potter**—Yes, I know about all that.



**Dr STONE**—A lot of people probably do not. You do—that is good, but that gives you all the state and Commonwealth tenders.

**Mr Potter**—Another thing against us with tendering is that we are also up against big huge companies.

**Dr STONE**—Yes, the Spotless's of this world.

**Mr Potter**—We are up against Telstra, Optus, all those sorts of places.

**Ms REA**—But that is where that joint venture idea comes into play that we were talking about earlier this morning, where again if you have a target of a certain percentage, instead of small Indigenous businesses having to negotiate directly with a large company, you actually go into a joint venture with a larger provider of the same service. They are the things that we should support.

**Mr Potter**—If we took one or two per cent of the telephone boutique market into government cars, we would—

**Ms REA**—And actually linked up; if it was Telstra that is providing it, or Optus or whoever it is, rather than linking directly to the government, if you are able to link with them as the provider, that would be one way of looking at it.

**Ms Miller**—If I can pick up on something that was said prior to the break about communication, I think there is a bit of a communication gap when it comes to developing small business and having the idea, and not knowing where to go and who to go to. I know that at one stage there was identification given to researching and developing a resource kit that looked at all the Commonwealth, state, territory and private sector programs that could assist our people. In doing that, there was also an opportunity to look at how to establish support network associations and who to go to as well, but that was back then. I think it is a concept that still has merit and would be an extreme advantage, that something was so accessible but not just in electronic format, because a lot of people still will not access online.

**CHAIR**—It might have been you, Leanne, who raised it when we did the very first whip around, that what is available is not necessarily that accessible. There is a whole labyrinth of programs out there; is that it?

**Ms Miller**—I think it was someone else who mentioned it.

**CHAIR**—You might have mentioned it as well, Brian, I think.

**Mr Stevens**—Yes. That was a big issue, a huge issue. There is so much out there, and being able to support those who have the idea, who have the courage and the energy to want to step across the line and give this a go, it is about making it easier for them to enter into that whatever it is that they are going to go into, because once you get through there, everybody has all these programs, but if everything is thrown at your feet, it is so confusing. It is really trying to dismantle and look at what is the most appropriate point for starting up in small business. People like David, I am sure, would have had a daunting experience when he first started out. There was

just so much information out there, and it changes all the time. We talk about removing the red tape; that is another issue. I think IBA was discussed quite a bit today, but I think there is that red tape issue. Even for small business more broadly, the red tape has to be continually dismantled to make it easy for small business operators to work within the field in which they work, because it is hard work, and it is doubly difficult being an Indigenous person trying to work in this field as well.

**Ms Miller**—I have to agree with you on that point, particularly when it comes to risk management and small business and micro businesses, because our people do not understand what that is. You come to me and you ask, ‘What is your risk management plan?’ I would turn around and say to you, ‘There’s the door; I have no idea what you’re talking about.’ What is the risk? If I lose it, I lose it. If I do not have it to start with, well, that is life. It is as simple as that.

**CHAIR**—Can I thank everyone for participating today. Thank you for your attendance today. Thank you also, Hansard, for recording today. It has been really enlightening, I think, for all of us.

**Ms REA**—Yes, it has been very good.

**CHAIR**—I do not know whether I said it at the start, but this is the first roundtable hearing in our inquiry. It is kind of a short, sharp inquiry. We are intending to report around the end of September or the beginning of October. As I said to a number of the witnesses earlier, the question we have been leaving out there is: if you think of any useful Commonwealth intervention that could be made in this area, please drop us a line and feel free to put in a submission. Submissions formally close on 18 July, but we will accept them after that date. They can be made through the Secretariat. Thank you again for your attendance. I declare the meeting closed.

**Committee adjourned at 4.28 pm**