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Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

Reference: Developing Indigenous enterprises

THURSDAY, 18 SEPTEMBER 2008

CANBERRA

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

Thursday, 18 September 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 Abbott, Ms Campbell, Mr Marles, Ms Rea, Dr Stone, Mr Thomson

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.

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Committee met at 12.19 pm

ACTING CHAIR (Ms Rea)—Welcome. Richard Marles is the chair of this committee, but he has a speaking commitment in the House. He will join us at some stage. I 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 would like to acknowledge the Ngunawal people, traditional custodians of this land, and pay our respects to the elders—past, present and future. The committee also acknowledges the present Aboriginal and Torres Strait Islander people who now reside in this area. This is the ninth public hearing that the committee has undertaken for the inquiry and we welcome the witnesses who are with us today. This hearing is open to the public and the transcript will be placed on the committee's website. If you would like further details about the inquiry or the transcripts, please ask any of the committee staff at this hearing.

[12.21 pm]

COLSON, Ms Roxanne, Concerned community member, Anilalya Homelands-Turkey Bore Community

RAMZAN, Ms Bebe, Community member, Anilalya Homelands

McDONALD, Reverend Peter Richard, Minister, UnitingCare Wesley Adelaide

BANERJEE, Professor Bobby, Chief Investigator, ARC Linkage Research: Social and Cultural Factors in Indigenous Enterprises Development, Management and Governance, University of Western Sydney

TEDMANSON, Ms Dierdre, Chief Investigator, ARC Linkage Research: Social and Cultural Factors in Indigenous Enterprises Development, Management and Governance, University of Western Sydney

ACTING CHAIR—I welcome the witnesses from the Australian Research Council grant project. Although the committee does not require you to speak under oath, you should understand that the hearings are formal proceedings of the Commonwealth parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would anybody like to make a brief introductory statement before we proceed to questions?

Ms Tedmanson—I am happy to do that. Thank you very much for giving us the opportunity to speak before the standing committee. As you know, from the written submissions and information, we are representing an Australian Research Council grant that is using participatory action research in partnership with the Pukatja Anilalya homelands and the Turkey Bore Tjutjunpiri homelands—who are active paying, contributing partners to the linkage grant—and the UnitingCare Wesley. Reverend Peter McDonald is here representing that organisation. In this research grant, the aims and objectives have been to look at social and cultural factors and how they impact on enterprise development in remote Indigenous community contexts. The partners, contributing participants and my colleague Bobby Banerjee will also address some of these issues. In looking at the terms of reference of the inquiry, the things that we particularly want to emphasise are issues of remote locations, of some of the challenges and opportunities for Indigenous communities in what I call remote circumstances around Australia. Our concern is to emphasise that our experience from our research to date—and it is only partly in progress; our findings at the moment are preliminary—and our collaborative view is that there is an active and very strong wish by all of the parties who have been involved in this grant and all of the members of the communities whom we have spoken to in the Anangu Pitjantjatjara Yankunytjatjara Lands of South Australia to be involved in enterprise development.

Currently there is between 90 and 100 per cent Anangu unemployment. The major employment in the communities is for non-Indigenous people working in administrative and welfare and educational positions, apart from Anangu teachers and apart from obviously the CDEP. Yet our experience from discussions with the communities is that people are very keen, from elders through to young people, to be involved in actively stimulating and operating their own enterprises.

In regard to your terms of reference, we have given you written comments. Our concern is that the voice of remote Indigenous communities not be lost in the process. We have had the good fortune for some of our team to meet with members of the delegation internationally and we know your interest in that work, but we would like to stress the importance of ground-up, bottom-up support for Indigenous communities in remote contexts for whom the major issues, rather than social and cultural factors, although there are many, are locational disadvantage and the lack of infrastructure support. Basic services such as banking, financial support, the reach of the IBA and other service supports to actually underpin education, training and skills development for enterprises have been lacking. Our concern is that your terms of reference should not be oblivious to that need in remote communities. There have been some trials of business and enterprise activity and that is already showing some significant opportunities for communities. While we support the need for preferential tendering and support for these sorts of things that will stimulate Indigenous business, we believe that without the underpinning support that takes account of remote contexts the vast differential in disadvantage will remain entrenched. I think I will leave it there, and ask my colleagues if they would like to add some other comments.

Ms Ramzan—When we read the paper we did not think it related to where we are living in rural and remote situations. Our problem is trying to get a business or enterprise started with no access to services. We felt the paper related more to towns and the town situation because they have access to services which can support businesses and enterprises starting up. In remote areas, we do not have access. If it were not for people like Peter and university SA and the Indigenous business centres, we would not have any opportunity. We felt the paper really dealt more with businesses that had already started, not so much with remote areas.

ACTING CHAIR—Perhaps it would be appropriate to respond at this point. There was no intention for that to be the case. When we were drawing up the terms of reference, the focus was on Indigenous business, which we know is a very diverse and broad category. The other committee members would agree that, as we have travelled around the country talking to people and taking evidence at different hearings, we have got a sense of just how broad and diverse the sorts of business enterprises that Indigenous people are involved in, whether on an individual, family or corporation level. There is a whole range of models. You are not the first people to raise the issue of isolation when it comes to remote communities, and it is something that the committee will address in our report.

So please let me assure you that the intention was not to exclude anyone who wanted to provide evidence or examples of either Indigenous businesses that are successful or those that they believe could have been successful if there had been another level of support, or better support. In that vein, given that you both raised this as a key issue, I wonder if you could expand a little on what problems you are facing in terms of remoteness. You have already mentioned banking services et cetera, but do you have any ideas about how you can access services whilst obviously still remaining where you are? Do you have any ideas about how we can improve that situation?

Ms Ramzan—The opportunity that we had was with the Indigenous Business Centre, which is located in a town that is about 1,600 kilometres away from where we are, so we do not have access to it. Just to get here we have been travelling since Monday. You are talking about a two-

day trip. And the place that we live at is not English-speaking. They are Pitjantjatjara-Yankunytjatjara speakers—that is their first language. And most of these things are in English.

They are a long way away, and one of the problems with the Indigenous Business Centre was that, even when we had our first talk with them, they were only based in the metropolitan area. They could not go out to remote areas. So straight away there is no opportunity for us even to have those people to talk with, unless we travel down there. In the couple of months that I talked with them they were de-funded by the state government and had to seek funding elsewhere. They are up and running again, but I would have thought that something like the minority business council could have been done with them in mind as well—expanding what they have currently got.

They are a good sounding board to go out to communities for people who—because we are remote, does not mean we are stupid. We have ideas; we need a sounding board. We need to be able to talk to people and say: ‘Listen, I’ve got this idea. What else do I need to talk about or think about?’ I found them really helpful in that way. Other people in the community need to have that same opportunity because they are disadvantaged by language, they are disadvantaged by distance, and I do not think there is enough being offered to help people get that business or that enterprise started.

ACTING CHAIR—That is a very valid point and it is not the first time it has been expressed to us.

Dr STONE—Bebe, I am the member for Murray, which is in northern Victoria. I have regional communities too, and, believe me, we understand your issues. In fact, we have been accused during this inquiry of not being attentive to urban or city based Indigenous businesses. Perhaps we have not succeeded on any front, but we hear what you are saying. They are very critical issues. You referred in your opening remarks to trials of a particular business activity, and it was inferred that you have in fact got some business happening—

Ms Ramzan—I do soap making. We have others who are doing tourism—Roxanne is involved in tourism with Turkey Bore and Tjitjunpiri—so we have already started doing little bits and pieces. It has taken about four years to get this far, whereas people in towns—they have transport: they have buses, they have taxis. We do not even have buses out there to get from one place to the other, and I am 35 kilometres out of a community.

Dr STONE—You mentioned too that IBA—I think you are exact words were something like you are ‘beyond the reach of the IBA’. That is an interesting comment because of course IBA is meant to be national—everywhere, in every corner of the country. Is it that you tried to have IBA come and work with you and it did not succeed?

Ms Ramzan—I will tell you what I did, and this started four years ago. I looked around on the internet and I got in touch with—there used to be a place called Rural Solutions, and that is currently through Pursa and it also was then. They said to me, ‘Get in touch with the nearest one to you’—I cannot remember what they were called; something that did a similar thing to Rural Solutions. They were in Port Pirie. They could not come out because it was too far. They said, ‘Where are you?’ I said, ‘We’re on the Pit lands’—which is further out again. And they said, ‘Yeah, we’ll get around to it,’ but they never ever did. That was when we got in touch with Uni

SA, Deirdre, Bobby and UnitingCare Wesley. We thought we would have more of a chance if we got more people involved in it that could help us and support what we were trying to do. That basically is where we have got the support and the help from. It was through them that we got a hold of a person in the Indigenous Business Centre and got to visit them. That was only this year or last year. I speak English. A few of us do in fact speak good English and are able to get out and do things. People back there—when you start talking about businesses and enterprises, our biggest problem was what do you do when you are starting up a business? Who is going to give you a loan out there? Banks certainly will not; most of the people are on CDEP. If you go into a bank and say, ‘I’d like to start up a business and I am doing this, that and the other—and I get \$200 on CDEP,’ they will laugh you out of the bank. We did need something else that was in place. Indigenous Business Centre was the only other place that we were aware of. We talked with them. They sat down and they gave me booklets, they gave me templates. They were ideal. It was a springboard. When that closed up, we had nothing. Then we saw this thing and I thought: ‘That’s fine. You can have something like that if that’s what you think, but it’s really for businesses that have already started and are online.’

Prof. Banerjee—I just want to expand on Bebe’s point. You asked for a specific example of some of the infrastructure problems facing this particular community. We have just completed a boutique tourism project involving academics from the University of South Australia going out there, paying quite a lot of money, and handled completely by the community. We have this money, which is a net profit for the enterprise. I have spent the last week banging my head and trying to figure out—unsuccessfully I might add—how to send that money to the person who did the business. There is simply no way out. He needs the money. He has no food to eat. I have \$4,000 for him. I cannot give it to him because where he is at it has to go through a garage where he does some work, his bank account or somewhere else. My university has its own rules of invoices and ABNs. This person runs a homeland. That is one specific example.

The second question about the IBA: I have talked to several people in IBA and IBA is always proud to tell me that they operate just like a commercial bank, which is a problem. Where we are at, we cannot have overnight for-profit businesses. What we are setting up is what is called a social enterprise. It is not welfare, it is not charity. We have defined this as any business that generates revenue. As of now, in that area, there are zero businesses that produce any revenue—it is 100 per cent unemployment. So we figured if there is one thing—if somebody is growing something or somebody is making some soap—there might not be a profit, but how do we get financing for that without welfare, without a grant, without asking UnitingCare to please give us money. We do not want to go down that path. How do we go to a bank—these people go into a bank with their heads held the high and say, ‘I want this money to do this.’ If we do it right now, we get laughed at. A goal, for example, of employing 50 kids who are walking the streets, employing them is not considered to be a good thing. That is the problem. It is not by a bank; it might be a good thing for the community. That is the fundamental problem that we are facing: the financing that we want is being evaluated by terms which are completely antithetical to the communities we work with, and we do not know how to solve that problem—except going to NGOs, going to universities or using our personal funds to see if some business could happen.

Rev. McDonald—That is where we at the moment are playing a role in terms of no interest loans. UnitingCare Wesley Adelaide is a large service provider. We have a turnover of over \$35 million and we run a clothing enterprise that generates revenue for Wesley Adelaide. So the organisation has a history of engaging in, to use the old language, welfare but also enterprise,

because we run a second-hand clothing retailer that is there to generate income for us. So we have experience of working in the commercial sector as well as working in the welfare sector. Wesley Adelaide looks around and asks itself, 'Where is the most challenging place that we can work in terms of the most disadvantaged people in Australia?' We think that this is the space. What we have learnt and been part of is that instead of thinking of the welfare model first, we could give money to some of these projects. We engage in doing no interest loans because the commercial enterprise is going to take time to get going. We want the money back not just for our sake but for the sake of an enterprise that is going to grow and going to be sustaining. We are engaging with this just like we engage with enterprises for ourselves in the city environment. As well as that, we bring in the knowledge that we have around enterprise in particular and how we engage with it, as well as our social conscience and our social views about that. For us, this is an important project. I guess no interest loans have been a more recent thing for us over the last couple of years. We were not doing it before but we are certainly doing it now, rather than providing grants.

Ms CAMPBELL—I have a question for you, Rev McDonald, but firstly congratulations on what you are doing. I personally think it is fantastic. Can you tell me how many people are taking up those no interest loans? I am interested to find out a little bit more about that. How popular have they been and how successful have they been?

Rev. McDonald—The no interest loans model actually started with people in our local communities in the cities—with washing machines, fridges and all that sort of jazz. Wesley Adelaide and UnitingCare have been doing that for years. We have only just sort of put that together with this project in the last 12 to 18 months. So this is as first for us. If you look at our history of doing no interest loans, we have been at it for years, but in terms of this project we have been at it for just one year. If you can find anyone else who can pitch us something around a loan engagement, we would be there straight away.

Ms Tedmanson—I just wanted to add to that comment about no interest loans. That was the express wish of community members and those involved in the process who said: 'This is the model—not grants. We want to actually be working on something that leads to commercial viability, but there needs to be an opportunity to start-up in a way that does not cut our throats before we actually get going.' So this is a model that has been suggested from the community itself. I want to stress again the interest of people in actually being involved in enterprise. As my colleague Bobby Banerjee said, one of the difficulties is that people seem to be saying that there is either absolute commercial viability or there is welfare. What we are experiencing is that there is a whole gradient in between in terms of people developing expertise and knowledge. This is not rocket science in terms of what is understood of development work towards enterprise. I am sure our colleagues and friends from overseas would know that there needs to be a step-by-step process in between and there needs to be support of the kind that the NGOs are giving.

The other thing I want to quickly say was something about CDEP, because I know that that has been another issue. We certainly know that in certain enterprises in the Territory, including places like Titjikala, there has been some really good developments that have been coming through based on CDEP—that is notwithstanding that there might be some added on training, skills development and enterprise components. The uncertainty around taking that away has created great concern in the community's and the homelands during the course of the project. The instability, the changes, the constant sense of government programs being in flux and the

attitude, the discourse, has basically positioned communities as if they were failed states. Rather, there needs to be an understanding that it is a failure of delivering essential banking and financial services and infrastructure support. That would actually enable communities to give voice and take up opportunities for enterprises that they have been interested in. Roxanne might want to comment on that.

Ms Colson—I will tell you a little about what Turkey Bore are doing now to start an enterprise. We want to start a cattle enterprise. To start that we are agisting cattle. We allow cattle owners to agist their cattle on our homeland. With the funds we get from them, we establish fencing and provide troughs, tanks and things like that. We are hoping that, once that is all paid back through agistment, we will be able to buy our own stock with the money we have saved.

The other thing we are trying to do across Anilalya, Turkey Bore and Ernabella is start a tourist business. That is quite a big investigation. It is quite hard when you do not know much about it. That is the sort of stuff that we are on about. It is really hard to start things out there because, like Bebe has said, there are lots of barriers—there are the language and transport barriers. If we want to bring stuff up to the lands, it costs the earth, and most of us do not have an income. We do not work; we are only on CDEP. It is really hard. It is a five-hour drive to Alice Springs. Alice Springs has the nearest post office, where we get our mail. There are those sorts of barriers. They do not seem much to others, but to us they are big barriers.

CHAIR (Mr Marles)—They seem fairly big to me. In relation to the loans, is there a set period over which people pay them back?

Rev. McDonald—We have negotiated the loans directly with the person involved and tried to work out an appropriate time period. Wesley Adelaide is exploring, in another environment, issues of social enterprise. We try to have the loan done in a two- to three-year period. That is manageable. That is the time period we are talking about. It was not a large sum of money by any stretch of the imagination; it was a few thousand dollars, but that can be a substantial opportunity for the person involved.

CHAIR—Are you keeping statistics about the extent to which people are successfully repaying their loans?

Rev. McDonald—There is only one at the moment, so, yes. We have found with our interest in no-interest loans over many years that the rates of return are incredible. Over 95 per cent of our no-interest loans that we are involved with throughout the wider community are paid back. Through that we engage with the NAB and banking services—not in this project but on the welfare side, if you like—that will then pick that up later. If there were a direction to head, it would be: what is it and how can we transfer this into the enterprise world? It starts with a no-interest loan and the repayments are excellent.

Dr STONE—Someone mentioned in their opening remarks that these businesses are social enterprises. Are the businesses that you mentioned—soap making, tourism and cattle agistment—businesses that were thought about and developed by the community or were they things that individuals thought about as something they wanted to do? We have had evidence that it is often more difficult with traditional Indigenous communities, where there are kin and community obligations, to disburse the gains from employment opportunities brought into their

own family, so it is harder for an Indigenous person to make their way in business than a non-Indigenous person. Does any of that make sense to you? Do you have a belief that it is likely to be more a case of businesses being community businesses in your part of the world than individual businesses? If individuals want to do something by themselves, would there be impediments, like cultural difficulties, if they chose to do that?

Ms Ramzan—We probably have the three sorts. I do it individually, although I live on the homelands. Even while saying that I am doing it as a sole proprietor my family is involved in it. We do a lot of work together—wrapping and all the rest of it. Roxanne is doing it as a smaller community business, whereas Pukatja will be doing it as a community thing with everyone involved. It is like anything: if you have any business going you will always have your family involved or partners involved. Aboriginal people certainly have that. It is a matter of deciding what sort of business it is. My business is such that you can do it as a one person thing. With a tourism type of thing it is slightly different, because you probably have other people dealing with you—one homeland here; one homeland there—and then coming together. It is a little bit different but I will let Roxanne finish off that part.

Ms Colson—I have been really heavily involved with Anilalya and Turkey Bore. And I am a kind of advocate for Ernabella as well because we are so close together. Ernabella is actually the main community for Turkey Bore and Anilalya. We surround Ernabella. Turkey Bore is actually a family business. There are five family groups in that community so we are doing it as a family. You have Anilalya, Turkey Bore and Bebe's homeland, and Ernabella is a wider community enterprise—that is, the tourism. So we are trying to link up the homelands, which is Anilalya—we come under Anilalya with Turkey Bore, which is a family community—to make it a little bit easier for all of us, so that we are working together as a team to start an enterprise in tourism. It is a private, community and family business. We are trying to do it, probably, the hardest way, but anyway it is a start. It has taken us such a long time.

Prof. Banerjee—The question you asked is essentially the key resource question in seeking a grant: what enterprise will work? As a non-Aboriginal person, when I first started working for the Aboriginal communities I came with very romantic notions of community, and I quickly realised that this is a functional community, despite what the media says. I have worked in places which I do not want to talk about but I realised that there is no such thing as community in many places. It is a fiction that we have made up. What we found would work in many, many cases was family businesses or individual proprietary businesses. Having said that, it does not amount to one size fits all. It really depends. There is a lot of literature coming out of Canberra—CAEPR at the ANU—some of which says that the reason community enterprises fail is because each one is trying to pull the other down. There is no ownership in that case, whereas if it is your family involved you do not want your kids to starve to death so there is a sense of ownership.

So we have actually changed our way. Instead of talking about a community enterprise we are trying to see what would work. As Bebe said, in her case it is her family; in the case of Turkey Bore there are people in the community. It is a key question and we are looking for the answer. The project is not over—it is less than half way through—and our preliminary findings are that it depends on each community. Sometimes we actually actively discourage a community enterprise, because funding has been given to those enterprises and they have failed. So we say, 'Rather than keeping on putting bad money after good, let's stop and ask: should we really fund this or try to go to the individual level?'

CHAIR—At that point I think we might close our questions for you.

Ms Tedmanson—Chair, would it be all right to make one short closing statement?

CHAIR—Sure.

Ms Tedmanson—Thank you very much for the time today, and I know you are going to sum up in a moment. We very much want to emphasise, although we are only part of the way through, the incredible interest of people—I think Roxanne and Bebe have given a demonstration of that—in the take-up of the work from the NGO. You asked before about banking and financial services. The APY Lands were promised what were called PY Ku Network centres, rural transaction centres, many years ago and they are just being rolled out in the lands now. They are meant to actually deal with some of these issues. They are part of a COAG trial. They have been very much delayed, and that has been a delay on behalf of government, not the community, which has persistently asked for the centres.

I note the overwhelming interest that there has been in, and also enthusiasm by people to stick with, academics and NGOs as their allies on this journey, putting their money and resources in, saying, ‘We want an evidence based research activity.’ While culture and language and distance have been mentioned as issues, the overwhelming thing is that question of disadvantage in basic citizenship entitlements, rather than the will of people to be involved. There was the traditional elder who recently participated in this trial. The response, given in the evaluation of that, is that people would be interested in paying substantially more to have the experience, which is the unique experience of culture. That was the vision of the Anangu Pitjantjatjara partners who have been involved in the project. I really wanted to emphasise that because I think there is absolutely inspiring Indigenous entrepreneurial will and interest, which we feel duty-bound to draw to your attention and to ask for your support to get appropriate support behind that.

CHAIR—Thank you, Ms Tedmanson. I appreciate your saying that. That is a good comment to end on. That is an important statement that you have made. We do not have a lot of time in sessions like this so we may follow up with you through the secretariat if there are more questions by which to get more information from you. We really appreciate your having given your time here today, and thank you very much for coming. I will now say, before I call the next group, that I apologise for having been late today, but I had duties in the House.

[12.59 pm]

LANGSTON, Mr Ronald, National Director, Minority Business Development Agency, United States of America Department of Commerce

MICHEL, Ms Harriet, President, National Minority Supplier Development Council

MORGAN, Mr David, CEO and Founder, DW Morgan Company Inc.

SCULLY, Mr Garth, Chairman, Canadian Aboriginal and Minority Council

CHAIR—Although the committee does not require you to speak under oath, you should understand that these hearings do form part of formal proceedings of the Commonwealth parliament, and that the giving of false and misleading evidence is a serious matter and may be regarded as a contempt of the parliament. I think what we would like to hear is a bit of an introduction about your work, and you can present that as you wish. After that, we will ask you questions.

Ms Michel—I would like to read this initial statement. Chairman Marles and other distinguished members of the Standing Committee on Aboriginal and Torres Strait Islander Affairs, thank you very much for inviting us today to testify. My name is Harriet Michel and I am the President of the National Minority Supplier Development Council, NMSDC, which is a 37-year-old corporate-led organisation dedicated to provide a direct link between minority business enterprises and major corporations in the United States. With me today are some of our most distinguished corporate members from the United States and Canada, minority business owners and the highest ranking official from the US government's Minority Business Development Agency, known as MBDA; some of whom will also provide testimony and answer some of your questions about business inclusion and wealth creation in the minority communities through the inclusion and the procurement chain of major corporations as well as government agencies.

Our intention is to share with you as much information as possible about how minority supplier development works in the United States and other countries where we have shared our model and best practices, with the purpose of stimulating public sector support in Australia for the Australian Indigenous Minority Supply Council, which is an organisation that we have been working with for the past few years, with the assistance of the Message Stick group led by Michael McLeod, one of your most important leading Aboriginal business leaders.

We understand that the concept and practice of supplier diversity is a fairly new one to Australia, but we would like this committee to know that the practice is working well in the United States with historically excluded racial and ethnic businesses. It is not new. Having its roots in the socioeconomic American experience, the concept has been gaining universality in the last decade, particularly in the last seven years since we have created our international program. We have created supplier diversity programs and organisations in South Africa, Brazil, Canada, the United Kingdom and, most recently, China. Minority supplier development has been on the agenda of progressive American corporations for nearly 40 years. In the last 10 to 15

years we have seen phenomenal growth in interest and utilisation of this practice among most corporations in the United States.

As I mentioned in my introduction, I am the CEO. It is a not-for-profit organisation, headquartered in New York. We have a government relations office in Washington DC and 39 regional affiliated councils across the United States and the Commonwealth of Puerto Rico. We have over 3,500 major American corporations and other buying organisations as our members, including most of the Fortune 500 companies. We also have some foreign owned firms as members, such as British Petroleum, Mercedes Benz, Toyota, Honda, Siemens and many others. We represent over 15,000 minority businesses. In the United States, minority businesses are defined as those businesses that are at least 51 per cent owned, operated and controlled by persons who are black, Hispanic, Asian-American or Native American. Included among these minority businesses we have manufacturers, construction companies, distributors, financial services companies, personnel, hi-tech and so on. We do not help minorities set up their own businesses because there are many organisations that do so, mostly provided with funds from the public sector. All of our clients—the minority businesses who come to us—are already in business when they reach our doors.

What is important to note is that we are not a trade association. Our members are the corporations. We are corporate America's outreach to minority businesses, and the minority enterprises are our clients. The sole purpose of our organisation is to bring together corporations and minority owned businesses under the best possible set of circumstances in the hope that they will do business with one another. In that process, we maintain a national online database so that our corporate members can source minority businesses that have the products and services that they need. Through this database they can identify the ethnicity and size of the company, the existing customers that the company may have, annual revenues and so on. This database is exclusively for our members. The corporations pay us dues, and part of what we provide is access to this national database.

We conduct trade fairs every year. We have an annual conference that attracts over 7,000 people from across the US and abroad. We run educational programs both for our corporations and for our minority business enterprises. One of our most recent and popular new initiatives is a capacity-building program for minority businesses, called Centers of Excellence, which is a management-training program for what we call MBEs—you call them IBEs, right?

CHAIR—Yes.

Ms Michel—The program also involves corporate procurement executives. We conduct a management-training program for our MBEs at the Kellogg School of Management at Northwestern University, which is one of America's leading business schools, because although minority entrepreneurs know a lot about their products and services many of them need assistance in learning how to manage the growth of their companies.

We also provide technical assistance to our corporations. When a corporation joins our organisation, if they need assistance in developing a minority supplier diversity program then we assist them with that and monitor their progress. In addition, we have a financial subsidiary called the Business Consortium Fund. That was founded some 19 years ago. We make working capital loans to our certified minority suppliers of up to US\$1 million at one point over prime

with a five-year payback period. In the 19 years the subsidiary has been in business, we have loaned out over US\$100 million, and through this process we have created about 2,500 new jobs by providing these working capital loans to minority enterprises.

In 2006 our corporate members reported doing over US\$100 billion worth of procurement with minority businesses. Though that is not an insignificant number, unfortunately it still represents less than 10 per cent of all procurement that American businesses do. But it is important to underscore that we work only with suppliers; we do not work with any minority businesses at the retail level. So these companies provide goods and services for our corporate members.

We were founded in Chicago nearly 36 years ago. At the beginning we had government funding during our expansion period, but it is important to note that for over 20 years our corporate members have supported our entire organisational budget. We have no public money. We do have some public sector members, such as local transit and power authorities, universities and so on, and some state and local governments, but we receive no public funding from the private sector. Our annual budget for our national programs is US\$16 million, but each of our 39 local offices around the country has a budget of its own. The chairman of our organisation is always a corporate CEO. We have had chairmen from companies such as United Technologies and General Motors. Today our chairman is the CEO of Macy's, the largest retailer in the United States—sorry, Wal-Mart is the largest retailer; let me be clear about that.

How did all this come about? I think it is important to understand the history of how this happened. Forty years ago there were race riots in Chicago. Progressive corporations tried to figure out what they could do, because people were in the streets rioting. About nine or 10 corporations got together with a social organisation and decided to hold their first trade fair. These first efforts at doing minority supplier development and corporations were basically a business response to a social political problem, and that is how they were run initially. They were not tied necessarily to a business imperative; they were really trying to solve a social problem. During that period they got a bad name, because people saw that they were giving one-off contracts and they were not really requiring very much of the minority enterprises. But, again, they were addressing a social problem.

Over the years, as more and more minorities got elected to public office, legislation began to be passed in the United States where doing business with minorities became legislatively mandated. There are good parts and bad parts to that. During that time affirmative action began to get a bad name, but that was because these programs were not administered properly. Again, rather than being concerned about the welfare of the minority businesses and how they were behaving, how they were responding and performing, it became a matter of counting noses, filling boxes with numbers. But, because of our increase in minority populations and the projection of what the United States will look like in 2025, where many cities will be majority minority cities and because our corporations are in global competition to retain or expand market share, they had to then begin to look at these minority populations as real customers who had real income to spend on real products and services.

Today the aggregate revenue of our minority communities is US\$1.5 trillion, which is larger than the total revenue of many countries. So there is no corporation in the United States or abroad that will ignore those populations in terms of their bottom line. Why do corporations do

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

In fact most American corporations now have supplier diversity programs and make a very strong attempt to include minority suppliers in their activity. What does this mean for our country? It means that, through this program, we have been able to create wealth—because that is one of our purposes—in our communities, and when communities have wealth they can begin to do for themselves and not always expect the government to do for them. We also increased the tax base that local, state and national governments can expect from these productive businesses.

We create jobs in these communities because we have data that show minority business, more often than not, hire minority employees, and we create philanthropy in the communities from which these people come. There are well-documented contributions back to the community. I have said this in every meeting we have had in the last few days: there is a minority business owner represented here today who has done well enough that she has been able to give back firstly to her alma mater, which is a historically black college, US\$10 million, but she is also leading up a campaign at UCLA, which is certainly not a minority school, for US\$10 million. Her philanthropy is extraordinary, obviously, but this is the kind of philanthropy—scholarships, investment in young people and so on—that successful minority business give back to their communities.

So why are we here? It is a propitious time. Two years ago Michael McLeod of Message Stick found us somehow on the internet. He wrote to us, came to visit us and has participated in at least one of our annual events. Because of the position of your Prime Minister making the apology to the Indigenous people and because of his government's intent, it seems, to close the gap—educational, life span, economic and so on—we believe that this is the best time for the consideration of this business model in Australia.

We also know that there is a proposal that is in front of the government to fund this enterprise for three years, at which time we assume that it will be totally funded by the corporate sector. This is corporations collaborating to develop Indigenous businesses. Since we have been here we have met with outstanding Indigenous businesses. They have already successfully competed for corporate business. Stephen Roberts, the CEO of Citibank, has already stepped forward and said he would be the corporate co-chair not only putting Citibank behind this effort but reaching out to his colleagues to ensure that they come in and support it. We are here to say to you that we believe this is one of the important aspects of what the government is trying to achieve. We hope that you will recognise that and support this initiative in the development of Australia.

CHAIR—Is that the opening statement for the four of you?

Ms Michel—I know that was long, but I wanted to make sure I got it all in!

Mr Scully—Chairman Marles and other distinguished members of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs. Thank you for the opportunity to make the submission in support of the Australian Indigenous Minority

Supplier Council. I am the Chairman of the Canadian Aboriginal Minority Supplier Council. I am also the original VP for Cisco, responsible for federal government sales in Canada. Cisco is a founding member of the Australian Indigenous Minority Supplier Council and recognises that the council has already received broad corporate support for its endeavours and objectives from other like-minded Australian corporations. Cisco, globally, is actively involved in similar councils in the United States, Canada, the UK and South Africa.

Cisco strongly supports the objectives of the Australian Indigenous Minority Supplier Council and urges all governments in Australia to embrace the principles and ideals of the council. Cisco recognises that the establishment and support of a robust supplier diversity business development program has been integral to our corporate success. We recognise that supplier diversity not only makes good sense but that it is a business imperative that enables us to maintain our leading position in the IT industry.

Cisco is dedicated to connecting customer suppliers and communities. Meeting our customers' supplier diversity requirements is directly related to having an inclusive group of diverse suppliers that reflect evolving demographics. Suppliers with different backgrounds, with a variety of viewpoints and styles of interacting, combined with their experiences, help us understand and meet the needs of our customers. The utilisation of diverse suppliers creates economic vitality in the communities in which we work, live, play and learn.

As networking technology empowers people in organisations worldwide, we have discovered many opportunities for sparking transformation and supporting positive change. Cisco is committed to realising full value from these opportunities by investing in supplier diversity business development programs. Cisco recognised that a key component to sustainable economic development for Indigenous and minority communities is access to education, prompting it to establish a global program of IT based curricular. The Cisco Networking Academy Program is currently active in 167 countries worldwide. The program is accessed by 750,000 students and, in the past 10 years, has produced in excess of two million graduates. The program in Australia is the eighth largest in the world. There are currently 161 academies in Australia, catering for in excess of 17,000 students. This year saw the establishment of the first completely Indigenous academy at Djarragun College in Far North Queensland. A similar program has also been established in Weipa in collaboration with the Queensland government and is supported by Commonwealth funding.

Cisco believes that, with corporate and government support, councils such as this have every possible chance of success. The principles of the Australian Indigenous Minority Supplier Council are in keeping with the stated policy objectives of the federal government and, importantly, have widespread support amongst the communities that it seeks to assist.

Addressing economic reform and breaking the cycle of generational welfare dependency is dependent not on continued welfare but upon a program that has its principles entrenched in securing financial viability of Indigenous owned enterprises. The combination of access to better education for Indigenous and minority youth and to improved commercial opportunities for Indigenous and minority organisations can only assist in establishing a sustainable program to advance the economic standing of these communities.

The benefits for corporate Australia and the communities in question are enormous. The model has been proven in other countries. It has changed the lives of many thousands of Indigenous and minority communities for the better. With dedicated support from both the public and private sectors, it will do exactly the same in Australia.

In closing I would like to comment that Michael McLeod and the team at Message Stick—and this is based on my experience as the present chairman of the Canadian Aboriginal Minority Council—are doing all of the necessary things to ensure the success of the Australian Indigenous Minority Supply Council. Thank you for the opportunity to speak to you today.

CHAIR—Thank you.

Mr Morgan—Mr Chairman, thank you for the opportunity to offer my testimony today. I own and run a successful \$50 million minority company. In 1990, when my wife and I started a logistics business from the spare bedroom from our home in California, I hardly could have imagined standing here before you as a CEO of a global business with such clients as Cisco Systems, IBM and Ericsson. That I am here is in part a testimony to the power of supplier diversity. It is also a reflection of my own deep belief that diversity is one of the most powerful ideas in business.

Let me explain a bit further. My initial understanding of supplier diversity was simply that it existed as a tool to introduce historically disadvantaged groups with corporate America. Certainly this is true. While my company has never won a contract just because we are minority owned—and we would not want to win on that basis—we have gained tremendous value just from the power of an introduction. Open the door just wide enough for me to shake your hand and I will take it from there, building a relationship on the value of the services we provide. Morgan helps run global supply chains for some of the world's most demanding manufacturers. They trust us with this work because we give them a competitive advantage.

In many cases they first met Morgan through the National Minority Supplier Development Council. Our story is not unique; I have met many other minority owned businesses that owe a huge debt to the NMSDC. As I have travelled with this group over the past few years, I have witnessed similar successes among black South Africans and minority entrepreneurs in China. In Australia, this same approach can yield dramatic results for your Indigenous population.

But there is another aspect to the idea of diversity that I want to highlight. Diversity is not just a helping hand to suppliers; it is the most powerful way for a business to reach out to an increasingly diverse world marketplace. Today's global customers are not just white, black or disabled, male, female, Hindu, Buddhist, urban villagers, educated poor or rich; they are all of the above. You cannot hope to understand all of these groups, much less meet their needs, unless you mirror them among your employees, suppliers and partners.

Earlier this year, my company opened a new branch office in Penang, Malaysia. We did it to resounding success—and in record time. And we did it through the expertise of some long-time local friends who were ethnic Chinese, Indian Malay, Buddhist and Muslim. With their various insights, we quickly found ways to weave Morgan into the amazing mosaic that is Malaysian culture. More importantly, we made our customers shine.

This then is diversity. It is a way of succeeding together; of being more in each other than any of us could ever be by ourselves. My mother, who came to California from the Philippines, with nothing on her back would be amazed to see me speaking to you today. I thank you sincerely for your time. With your help and your advocacy, I cannot wait to see what my counterparts among Australia's Indigenous and corporate communities are able to achieve together. Thank you.

CHAIR—Thank you.

Mr Langston—I am the National Director of the Minority Business Development Agency, US Department of Commerce, Washington. I would ask permission to just submit my remarks for the record and give a very abbreviated response for the sake of time, with our approval.

CHAIR—Sure.

Mr Langston—I am here at the invitation of the National Minority Supplier Development Council and I have been honoured by that invitation. The Minority Business Development Agency is committed to the expansion and growth of minority business entrepreneurs nationally. We have been in existence since 1968-69, as Ms Michel said, as a result of a government trying to respond to issues of civil rights and other rights but, more importantly, to make minorities economic stakeholders in the US economy. That was our mission then and that still remains our mission today.

I think one of the highest and best uses of our services, in addition to providing technical and managerial assistance at the ground level, is our relationship with our US Department of Census. They provide us with very keen statistical data on the state of minority business by ethnic group, by the size of firms, by gross receipts, by the number as to employment. We can tell you—one group versus a second group versus a third group—their comparisons and their business participation rates in the US economy. I echo what Ms Michel said earlier: even though we have been very successful in producing great results, minority business entrepreneurs are still underrepresented as far as their share of the population of the United States. Our strategy to try to solve that is moving towards what we call 'entrepreneurial parity'. Thirty per cent of the US population are minorities, yet they are probably only 18 per cent of all the US firms and they are less than four per cent of all the US gross receipts. Our goal, as a government agency, is to move those numbers forward and more positively. So statistics are very critical, and we will leave with the committee examples of our statistics and our reviews et cetera.

We believe there are three keys to entrepreneurial success. The first is access to capital, the second is financial literacy—understanding how to manage the back room—and the third is the use of technology as a business tool. In addition we have a strategic growth initiative strategy. Of our 4.1 million minority entrepreneurs, 85 per cent of them have gross receipts of \$500,000 or less and only three per cent have \$1 million or more in gross receipts. I am here to echo comments that have been made that size really does matter. I recognise that the Indigenous business entrepreneurs here are small, but I would commend your attention to a long-term strategy committed to size, growth and capacity so they are in a position, as Ms Michel said, when they reach her table and her officers with their skill sets, for her to take them and move them to be more competitive in the supply chain. I think that is very important.

I think it is equally important to have an understanding of the power of strategic partnerships even between businesses. So, from our experience, we would encourage business-to-business linkages linking Indigenous businesses to other businesses of like size and scale—or even greater—and then linking them to non-Indigenous businesses. We think that is very important.

We also believe in an intelligent relationship between business and government. That is very important, as opposed to an adversarial relationship. It is an intelligent relationship where competition is encouraged, supported and fostered.

I have the benefit of several years of experience both as an appointed federal executive and as a former manufacturing executive. I headed a non-profit program helping people move from dependency to self-sufficiency. I have been a corporate officer and I have also served at the staff level for federal, state and local governments. I would like to take a minute to highlight some of the lessons that I have learnt in helping individual people move from poverty to self-sufficiency and how we have used that at state and federal government levels and at the local community level. No. 1, I think it is very important to recognise what we need to be successful in this arena, from our experience. We need policy entrepreneurs and—I say this respectfully—not bureaucrats—people who understand the policy of entrepreneurship and how to drill it down into all the levels of government.

Secondly, I think it is important to establish some goals and metrics as incentives. I would highly recommend a focus on a number of the value dollar public and private transactions to Indigenous business enterprises. We have been very successful in the United States particularly at the local level in establishing trade zones, an indigenous free trade zone targeted to port cities and particularly to cargo-preference taxes. I am from the great state of Iowa, an agricultural state, and our farmers for years had a cargo preference when they shipped their products abroad. I think this too can work here.

There could be a national skills development program. In the United States today we do not have enough carpenters, electricians or plumbers to do the great work that needs to be accomplished in our infrastructure. I have been advised that the same situation does occur here. There could be a support for an Indigenous agriculture, art and culture in the form of a state tax fund or a national tax fund that would protect the brand of Indigenous cultures. Ms Michel is here and I would like to support efforts that think out loud about a supply development training tax so as employers become members of the council and more Indigenous people are hired there will be an opportunity for a training tax credit. That was very successful in the United States in the 80s and I would recommend that.

Coupled with that, we have also had in the United States the elimination of machinery and equipment taxes related to products. If a machinery and equipment tax can be linked to Indigenous business enterprise products produced and distributed particularly in the area of trade, I think that will stimulate a lot of interest from non-Indigenous producers who might want to team and supply.

I would also recommend the establishment of a centre for Indigenous training innovation and within that centre an entrepreneurial innovation incubator that will focus on supply and development, supply chain management and supply relationships. Finally, I would recommend that you establish the national Indigenous fund in the critical business—not social—sectors of

education, health care, housing and security. Why do I say that? These are social issues and they need to be addressed, but if we address them from the business sector, it is my hope and expectation that you will have businesses in these sectors that will bubble up and that would be a great service and a contribution to the overall economy. I thank you very much.

CHAIR—Thank you, all of you, for the statements that you have made. I am new to this parliament and this is the first committee that I have chaired. As we have travelled around the country we have had a degree of informality and I have probably breached a million protocols in doing that. We have actually done it largely on a first name basis so forgive me if I end up using your first name when I ask you questions and feel free to do the same. I start also by echoing the testimony of a couple of you about the tenacity of the remarkable Michael McLeod and everything he has done. It is great to see you here, Michael, and I hope you are feeling very proud at this moment about what is going on, because you deserve to.

I would like to start by asking a question for whoever wants to answer it. It really goes to the motivation for companies to get involved in this. At the start I think you described it as progressive businesses getting involved with the Minority Supplier Development Council and, as you went through, you then talked about the profit motive—it is a matter of dollars and cents. Is this about money? Why would it be that really greedy businesses as well would want to get involved in the minority councils? Can you talk a bit more about how this is about dollars and cents or the motivation for a large company to be involved?

Ms Michel—Thank you for the question. The amazing thing for me in the United States is that corporations that we might have been soliciting for years to become members of our organisation have suddenly decided that they want to join in—companies like Archers Daniels Midland, a huge agricultural company. First of all, let me look at demographics and economics in United States. You do not have the same percentage of population here, but as that community becomes more self-sufficient and more are employed, they are going to buy more products and services, and these companies that step in first will have an advantage.

I will give you the example of a man named Hugh McColl, who actually put B of A together. He started out as a regional bank and he just kept adding banks until he finally had the First National Bank across America. He said more than 15 years ago, ‘Every time I work with a minority business I am creating a new customer.’ That is not a reason that offends me; that is business driven. That return to Australian businesses is going to be longer in coming because a community starts at a different point—but so did we. And the traditional products that our communities buy are alcohol, cars and that sort of thing. As we became more middle class we spread out to desire more kinds of products. So then you want to have financial managers, computers, cell phones and on and on.

These companies compete for our business—they compete for minority business in the United States. The best way to show your potential customers that you value their business is by doing business with them. What better way to say, ‘You are a valuable component of our business,’ than to say, ‘Look what Indigenous businesses we are doing business with.’ I assure you that once this council gets launched there will be advertisements featuring the Indigenous business people that they do business with; there will be advertising in the national Aboriginal paper—I saw a copy of it last night. It is really profit driven. All of your corporations are in global competition and they have got to, at the very least, retain market share but many of them are

trying to expand market share. Because customers can buy anything online from anywhere in the world, the question is: who values us as a customer and where might we do business? So it is a profit motive.

I am so sorry that 40 years ago when these started they started under the wrong auspices because many of these programs got the wrong reputation within corporations and many people became resistant. Now it is the right reason. People understand that it affects the bottom line. And there is no part of a corporation now that affects the bottom line more than procurement. People talk about jobs. Jobs are wonderful but the question is: how is the supply chain operating? Where can you take cost out? Where are the innovative suppliers? Procurement has been repositioned in the corporate value chain as really affecting the bottom line of the company. If you can bring innovation in, if you can bring more competition in, then you have got a better supply chain.

CHAIR—Garth, do you have anything to add to that?

Mr Scully—I would echo Harriet's thoughts, obviously. Do not underestimate the corporate social responsibility piece of that. Large organisations like IBM and Cisco want to give back to communities because communities certainly have done a tremendous amount for us. This particular way of giving back and promoting wealth creation within the Indigenous population is a great way to give back to communities. It is around social responsibility as well.

Dr STONE—Harriet, in following up what you have just been saying, you are absolutely right in expressing the fact that Indigenous Australians are a small minority of the total population but in certain parts—certain states like the Northern Territory and in Northern Australia—they are the majority of individuals. I think you were here for the evidence from our first group, who live in some of the remotest parts of South Australia and the Northern Territory. Where the majority of Indigenous people form the population they are probably most likely not to have English as their first language. So they have educational disadvantage and a whole range of other problems associated with their remoteness and access to infrastructure, as you heard. Therefore I am saying that at this point they do not represent a middle-class buying community. To what extent was the mandated procurement requirements in both the US and Canada critical to you getting up to speed with your minority councils?

Ms Michel—Absolutely imperative. Public policy drives private behaviour.

Dr STONE—So we in Australia could not really expect to have a minority council succeed without mandated procurement behaviour at, at least, the Commonwealth level if not state or local.

Ms Michel—Not necessarily. I think it would help if this was public policy, but there are enough incentives for some corporations in Australia to at least begin it. I want to give you an example of how this flows down. When a man named Harold Washington was the mayor of Chicago, the city policy was that city projects had to have a 33 per cent participation rate of minority suppliers from city business. When AT&T were still a huge conglomerate—before it was broken up years ago—they built their headquarters in Chicago. They were not mandated to do so—they were a private organisation—but they took their lead from the city and ensured that 33 per cent of the construction of that building went to minority contractors.

We always use the example of Atlanta Georgia, which is probably the first city in the country that had the most aggressive public policy on including minority firms in all of its city work. Today, Atlanta remains probably one of the most vital minority business centres in the country. When you have public policy, when you have specific opportunity, then those people who have entrepreneurial spirit will chase those specific opportunities. New businesses will be created to take advantage of the opportunity that is there. So it is not just doing business with those people who might somehow come into business. You are going to give a whole new incentive to the Indigenous people to form businesses because they know there is policy in place.

Ms REA—That leads quite beautifully into the question that I want to ask. Our questions are probably coming from the perspective of 40 years ago when it was started it up. It is wonderful to be in this room and see where we could be in 40 years. It is quite exciting.

Ms Michel—I hope it will not take you 40 years.

Ms REA—So do I. But imagine where we could be if we could do it more quickly. It is exciting. You said in your introduction that the council does not fund minority businesses and that there are plenty of government and other programs that do that. If a decision is made for the major corporates to procure or seek a particular supplier and that business does not exist within the minority businesses—you probably dealt more with this situation when the council was being set up rather than now—what happens? There are plenty of people out there who, individually, are entrepreneurial enough to take an opportunity, but I suspect that they would need more than just their own good will to set up a business. In the beginning, did the major corporates support businesses being set up? Did the council initially get involved, or were there separate programs—

Ms Michel—Separate programs. A business is formed by the time they get to us. However, through the government, through the Minority Business Development Agency, there are a number of centres around the country—and I guess I should let Ron answer this—that actually provide hands-on guidance to those who are interested in starting up businesses. There are loans through the SBA program for new business start-ups. Again, that goes back to public policy. There are a number of endeavours through the federal government, through some state governments and even through local governments. No government can be successful if some percentage of their population is nonproductive and is draining welfare state-federal resources from what they are intended do. So, many governments have been smart enough to say, ‘Let us figure out a way that we can be helpful in promoting these businesses.’

What you are probably going to find here is that, because this is such a young business community, people will identify areas where there is low-cost entry, such as personnel firms and consulting firms. You are not immediately going to find an Indigenous manufacturer of parts because it is a high-cost barrier. The inventiveness and the intuitiveness of these people coming into the marketplace is astounding in how they figure out what kinds of products and services they can offer up to a corporation or to government.

I assure you that once a policy is in place, once a government says, ‘We welcome you as potential suppliers to us,’ once corporations say, ‘We welcome you,’ we will all be astounded in two or three years time at the types of businesses that the Indigenous community has come up with. We cannot even predict it right now. A lot of it will be high-tech, for example. These

people are a heck of a lot more computer literate than we realise or understand. They will fill in those gaps and figure it out.

Ms REA—When you talked about membership, you talked about government authorities, power companies, being members of the council. Does that actually include governments themselves, or do you actually have to be some form of corporation to belong to the council?

Ms Michel—We have government entities that have joined our organisation because we are the resource for certification. This is a whole different conversation, but we certify minority businesses by doing a thorough investigation of their legal papers, of their financial documents, of the minutes of their board meetings and so on to assure ourselves and therefore assure our members that these are bona fide minority businesses. I will say what I have said for the past days: one of the things that we know will happen without a doubt is that if government policy is put in place, if this council takes on and corporations broadcast the fact that they will be doing business with Indigenous businesses, there will be unscrupulous lawyers, accountants and individuals who will go in the bush, find an Indigenous person, put a suit of clothes on them, call them a president and stick them right out there and say, 'Here is a minority business.' You have to have some vetting process so that you don't end up giving business to these fronts. That is much of what we do. Government wants to know, individual government units, highway departments and so on, want to know, that they are doing business with bona fide minority firms. So they join our councils at the local level to make sure they are getting bona fide minority firms.

Mr Scully—Can I make a quick comment as well. Public procurement policy which actually promotes the use of Indigenous organisations creates huge opportunity. It also forces large corporations where they are basically in a position to supply a lot of those products to look to small Indigenous corporations to supply to meet some of the public procurement policy. The example I would use, and you may or may not be aware of it, is that in Canada we have what is called an aboriginal set-aside program. So in federal government in Canada there is a guideline that has been put in place, and it has been in place for a number of years, which encourages federal government departments to have 10 per cent of their spend with aboriginal corporations. It does not mean they have to go that way but it does spur economic activity within large organisations and small indigenous organisations to meet those needs.

Mr Langston—In response to Ms Rea's question and to Ms Michel's response, I would like to ask your permission to submit some information from our agency. That will hopefully be a template to assist the committee in its review on how to establish a public-private sector Indigenous enterprise program. This material includes the following: the presidential executive order establishing the secretarial authority of the developing agency on the government side of it; the department organisational chart, how we structure and what our tactical functions within that organisation; and a quick facts reference sheet about the state of minority business by state; a state of minority business enterprise small-business owner dataware where we can tell you by state, by county, by census track, where our minority businesses are and what sectors they are located in. We also have a 2008 minority enterprise development report. This is our eighth report. We work with the Tuck School of Business to produce various studies about the supply chain, about global economy, about innovation et cetera. I would like to include the recent 2008 presidential proclamation making the business case from the federal government's point of view why minority business enterprise is important and why it is important to have minorities engaged

in the economy based on demographics and other relevant information from the government. We have sufficient copies for your committee.

Ms REA—That would be really useful; it would be fantastic.

CHAIR—We have got question time at two o'clock. You will get a very good sense of the polite and dignified way in which our parliament can conduct itself during question time.

I still have quite a lot of questions, and we do have a process whereby through the secretariat we might follow up with you on a number of the issues that you have raised.

I would really like, on behalf of the committee, to thank you for being here and for the testimony you have given us. It assists us a great deal. For your information, we are almost at the end of this process: we have our last hearing next Thursday. We will be reporting in mid-October, so within the next five weeks we will have the report, and indeed the government will itself be making statements in relation to economic development for Indigenous Australians at the end of the year. This forms part of that process, if you like. But thank you again very much for coming.

Resolved (on motion by **Ms Campbell**):

That the committee authorises the publication of evidence given before it at public hearing today, including publication on the parliamentary electronic database of the proof transcript.

CHAIR—I thank everyone for coming and close today's hearing.

Committee adjourned at 1.51 pm