



MURDI PAAKI REGIONAL ENTERPRISE CORPORATION

SUBMISSION

Senate Select Committee on Regional and Remote Indigenous Communities

December 2008

Murdi Paaki Regional Enterprise Corporation Limited

BUSINESS UNIT

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Senate Select Committee on Regional and Remote Indigenous Communities

Submission

Community Health; Independence and Self-Determination through Enterprise Development

BACKGROUND

Murdi Paaki Regional Enterprise Corporation (MPREC), a Not-For-Profit Public Company Limited by Guarantee commenced operations August 2003, in response to the void created by the demise of ATSIC. The organisation, headed up by a board of Indigenous directors representing communities throughout the Murdi Paaki (Western NSW) region, is the lead service provider, delivering CDEP and front line services for several State and Federal agencies. The organisation acquires more than \$10M on an annual basis.

The corporation's service delivery model is comprised of 3 primary divisions, including: (a) Operations (CDEP and community projects), (b) Business (facilitation and development of enterprises for individuals and communities), (c) Training (delivery of accredited training as an RTO). The organisation also operates a Building Company, and stand-alone (Indigenous operated) enterprises.

Enterprise development is recognised as a major priority objective by communities, reinforced through the Murdi Paaki Regional Assembly (peak Indigenous representative body), and included in their Regional Strategic Plan. To meet this objective, the MPREC Business Unit provides a range of business services, including feasibility / viability study processes, business planning, enterprise development facilitation and mentoring services.

PROCESS

A primary and most effective program supporting the enterprise development process for Indigenous communities and individuals is the (DEEWR) Indigenous Small Business Fund (ISBF), which provides resources for the investigation phases and business planning process.

Typically, a community (or individual) contacts the MPREC Business Unit requesting assistance with the development of concepts. Through meetings and workshops, the ideas are distilled and prioritised into achievable, realistic and (on the face of it) sustainable enterprise concepts. An application is made for supporting funding to ISBF on behalf of the proponent.

The outcome, (if the investigation phase demonstrates that the proposed enterprise is



achievable and viable) is a Business Plan. MPREC then engages its other resources to put in place necessary accredited training programs (i.e. business administration, relevant skills development) to support the project. The proponent is then actively assisted in every manner possible to progress the project to start-up.

CHALLENGES

In most cases, the projects 'belong' to the community / individual that proposed them. Direct assistance is provided to establish a commercial vehicle (e.g. registered entity or trading association); operating requirements are addressed through a skills audit process and capacity development programs (e.g. (DEEWR Structured Training and Employment Program – STEP).

It is clearly and unanimously recognised that there are two primary areas of potential weakness that challenge the success of Indigenous enterprises: (a) financial administration, and (b) business administration. To assist proposed new enterprises to counter these deficiencies, MPREC provides material assistance by way of Best Practice financial administration services / resources, and ongoing business advice, guidance and mentoring.

These services are delivered at no cost to the recipient in the start-up stages, and are charged out at a nominal fee for service cost when the enterprise reaches the stage of sustainable viability. This approach is demonstrably successful and is the cornerstone for the long term success of an Indigenous operated enterprise.

BARRIER

Several enterprise projects that have been demonstrated through thorough planning and investigation to be viable and that would deliver significant long-term benefits to Indigenous communities are 'halted' for one reason: - the inability to obtain start-up capital.

While it is undisputed that the previous ATSIC process had critical faults (leading to its demise), one feature of ATSIC operation was the ability to provide the essential capital start-up funding, in certain cases, for Indigenous enterprise development. When ATSIC was abolished, best practice organisations (that meet rigorous reporting and audit standards) evolved – MPREC.

Paradoxically, the funds that were previously available from ATSIC, that were often provided without adequate compliance / governance supervision, 'dried up'. The subsequent best practice, accountable bodies with the capacity of assuring that the funds would be acquitted properly and to their intended advantage were left with the gap – no capital funding source.

Through the transition period, agencies at different levels have attempted (without success) to address this. On many occasions, proposers have been referred to Indigenous Business Australia (IBA). It appears that the 'rules' for IBA funding are such that assistance has been denied, as the proponent has 'no security'. Very few (if any) Indigenous Australians are able to provide bricks and mortar security in an endeavour to obtain business start-up capital.

There are several current examples (from MPREC Business Unit Project Files) that are affected in manner that can be brought forward as evidence of this state of affairs.

SEE ATTACHMENT 1 – SUMMARY ISBF PROJECT STATUS – YTD.

MURDI PAAKI REGIONAL ENTERPRISE CORPORATION



SUMMARY:

1. It is universally recognised that enterprise development for Indigenous Australians will directly contribute to raising the level of community health, with flow-on benefits of raised self-esteem, independence, improved socio-economic conditions and improved work ethic. Communities clearly emphasise the priority of enterprise development.
2. Best practice organisations that can apply business services and comprehensive resources are in place to materially assist proponents to operate enterprises in a sustainable, viable manner.
3. Many potentially highly beneficial projects have been lost, or are at risk of being lost through the inability to take advantage of the 'commercial window of opportunity'.
4. Within the present model, capital start-up funding critical to the establishment of Indigenous enterprises is simply unavailable.
5. It is essential that these deficiencies be addressed, if Indigenous enterprise at all levels is to become a successful reality.

For information

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10th December 2008

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