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The Committee Secretary
House of Representatives Standing Committee on Aboriginal and Torres Strait Islander
Affairs
Parliament House
CANBERRA ACT 2600

INQUIRY INTO INDIGENOUS BUSINESSES

The Department of Commerce and Trade wishes to make a submission to the above inquiry.
I apologise for the lateness of our submission.

Our submission provides information on the comprehensive approach being taken by the Western Australian Government to the development of indigenous businesses within the framework of an Aboriginal Economic Development Strategy adopted by State Cabinet in March 1997.

The submission also addresses itself to some of the issues identified by the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs.

The overall logic of our submission is that, irrespective of the institutional arrangements and mix of programs put in place by the Commonwealth Government, an active partnership with the states is an essential prerequisite for sustained progress in this field. This view reflects both the relative capacities of the respective spheres of government to deliver services to business clients and the spirit of the national commitment to achieving improved outcomes in indigenous affairs.

If you would like to discuss the substance of this submission, I invite you to contact Mr Rick Grounds, Executive Director of the Office of Aboriginal Economic Development, telephone (08) 9327 5672.

Richard Muirhead
CHIEF EXECUTIVE OFFICER
6 April 1998

Submission

to the

House of Representatives Standing Committee

on

Aboriginal and Torres Strait Islander Affairs

INQUIRY INTO INDIGENOUS BUSINESS

by the

Department of Commerce and Trade

Government of Western Australia

April 1998

A. INTRODUCTION AND BACKGROUND

A.1 Western Australian Government Policy

In March 1997, the Western Australian Government adopted a whole-of-government Aboriginal Economic Development Strategy as a policy framework for an effective response by government agencies to the growing aspiration by indigenous residents of Western Australia to improve their economic circumstances.

A copy of the strategy, the first of its kind in Australia, is enclosed.

The principal goals of Aboriginal Economic Development Strategy are:
Improved economic circumstances for Aboriginal people
Development of regional economies
Development of specific industry sectors.

This set of goals underlines the State Government's conviction that Aboriginal economic development cannot and should not be seen in isolation from general economic development matters.

The key principles which guide implementation of the Aboriginal Economic Development Strategy are:

- Responsiveness to client aspirations
- Improving access to enterprise opportunities
- Teamwork within government
- Communication and consultation with the client base
- Improved client linkages with the established private sector
- Monitoring, evaluation and reporting of performance

A.2 Department of Commerce and Trade's Office of Aboriginal Economic Development

The lead agency in the implementation of the Aboriginal Economic Development Strategy is the **Office of Aboriginal Economic Development** (OAED), a division of the Department of Commerce and Trade.

OAED offers a set of programs and services in support of the planning, establishment and improvement of enterprises owned and operated by indigenous Western Australians. These services and programs are delivered by four teams within OAED, as follows:

Directorate

- Regional Development Commission Aboriginal Economic Development Officer scheme
- Information and promotion

Role models and case studies
Policy and program development

Business Financing

ATSIC's business programs
Delivery of State Government business financing programs to indigenous enterprises
Assistance to clients to access private sector financing

Business Support Services

Indigenous Enterprise Support Services
Mentoring services
Delivery of management training to clients
Agency training

Industry Development

Local opportunities planning
Industry development (see below)
Community Stores Program - management improvement

A more detailed overview of these services and programs is attached.

An important and distinctive role of the Office of Aboriginal Economic Development is the planning, development and promotion of Aboriginal enterprise opportunities in key industry sectors, either on a regional or statewide basis.

Some of the industry sectors currently being targeted by OAED are: Resource/minerals industry, including joint ventures
Building industry - construction and maintenance, including joint ventures
Karijini National Park enterprise opportunities from tours to accommodation
Culture, including development of export capability
Education - cultural programs, camps etc
Bush foods and medicines
Cross cultural awareness providers
Aboriginal consultants
Aquaculture, especially on Aboriginal land
Pastoral industry business management
Tourism in the Kimberley
Ord River stage 2 - opportunities for service provision and joint ventures
Government purchasing and contracting, including essential services, housing, DEETYA tenders, training tenders.

OAED believes there are significant opportunities in these sectors, provided barriers are removed and strategies are in place for development of knowledge, skills and physical and organisational infrastructure.

A.3 Aboriginal Economic Development Council

A key element of the Aboriginal Economic Development Strategy is the establishment of an Aboriginal Economic Development Council to provide independent advice on Aboriginal economic development issues to the Minister for Commerce and Trade.

The Council was appointed in December 1997 and has met twice (to end of March 1998). The Council has twelve members - seven indigenous, four business (two are indigenous) and the Executive Director of the Office of Aboriginal Economic Development.

The Council has defined its role as follows:

1. Oversee implementation of the Aboriginal Economic Development Strategy.
2. Ensure the Aboriginal community of WA is consulted about the full range of issues that affect Aboriginal economic development.
3. Initiate, monitor and review the policy, programs and services of the Office of Aboriginal Economic Development.
4. Monitor, review and influence the policy, programs and services of all State government agencies that have a role in Aboriginal economic development.
5. Provide independent advice or direction to the Minister for Commerce and Trade, Regional Development and Small Business.
6. Promote positive outcomes and best practice in Aboriginal economic development to both the Aboriginal community and the wider community.

A separate budget is available to meet the cost of the Council's meetings and work program.

A.4 Other State Government Resources

Fundamental to the success of the Aboriginal Economic Development Strategy is that it provides for increasing contributions by all State Government economic development and Aboriginal affairs agencies. These include:

Other divisions of Commerce and Trade

Aboriginal economic focus or dedicated staff positions within the nine **Regional Development Commissions, WA Tourism Commission, Department of Conservation and Land Management, Ministry for the Arts, Fisheries Department, WA Department of Training**

Business Enterprise Centres - 36 in WA, mostly in regional cities and towns

Emerging Aboriginal economic focus within **Agriculture Western Australia, Department of Minerals and Energy, Department of Resources Development**

Lotteries Commission - \$3M annually for Aboriginal community enterprises

Aboriginal Affairs Department regional offices.

B. MATTERS RAISED BY THE COMMITTEE

B.1 Establishment and commercial success of indigenous businesses

Key success factors are:

Relevant advisory, planning and support services accessible at State, regional and local levels to respond to and assist clients, including both general and Aboriginal-specific services

Facilitation of a wider range of opportunities, including regional/industry development plans

Public sector programs, particularly those provided by ATSIC, are critical for indigenous business financing at this stage

Business planning should build in linkages with vocational training, eg OAED has facilitated access by indigenous businesses to the **Department of Employment Education Training and Youth Affairs** Major Employment Strategies program directed at Aboriginal training and employment in key industry sectors

Encouragement for the development of informal and formal networks by Aboriginal businesses.

B.2 Business skills of indigenous people

Strategies to achieve a rapid increase in the business management skills of indigenous business operators should be a high priority. Key requirements are:

Encourage development of joint ventures to facilitate the transfer of skills and knowledge

On-site delivery of relevant client-specific training, to build on basic competency acquired through completion of the NEIS curriculum
Mentoring, preferably using local or indigenous business persons
Indigenous role models with success in business or other fields
Publication of success stories and case studies, using materials designed for indigenous audience, including posters, story books and videos.

B.3 Improved access to “mainstream” finance and business services

Key requirements are:

Develop and promote a network of private service providers, with client access to financial assistance to meet the cost of utilising such services, subject to demonstrated need
Joint ventures will provide low risk experience and model the everyday use of relevant business services

We should not expect dramatic change until more there is a more substantial record of long-lived indigenous businesses. (In this context, the current pattern of positive, self-directed indigenous business development in and around Broome may be a pointer to what will be achieved in the future.)

The Department of Commerce and Trade believes that, on the basis of historical evidence, the issue of indigenous access to the NEIS program is of little practical relevance to this inquiry.

B.4 Encourage non-indigenous businesses to provide support

Key factors are:

Comprehensive mentoring programs need to be developed at a state level, tapping into the pool of non-indigenous business experience and expertise
Encourage and facilitate indigenous participation in relevant chambers of commerce and industry associations
JVs and partnerships will also establish and broaden business support networks.

B.5 Maximise returns to individuals and communities

Key factors are:

Local and regional planning should target Aboriginal expenditure on household items, infrastructure and services for enterprise opportunities in retail and service industries

Services need to be available to support a client focus on success factors: eg, business planning, management skills

Assisting established indigenous enterprises to expand their markets is as important as assisting the creation of new enterprises

For remote communities, account needs to be taken of the importance of non-commercial, self-help enterprise activity which reduces external leakage of financial and human resources

B.6 Accumulation of assets

Key factors are:

There is much potential for enterprise development based on existing indigenous assets, including land and culture

The Office of Aboriginal Economic Development and relevant Regional Development Commissions have established a close working relationship with the Indigenous Land Corporation to maximise economic returns from ILC land purchases

The Office of Aboriginal Economic Development also will be forming a close working relationship with the Western Australian Aboriginal Lands Trust to help identify and implement opportunities for economic development as part of the planning for divestment of the ALT estate to direct indigenous ownership.

C. OTHER MATTERS OF IMPORTANCE

C.1 The role of ATSIC

The department believes that there is a clear need for ATSIC's business finance programs during this critical phase of indigenous business development.

ATSIC also has an important role to play in relation to client contact and referral, regional strategic partnerships with state and local agencies and state and regional policy input.

To enhance its role, ATSIC needs to embrace a partnership with State Governments to ensure that its client base takes advantage of the available organisational infrastructure and programs for business, industry and regional development.

In Western Australia, the State Government is in this field "for the long haul". Although it is not essential that State Government agencies be responsible for delivery of ATSIC business programs, there are significant advantages and synergies for clients.

The rapid growth in clients seeking assistance from the Office of Aboriginal Economic Development underlines the magnitude of this potential.

OFFICE OF ABORIGINAL ECONOMIC DEVELOPMENT

PROGRAMS & SERVICES, DECEMBER 1997

BUSINESS FUNDING SCHEME (BFS)

An ATSIIC program delivered by the Office of Aboriginal Economic Development, providing low interest loans for commercial enterprises, based on commercial assessment criteria.

2. INDIGENOUS BUSINESS INCENTIVES PROGRAM (IBIP)

An ATSIIC program delivered by the Office of Aboriginal Economic Development, IBIP offers a range of grant assistance to Aboriginal business clients, subject to assessment of viability. The sub programs available are:

Establishment Grants: grants of up to \$10,000 may be provided to assist in establishing a business.

Equity Gap Grants: grants of up to 25% of funding needs may be made to assist clients to access a BFS loan or a commercial loan in order to complete a funding package.

CDEP Business Grants: grants of up to \$30,000 per full-time job can be made to CDEP organisations requiring funding to establish commercial ventures.

Joint Venture Grants: grants of up to \$500,000 may be available to Aboriginal Corporations or their wholly-owned subsidiaries when entering into commercial joint venture arrangements. Proposals seeking IBIP Joint Venture Grants must:

- demonstrate that the proposal is commercially viable
- demonstrate active participation in the joint venture by the applicant organisation
- be supported by formal joint venture documentation
- be supported by an appropriate training, skills transfer or skills development plan.

3. ENTERPRISE EMPLOYMENT GRANTS (EEG)

An ATSIIC program delivered by the Office of Aboriginal Economic Development, EEG offers one-off grants of up to \$10,000 during the initial establishment phase of enterprises employing Aboriginal persons or having an Aboriginal proprietor or proprietors.

4. SMALL CAPITAL GRANTS FOR ABORIGINAL ENTERPRISES

Grants of up to \$10,000 for the purchase of equipment or marketing materials by Aboriginal enterprises which are working steadily to become viable, with a significant commitment of labour and resources by the proprietor

5. INDIGENOUS ENTERPRISE SUPPORT SERVICES PROGRAM

A joint ATSIC-OAED program providing assistance for Aboriginal enterprises by engaging consultants for the following purposes:

- viability or feasibility studies
- business planning
- marketing planning
- preparation of tenders and funding submissions
- development of management and information systems
- provision of professional services
- provision of technical advice by industry specialists
- business management training
- provision of business mentors

Office of Aboriginal Economic Development officers are also able to provide direct advice and assistance to clients on a range of business development and management issues.

6. COMMUNITY STORES PROGRAM

Aboriginal community store improvement program, delivered by the Aboriginal Business Development Company under contract to OAED.

7. STRATEGIC PROJECTS AND PLANNING

The Office of Aboriginal Economic Development initiates or participates in strategic w planning and development efforts designed to achieve Aboriginal economic outcomes in specific industries or locations. Current examples include:

- Aboriginal involvement in the building industry
- Aboriginal tourism in the Kimberley
- Minerals industry
- Karijini National Park
- State Government contracts and major projects.

8. FUTURE PROGRAMS

The Office of Aboriginal Economic Development is continuing to develop programs which will contribute to the planning, establishment or improvement of Aboriginal enterprises. Current program development work includes:

- Local/community economic planning
- Support for networks of Aboriginal enterprises.

9. ACCESS TO OTHER STATE GOVERNMENT AGENCIES & PROGRAMS

- The Office of Aboriginal Economic Development assists its clients to gain access to relevant programs and services offered by other government agencies. Examples include:
 - WA Lotteries Commission - \$3 million is available per annum for Aboriginal community-based enterprises.
 - Regional Development Commissions - RDCs are responsible for regional economic planning and several RDCs employ Aboriginal Economic Development Officers.
 - WA Tourism Commission, Department of Conservation and Land Management, Fisheries Department, Small Business Development Corporation and other agencies are catering for a growing Aboriginal client base.

10. INFORMATION SERVICES

The Office can provide information on:

- Consultants specialising in Aboriginal economic development
- Directory of regional Aboriginal economic development services.

HOW TO ACCESS THESE SERVICES AND PROGRAMS

~ Initial enquires about new enterprises or further development of existing small enterprises may be made to a local Business Enterprise Centre for preliminary advice.

Alternatively, you may contact the Office of Aboriginal Economic Development by phoning (08) 9327 5666 or 1800 622 381 (toll free).

HOW TO CONTACT THE OFFICE OF ABORIGINAL ECONOMIC DEVELOPMENT

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