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Submission No.47.....
Date Received.....

Ms. Pauline Brown
Inquiry Secretary
Standing Committee on Aboriginal and
Torres Strait Islander Affairs
House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600

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07 AUG 2008

7 August 2008

BY:.....ATSLA.....

Dear Ms. Brown,

Submission to Inquiry into developing Indigenous enterprises

Please find attached my submission to the above inquiry.

Yours sincerely,

Edgar Price
Principal: Price Louvel

SUBMISSION TO INQUIRY INTO DEVELOPING INDIGENOUS ENTERPRISES: EDGAR PRICE – PRINCIPAL, PRICE LOUVEL

This submission mainly addresses Item 1 of the terms of reference, with some comment relevant to Item 4.

BRPIT

My business was contracted by AusIndustry through the Business Ready Program for Indigenous Tourism to provide mentoring services to Indigenous tourism businesses from April 2005 to October 2006 and from January 2007 to the end of March 2008. I have been advised that I may be contracted to provide services for an additional period during this financial year.

The program initially requested a portfolio of ten businesses – all based in the West Kimberley region. This was reduced to four in my second contract.

My experience of providing mentoring has varied by each business. The businesses that I chose to mentor were all Indigenous-managed and most were in locations that were difficult to access at times during the wet season.

- I chose to subcontract work with one remote client to another experienced business facilitator who had previously worked with that business and knew the individuals concerned and their circumstances very well.
- I have found that it takes considerable time to develop relationships with remote Indigenous clients. Once the relationship has been established and a level of trust developed, it can become long term, whether or not the original program continues to receive funding. The level of trust is critical as many issues that affect successful enterprise development with these groups are personal and or involve overcoming issues that people may be embarrassed or 'shamed' about.
- This program provided opportunities to assist businesses to create partnerships with other private sector businesses. In some cases this involves the partner business sourcing the clients and bringing them to the Indigenous tourism provider. Attempts were also made to foster relationships between Indigenous tourism businesses to encourage sharing of information. This has worked well where for example a newer business can learn from a more developed business. Some of my clients have indicated to me that they can relate more readily to another Indigenous family operating a business than they can to a non-Indigenous business.
- The most problematic aspect of this program was its expectation that businesses could become 'business-ready' within a short period of time. I now believe that it can require several years to get remote family based businesses to this level.
- The major problem with this program has been its stop-start nature. There was a delay of several months between the two contracts which put the onus on me to continue to provide a limited service in order to maintain both the connection and momentum.
- Three of the four businesses mentored during the most recent contract (which finished just prior to this tourist season) have only shown considerable growth this season. This has resulted in a continued need for services, which I have attempted to provide

as best as I can in between other work. My main concern with this is that where these businesses are beginning to be able to pay wages to staff, these may not be recorded or taxed properly.

- Finding people to provide administrative services to the businesses, such as bookkeeping, has proved very difficult.
- I would have liked to have been able to provide some targeted capital assistance to several businesses. Given the money spent on providing the mentoring service, it would have been helpful to have been able to meet some critical infrastructure needs such as an ablution facility or a second-hand ute. Not huge amounts of money, but occasional items that would really give the businesses a boost where most needed.
- During my second BRPIT contract I allocated a budget of just under \$6,000 from my fees to cover incidental needs associated with developing the portfolio businesses. This was critical for maintaining business development during the off-season, covering issues such as marketing design, computer parts and repairs or office supplies. I did this in order to try to maintain momentum during periods where these developing businesses did not have cash flow. As the businesses have developed this need is reduced and they are generally aware of the need to budget for out-of-season expenses.

IBA

I have provided business services to several Indigenous clients through acting as a preferred service provider for Indigenous Business Australia, on and off for several years.

- My main concern with IBA's business support program is that there is a requirement for a certain level of business sophistication on the client's behalf before they meet criteria for assistance. This seems, in my opinion, to rule out many Indigenous people.

KALACC (direct client)

Over the past twelve months I have provided business planning services to the Kimberley Aboriginal Law and Culture Centre. KALACC developed a commercial proposal to purchase some land in Fitzroy Crossing to build offices and staff accommodation for lease to government services and their employees. As part of this project KALACC also proposed to build and operate a Youth Centre. Despite partnering with the WA State Government, who accessed expressions of interest for long term commercial leases and fifty percent of the capital required, contributions from the Commonwealth were not forthcoming and the project has now collapsed.

My concerns with this project are:

- Most available funds are restricted to certain types of activities. This made a mixed use project very difficult.
- Very few funds would support either land purchase or construction of staff accommodation.
- The Indigenous Land Corporation indicated that they were concerned with the mixed use of the proposal and particularly the requirement for staff accommodation. When it became known that the Regional Partnerships program was being scrapped and would not be replaced for at least a year, they pulled out.

- This was a commercial project that would have delivered a modest income to KALACC to fund its ongoing operations. However it would also have enabled KALACC to provide the infrastructure needed to supply targeted services to youth of the town.

Native Title Proscribed Bodies Corporate

I have worked closely with individuals and groups connected to two bodies corporate in the West Kimberley that have been granted Native Title. Unfortunately, despite the passing of several years these groups have been unable to attract funds to establish offices and staff necessary to progress their collective business development. This makes it very difficult for these groups to negotiate collective business partnerships or to provide certainty to their member families regarding land tenure and rules or protocols for doing business. Both of these areas have several existing small businesses that are forced to hold off certain kinds of business development because of this lack of infrastructure.

In summary, I would like to emphasize several areas that I think should be considered in Indigenous enterprise development.

- Programs providing support to businesses that are in their very early stages seem to be few and far between. It is difficult to pick which of these businesses could become successful.
- Several of my client businesses have shown that they are perfectly capable of delivering good product. However, skills in literacy and numeracy are often lacking which means that they require the services of an external bookkeeper. These people are not easy to find. I think that incentives for private sector bookkeepers to provide services to Indigenous businesses could be very useful.
- I have found that it is not hard to teach clients to use the internet, but available connections and plans are extremely restrictive. This discourages use, which is a shame as it is such a gateway to learning as well as communication.
- Mentoring programs should be extendable for longer periods, providing reasonable KPI's are met. There should be acknowledgement that even as remote Indigenous enterprises become established, they are more likely to continue to maintain momentum and avoid problems if they have an established relationship with a mentor. As mentioned above I know that I am not the only mentor who continues to try to assist particular clients long after programs have effectively ceased.
- People working as business mentors should have some capacity to be able to make recommendation regarding capital funding for infrastructure. I am not talking about huge 'wish-list' items, but fundamental things that will assist the growth of the businesses.