



Government of Western Australia

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Submission No. 56
Date Received

Our Ref: MN09325

RECEIVED
04 AUG 2008
BY: ATJIA

Mr Richard Marles MP
Chairman
Standing Committee on Aboriginal and Torres Strait Islander Affairs
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr Marles

SUBMISSION TO DEVELOPING INDIGENOUS ENTERPRISES INQUIRY

Thank you for your letter dated 25 June 2008 inviting submissions to the Standing Committee on Aboriginal and Torres Strait Islander Affairs (the Committee) Inquiry into Developing Indigenous Enterprises (the Inquiry).

This submission has been prepared on behalf of the Small Business Ministerial Council (SBMC) on which I sit, as Western Australia is taking a lead role in the SBMC's work on Indigenous small business enterprise development.

In recent years, the SBMC has taken a strong interest in Indigenous small business enterprise development in Australia and New Zealand. At its meeting in July 2007, the SBMC agreed that the Western Australian and Northern Territory Governments would present a paper on issues relating to Indigenous small business enterprises for consideration at the 2008 Council meeting.

In response, an Issues Paper, which is attached for your information, was prepared for the Council by SBMC Senior Officials which aimed to:

- characterise the nature of Indigenous small business enterprise in Australia and New Zealand, particularly in regional and remote areas;
- identify the availability and accessibility of existing services to support Indigenous small businesses, and those that are needed;

- identify and help understand the drivers for the formation and development of sustainable Indigenous small business enterprises; and
- provide advice on the opportunities for improving support for Indigenous small business enterprise development, including through government and industry services.

Drawing on past and current experiences in all Australian jurisdictions and in New Zealand, the Issues Paper highlighted a number of important social, cultural and economic characteristics relating to Indigenous-owned businesses and the context in which many of them operate (with a focus on regional and remote areas). Issues in relation to the successful formation and sustainable growth of Indigenous-owned businesses include:

Reciprocal Family Obligations – The onerous responsibility of traditional cultural obligations to family often clash with Western principles of business efficacy.

Isolation – While life and business for the vast majority of Indigenous entrepreneurs in both Australia and New Zealand is highly urbanised, those in regional and remote locations face significant disadvantages. The limited market size, poor economies of scale and high cost of living in remote and regional centres severely narrows business opportunities.

Discrimination – The cultural differences that give rise to complex decision making based on kinship ties and a mother tongue unfamiliar to the business world provides a further barrier to a real economy controlled and regulated according to the values of the dominant culture.

Poverty – Many Indigenous people are caught in a poverty trap. On the one hand, the lack of personal assets denies access to credit; while, on the other, ongoing dependency on welfare acts as a disincentive to entrepreneurial activity.

Networks – Indigenous peoples, particularly those in remote and regional locations, lack the social capital networks that support and encourage participation in business enterprises.

The Issues Paper included an audit of Australia's and New Zealand's current and planned policies and initiatives to support the formation and development of Indigenous small business enterprises (see Appendix 1). This analysis illustrates the high level of direct government intervention aimed at addressing the socio-economic factors confronting the Indigenous entrepreneur. The audit of jurisdictional initiatives identified the following broad areas of intervention/assistance, as well as some issues associated with their implementation (see Appendix 2):

- Training and development;
- Asset and wealth creation;
- Advising/mentoring/coaching;

- Direct provision of government services and funding;
- Research and development;
- Marketing and promotion; and
- Networking.

The Issues Paper also highlights that there are some limiting factors resulting from the multi-agency nature of the delivery of government support, the accountability requirements, and the "silo" approach of government. These factors were coordination, flexibility, mistrust, and dependency.

Based on the research and intelligence gathering from jurisdictions, the Issues Paper identifies a number of critical factors for building a successful entrepreneurial culture among Indigenous peoples, including the need for culturally sensitive training programs, having access to finance and quality advice, and the importance of Indigenous mentors and networking opportunities. The Issues Paper concludes that the audit exercise along with an examination of the literature demonstrated the complexity involved in building an Indigenous entrepreneurial culture.

The SBMC considered the Issues Paper at its meeting in Christchurch on 23 May 2008 and noted its findings and conclusions. Given the breadth and range of intervention/assistance available and the work currently occurring across government more broadly, Small Business Ministers agreed to establish a Working Group of SBMC Senior Officials to consider options for governments to better build an entrepreneurial culture among Indigenous peoples and support the formation and development of Indigenous small business enterprises in Australia and New Zealand. The Working Group, led by Western Australia, is due to report back to the SBMC at its next meeting in Darwin in mid-2009.

Given these developments, the SBMC welcomes the announcement of this Inquiry and looks forward to the opportunity for further input into the process. If you would like any further information regarding the work of the SBMC in this area, please contact Mr Martin Hasselbacher, Principal Policy Officer at the Small Business Development Corporation by email martin.hasselbacher@sbdc.wa.gov.au or telephone (08) 9220 0241.

Yours sincerely



Margaret Quirk MLA
MINISTER FOR SMALL BUSINESS

18 JUL 2008