

6 January 2023

Ms Marion Scrymgour MP
Committee Chair
Joint Select Committee on Northern Australia
By email: northernaustralia.joint@aph.gov.au

Dear Ms Scrymgour

INQUIRY INTO NORTHERN AUSTRALIA WORKFORCE DEVELOPMENT

This submission was prepared by the Northern Territory Indigenous Business Network (NTIBN).

The NTIBN acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of the lands and waters where our businesses are founded and will grow. We recognise Countrymen from all over the nation, and are proud of the resilience, strength and survival of our people. We are grateful for each unique nation across Australia that so generously shares their space, time and stories with us. We recognise, respect, prioritise and preference Aboriginal and Torres Strait Islander ways of being, knowing and doing. Importantly, NTIBN acknowledges all Aboriginal and Torres Strait Islander business owners, for the significant, empowering, innovative, and lasting economic impact we are creating.

Together we are Closing the Gap and generating new futures for our people.

Northern Territory Indigenous Business Network

The NTIBN have adopted the term Aboriginal instead of Indigenous, and Aboriginal includes Torres Strait Islanders.

The NTIBN has been operating in the Northern Territory (NT) for over 10 years. We are a members-based organisation, the peak body representing NT Aboriginal businesses, and preferred certifying authority in the NT. We are 100% Aboriginal owned and led and governed by a board of successful Aboriginal business owners.

We are a business growth and advocacy services provider. The NTIBN acts for our members and peoples with the understanding that it is REAL, SELF DETERMINED and ABORIGINAL LED economic participation that will Close the Gap.

We are Aboriginal-centric and work to ensure a #Blakfirst approach to everything we do.

Our Service Offerings:

- The NT Indigenous Business and Employment Hub (The Hub) – provides infrastructure and program business supports, a one-stop-shop offering tailored support to Aboriginal Businesses and Job Seekers through a case management and coordination of services approach.
- Certification – provide certification services to Aboriginal businesses through a robust verification process.
- Networking/Events – through participation in key local and national events, introductions to relevant corporate and government stakeholders and key decision makers.
- Advocacy – promoting and supporting the growth and development of Aboriginal businesses and industry.
- Access to NTIBN's sophisticated online digital platform, The Blak Business Directory – Connect, designed to showcase our legitimate and authentic Blak Businesses and Ally Businesses.

The NTIBN has been advocating hard in the policy environment for the preferencing and prioritisation of genuine Aboriginal businesses in government procurement. We advocate hard for the recognition that Aboriginal business and the generation of Aboriginal wealth, will be the game changer in Closing the Gap.

Recommendations

The NTIBN is grateful for the opportunity to respond to this inquiry and has identified the following recommendations. The NTIBN would also appreciate the opportunity to further discuss these areas of interest more comprehensively with the committee during the next phase of consultations.

The NTIBN recommends:

1. Commonwealth Indigenous Procurement Policy – an independent evaluation of the Commonwealth's Indigenous Procurement Policy and its outcomes/impact against policy intent. The policy requires sophistication to deal with the unintended consequences i.e. 'Black Cladding'.
2. Aboriginal Business Enterprise Definition – an immediate change to the definition of an Aboriginal Business or community organisation to reflect majority ownership and control (51% or greater) – as per the National Agreement on Closing the Gap.
3. Supply Nation Database – Disbanding of Supply Nation and the handing back of the verification of Indigenous businesses to the jurisdictional Indigenous Chambers of Commerce or Indigenous business Networks and the National Indigenous Business Chamber Alliance.
4. NT Indigenous Business and Employment Hub – resource the NT Indigenous Business and Employment Hub to expand delivery in remote and regional NT.
5. Research – funding for longitudinal studies that look at the impact Aboriginal businesses are having on community and the broader economy.

Overview

The NT has an Estimated Resident Aboriginal population of 76,736 people making up approximately 30.8% of the total population, with majority (76.6%) residing outside major towns (ABS, 2021). The NT is also unique in that nearly 98% of the NT's land mass subject to some form of Aboriginal land tenure or interest, which means you can't do business in the Territory without Aboriginal people.

It is the NTIBN's view that the scale and significance of the economic potential for Aboriginal businesses in the NT is such that, with targeted investment, will lead to change and real outcomes for our people and for the broader Northern Territory economy.

This potential and opportunity is also recognised by the Territory Economic Reconstruction Commission (TERC) – a coalition of business, industry and government leaders, focused on growing the NT economy to \$40 billion by 2030 – who identified that Aboriginal business development is "key to supporting and fostering future growth potential" (2020). The Report acknowledges that growth will occur in the regions WITH Aboriginal people, and focuses on initiatives to support Aboriginal enterprise, Aboriginal economic leadership, and overall growth in the regions.

NTIBN wholeheartedly supports this call to action around investment in Aboriginal enterprise, supply chain and leadership, and is looking for support from government and industry in empowering the rise of the Aboriginal Business sector and Aboriginal economy. It is time to focus on initiatives and policy levers that provide opportunity for Indigenous people to have real equity, to activate the Aboriginal estate, and create generational wealth.

Investment in Indigenous Business and Indigenous Supply Chain

NTIBN recognises the value and need for investment in Aboriginal business, which enables a diverse and self-supporting sector, empowering Aboriginal people to take back control and achieve economic sovereignty.

To support this, in January 2021 NTIBN engaged Deloitte to develop a strategic business case for an Aboriginal Business Hub in the NT. This business case provided clear evidence of the both the economic and social benefits arising from investment in Aboriginal business development. For example, the substantive economic benefits resulting from investments in Aboriginal business development, include an average of \$4.41 in social and economic value for every dollar of revenue an Aboriginal business earns. What this means is that for every dollar invested in Aboriginal business there is a return to the Australian society of \$4.41 thereby creating a strong rationale and economic imperative for investment in Aboriginal Business.

In addition to economic outcomes, multiple social benefits are also associated with investment in Aboriginal business development, including improved health, wellbeing, and educational outcomes among Aboriginal community members.

What we also know is that Aboriginal business employ Aboriginal people (at a rate of 60% higher than other businesses)¹. In fact, Supply Nation's own publications suggest that the rate is 100% higher than the non-Indigenous businesses. As such, investing in Aboriginal business will support Aboriginal workforce development organically, leading to improved economic and social outcomes.

Anecdotal evidence from NTIBN members suggests Aboriginal businesses actively accelerate career pathways, investing in real skills transfer and promotional opportunity for their Aboriginal workforces.

Aboriginal Economic Development Opportunities

Aboriginal businesses in the NT have a comparative advantage in location-based assets. Location-based assets are unique to a specific area and are not found elsewhere. Aboriginal tourism, Aboriginal arts, land management, minerals, and support services, are examples of location-based assets.

Due to the scarcity of the product or service, there is greater comparative advantage. Many of these assets and the related economic opportunities are specific to Aboriginal people, communities, and lands – generating a unique set of Aboriginal economic development opportunities. This is particularly pronounced here in the NT, where 50% of the land mass and 85% of the coastline is Aboriginal freehold land. This comparative advantage is highlighted in the TERC Final Report, which recognises that Aboriginal people in the NT are driving growth and are an essential party to securing investment that enables sustainable growth across the NT economy.

It is critical we collectively support and invest in these emerging markets that are Aboriginal-centric and Aboriginal led.

To harness this potential, NTIBN are also of the view that the right enabling structures are needed to support Indigenous economic development outcomes led by Indigenous people. The nuisance of Aboriginal business is distinctly different to mainstream entities and requires the prioritization and preferencing of Aboriginal centric enabling structures. Mainstream business growth programs do not adequately deal with these nuisances or provide the cultural safety necessary for growth.

¹ House of Representatives Standing Committee on Indigenous Affairs, (2021), Report on Indigenous Participation in Employment and Business.

Alignment of NT growth sectors and Indigenous capabilities

There are several key sectors experiencing growth in the NT and are aligning with the NT's existing and potential Indigenous businesses, including tourism, arts, construction and defence. Given the potential for growth, boosting Indigenous businesses' involvement with these sectors will continue to bring immediate benefits to local NT Aboriginal business and communities and create new economies and economic opportunities on country.

NT Indigenous Business and Employment Hub

The NT Indigenous Business Hub (NTIBN Hub) was launched by the NTIBN in December 2021, delivering a range of services for our certified members and stakeholders across multiple locations and jurisdictions in the NT.

In early 2022, the NTIBN was successful via competitive tender, in the award of an Australian Government Contract, worth \$10M over 4 years, to deliver the NT Indigenous Business and Employment Hub.

The NTIBN Hub is being designed as a one-stop-shop providing tailored support to Indigenous Businesses and Job Seekers through a case management and coordination of services approach. It will be delivered as a hub-and-spoke model, with the main hub in Darwin and satellite offices in three regional sites.

This Hub will join a network of established Indigenous Business Hubs in Western Sydney (Yarpa Hub), Adelaide (The Circle), and Perth (Waalitj Hub).

The significant points of difference with the NTIBN Hub compared to the other Hubs, **despite having the same funding envelope**, is:

- Commonwealth Hub services will be delivered through NTIBN's existing Hub.
- The NTIBN Hub will include satellite offices in remote and across the NT, including Katherine, Tennant Creek, Alice Springs (main hub in Darwin).
- Staff will be appointed to these regional offices.

Through our own marketing sounding, research and stakeholder consultation, our people have told us they want support on country, face-to-face support, a one-stop-shop where Aboriginal people from remote areas are able to access advice and referrals to relevant services.

Many Aboriginal people in remote communities and homelands are interested in developing fee-for-service opportunities and business enterprises and have feasible ideas and aspirations, but lack the necessary skills, capital investment and western business knowledge to turn them into reality. Aspiring businesses require an approach that is tailored to their very specific circumstances, and that includes local and regional organisations alongside government entities, working in a collaborative and integrated way to avoid duplication and fill gaps.

NTIBN is partnering with the Northern Land Council and Central Land Council to boost delivery in regional and remote areas, but more resources are needed to develop and strengthen Aboriginal business in these areas.

Policy Levers - Procurement

In 2015, the Australian Government established the Indigenous Procurement Policy (IPP). The IPP specifies a target number of contracts to be awarded to Indigenous businesses by each Australian Government department. The purpose of the IPP is to stimulate Indigenous entrepreneurship, business, and economic development by providing Indigenous Australians with more opportunities to participate in the economy.

The IPP has so far exceeded its aims and targets of attaining 3% Indigenous procurement as 7% of total procurement awarded to Indigenous businesses in 2019. Since the implementation of the policy in 2015, the IPP has awarded \$3.23 billion worth of contracts to more than 2000 Indigenous businesses. However, the total value of those contracts was 1.5% of the total value of the procurement contracts on offer. In other words, 65% of those procurement contracts

were \$10,000 or less. It has since been recommended that the Australian Government move from volume-based targets to improve the low total value of the procurement contracts to date.

On 1 July 2022, the NT Government released its first ever Aboriginal Procurement Policy with the largest ever percentage commitment to quarantined Aboriginal spend - 5 per cent of the total number of NT Government contracts and 5 per cent of the annual total NT Government contract value to be awarded to Aboriginal Businesses annually. NT Government have also committed to striving for population parity targets going forward.

The NTIBN is supportive of these policies and will work to keep the Commonwealth and NT Government accountable. The NTIBN recognises the important growth driven by these policy initiatives and simultaneously sees the need to now sophisticate and refine the policies to ensure the intent of the policy is met and delivers appropriate social impact that stamps out 'black cladding'.

Aboriginal Business Enterprise Definition

At a minimum, the definition of an Aboriginal Business Enterprise should be at least 51% owned, managed and controlled, as per the National Agreement on Closing the Gap - developed in genuine partnership between Australian governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations (the Coalition of Peaks).

The money story for our people is critical. The generation of Aboriginal wealth is the real game changer, but wealth without Aboriginal management and control is a disabler. NTIBN advocates that majority management and control is just as important as majority ownership. We want our people active in business ownership, management, and control, just as much as we want our people gainfully employed.

A new working group of First Nations business leaders, coordinated and driven by the NTIBN, met on Ngunnawal country in August 2022 and as a collective and rightful authority on Indigenous business and economic development, confirmed their definition of an Aboriginal Business to be majority owned, managed and controlled – 51% or greater.

This group met again on Larrakia Country in October 2022 to develop a pathway to establish a first of its kind national peak body for the Indigenous business sector. This body is called the National Indigenous Business Chamber Alliance (refer attached media release).

Representing thousands of majority owned Aboriginal businesses across the country, this group reaffirmed their commitment to work as a collective to advocate for a First Nations led, place-based approach to growing the Indigenous business sector, and calls on government and industry to respect First Nations decision-making, sovereignty and expertise in the pursuance of increased First Nations economic participation across all sectors.

This group will call for the disbanding of Supply Nation and the handing back of the verification of and register for Indigenous businesses to the jurisdictional Indigenous Chambers of Commerce or Indigenous business Networks and the National Indigenous Business Chamber Alliance. Again, this movement is about empowering true local decision making, data sovereignty and having the rightful authority identifying and verifying our Countrymen.

Watch this space.

Yours sincerely

Jerome Cubillo
Chief Executive Officer
NTIBN