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The Parliament of the Commonwealth of Australia

# Open for Business

## **Developing Indigenous enterprises in Australia**

House of Representatives

Standing Committee on Aboriginal and Torres Strait Islander Affairs

October 2008  
Canberra

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## Foreword

*Open for Business: Developing Indigenous enterprises in Australia* is the report of the Standing Committee on Aboriginal and Torres Strait Islander Affairs' inquiry into developing Indigenous enterprises. The Committee undertook a short but intense inquiry into Indigenous enterprises which considered the support that is available for Indigenous businesses and explored ways that Indigenous people could be encouraged to embark upon or expand a business.

The life expectancy gap of 17 years between Indigenous and non Indigenous Australians was a critical driver for this report. The Committee was concerned that in this day and age that there was still such a large gap in life expectancy. The Committee held the opinion that if the rate of Indigenous participation in small business was increased, there was likely to be a flow on effect of employment and increased economic participation which could help to close the gap between Indigenous and non Indigenous people.

In 2006, six per cent of employed Indigenous people indicated they worked in their own business, which compares with 17 per cent of employed non Indigenous people.<sup>1</sup> Overall the small business sector employs nearly 50 per cent of all the people working in the private sector,<sup>2</sup> so a focus on increasing Indigenous participation in small business was seen by the Committee as being a positive way forward.

The Committee heard a large amount of evidence which proposed a range of ways that Indigenous enterprises could be promoted and supported. From the micro-enterprise in remote northern Australia through to the large business operating in Sydney, two overwhelming themes included the importance of being identified as

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1 Australian Bureau of Statistics, *Population Characteristics, Aboriginal and Torres Strait Islander Australians*, 2006, cat. no. 4713.0.

2 Australian Bureau of Statistics, *Small Business in Australia*, 2001, cat. no. 1321.0.

an Indigenous business and the importance of Indigenous businesses for the future of Indigenous people.

The report contains a total of 15 recommendations, however, the Committee considers there are three recommendations which could provide key assistance from the start up to the more established business:

- Recommendation 13 which proposes that the Australian Government pilot an Indigenous Supplier Development Council in Australia for a period of five years.
- Recommendation 9 which suggests a series of target levels of Government procurement from Indigenous businesses; and
- Recommendation 6 which proposes additional funding for the Commonwealth Science and Industrial Research Organisation (CSIRO) for its work in natural resource management and carbon emission abatement in partnership with Indigenous communities;

Each of these recommendations would have a significant effect on the development of Indigenous enterprises. The Committee considers that the work that CSIRO is currently undertaking is at the forefront of natural resource management which is an exciting and emerging area of opportunity for enterprises in rural and remote Indigenous communities. Targeted levels for Government procurement would provide an important boost for Indigenous businesses and an Indigenous supplier development council would provide the means to connect Indigenous businesses with private procurement in the corporate world.

I would like to thank those who put in so much time and effort into their submissions and travelled to appear at public hearings and assist the Committee.

Finally I would like to express my thanks to the Deputy Chair, Andrew Laming MP and all the members of the Committee, as well as the secretariat.

Richard Marles MP  
Chair





# Membership of the Committee

Chair            Mr Richard Marles MP

Deputy Chair   Mr Andrew Laming MP

Members        The Hon. Tony Abbott MP

Ms Jodie Campbell MP

The Hon. Bob Katter MP

Ms Kerry Rea MP

The Hon. Dr Sharman Stone MP

Mr Kelvin Thomson MP

Mr Chris Trevor MP

Mr Jim Turnour MP

## Committee Secretariat

Secretary	Dr Anna Dacre
Inquiry Secretary	Ms Pauline Brown
Senior Research Officer	Ms Loes Slattery
Office Manager	Ms Melita Caulfield



## Terms of reference

The Committee shall inquire into and report on opportunities for Aboriginal and Torres Strait Islander people to grow small and medium-size business. This shall include Indigenous controlled enterprises and business in which Indigenous people are joint venture partners.

In particular, the Committee will focus on:

1. whether current government, industry and community programs offering specific enterprise support programs and services to Indigenous enterprises are effective, particularly in building sustainable relationships with the broader business sector;
2. identifying areas of Indigenous commercial advantage and strength;
3. the feasibility of adapting the United States minority business/development council model to the Australian context; and
4. whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.

(19 June 2008)



## List of abbreviations

ABS	Australian Bureau of Statistics
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
AICC	Australian Indigenous Chamber of Commerce
AIMSC	Australian Indigenous Minority Supplier Council
ARC	Australian Research Council
ASIC	Australian Securities and Investments Commission Act
ATSIC	Aboriginal and Torres Strait Islander Commission
BAC	Bawinanga Aboriginal Corporation
BDP	Business Development Program
BEC	Business Enterprise Centre
CAC Act	Commonwealth Authorities and Companies Act 1997
CAEPR	Centre for Aboriginal Economic Policy Research
CAMSC	Canadian Aboriginal and Minority Supplier Council
CATSI Act	Corporations (Aboriginal and Torres Strait Islander) Act 2006
CBA	Commonwealth Bank of Australia
CDEP	Community Development Employment Program

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CPG	Commonwealth Procurement Guidelines
CRC	Cooperative Research Centre
CSIRO	Commonwealth Science and Industrial Research Organisation
CSR	Corporate Social Responsibility
DEEWR	Department of Education, Employment and Workplace Relations
DIISR	Department of Innovation, Industry, Science and Research
EIEI	Emerging Indigenous Entrepreneurs Initiative
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FMA Act	Financial Management and Accountability Act 1997
HREOC	Human Rights and Equal Opportunity Commission (now the Australian Human Rights Commission)
IBA	Indigenous Business Australia
ICC	Indigenous Coordination Centre
ICAS	Indigenous Capital Assistance Scheme
ICL	Indigenous Capital Limited
IDC	Interdepartmental Committee
IEDS	Indigenous Economic Development Strategy
ILC	Indigenous Land Corporation
ILUA	Indigenous Land Use Agreement
IPP	Indigenous Pastoral Program
ISBF	Indigenous Small Business Fund
KBN	Koori Business Network
LDC	Larrakia Development Corporation

MSDUK	Minority Supplier Diversity Council United Kingdom
NEIS	New Enterprise Incentive Scheme
NMSDC	National Minority Supplier Development Council
ORIC	Office of the Registrar of Indigenous Corporations
PBC	Prescribed Bodies Corporate
PSP	Preferred Service Providers
RA	Reconciliation Australia
RAP	Reconciliation Action Plans
REC	Remote Enterprise Centre
SBMC	Small Business Ministerial Council
SDC	Supplier Development Council
TSRA	Torres Strait Regional Authority
WAITOC	West Australian Indigenous Tourism Operators Committee
WICEEDO	World Indigenous Cultural Exchange & Economic Development Organisation



# List of recommendations

## 2 Indigenous business strengths and competitive advantage

### Recommendation 1

The Committee recommends that the Australian Government conduct a biennial national review of Indigenous businesses in Australia, collating data on industry sector, business size and structure, location and economic contribution.

### Recommendation 2

The Committee recommends that the Australian Government recognise the vital contribution of Indigenous business development to the economic and social sustainability of Indigenous communities and, accordingly, develop the methodology to adequately value this economic and social contribution when assessing the investment returns for providing assistance to Indigenous businesses.

### Recommendation 3

The Committee recommends that the Australian Government develop templates for Indigenous Land Use Agreements to specify that corporate and industry partners fund Indigenous partner corporations to access advice, including financial, taxation and in particular expert legal advice of a quality comparable to that available to the other negotiating partner. This is to ensure that the terms of agreement meet the social and commercial objectives of the Indigenous communities involved.

### Recommendation 4

The Committee recommends that the Australian Government develop a process for monitoring the content and implementation of Indigenous Land Use Agreements, and develop a complaints process for Indigenous partners.

### 3 The role of government, industry and community programs

#### Recommendation 5

The Committee recommends that the Australian Government establish an Interdepartmental Committee (IDC) to ensure a streamlined and coordinated approach to the delivery of all forms of business assistance to Indigenous enterprises. The IDC should comprise all departments and agencies delivering services to Indigenous businesses and enterprises including but not limited to Indigenous Business Australia, the Department of Education, Employment and Workplace Relations, the Department of Innovation, Industry, Science and Research, the Department of Families, Housing, Community Service and Indigenous Affairs.

#### Recommendation 6

The Committee recommends that the Australian Government provide additional funding for the Commonwealth Science and Industrial Research Organisation to expand its research and partnering work in the areas of natural resource management and carbon emissions reduction leading to potential commercialisation opportunities for Indigenous communities.

#### Recommendation 7

The Committee recommends that the Australian Government work co-operatively with state and territory governments to expand an Indigenous business networking model that appropriately takes account of the uniqueness and diversity of Indigenous business in each state and territory.

#### Recommendation 8

The Committee recommends that the Australian Government establish a 'one stop shop' for Indigenous entrepreneurs and businesses. This facility should provide assigned case manager contacts, similar to Austrade, who navigate a business through different stages of establishment and growth. The 'one stop shop' facility should include services to support Indigenous businesses such as:

- advice on the range of government, industry and community grant and funding programs available;
- mentoring and business ready skills recognising the particular cultural challenges facing Indigenous enterprises; and
- advice on establishing appropriate governance structures.



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## 4 Corporate incentives to trade and engage with Indigenous businesses

### Recommendation 9

The Committee recommends that the Australian Government establish a series of target levels of government procurement from Indigenous businesses, and require all Australian Government agencies and authorities to nominate a target level. The Committee also recommends that all Australian Government agencies and authorities be required to report in their annual report the procurement level from Indigenous businesses. Future consideration should be given to introducing an escalating series of mandated procurement levels over the next decade.

### Recommendation 10

The Committee recommends that the Australian Government provide a program of funding, including micro-funding, with an emphasis on remote area enterprises, to enable entrepreneurs to establish cooperative enterprises, especially in the arts sector. The Committee recommends that Indigenous Business Australia in association with a corporate partner in the financial sector deliver this program.

### Recommendation 11

The Committee recommends that the Australian Government as part of the current review of Australia's taxation system include consideration of how to encourage Indigenous start up business through the taxation system.

### Recommendation 12

The Committee recommends that the Australian Government fund biennial Indigenous business awards, similar to those held in New South Wales and previously in Western Australia.

## 5 Minority supplier development councils

### Recommendation 13

The Committee recommends that the Australian Government pilot an Indigenous Supplier Development Council in Australia for a period of five years. There should be a review after three years that assesses longer term viability, participation levels and contribution to growing Indigenous businesses.

Seed funding for the pilot should include adequate resources to network and market the benefits of the pilot Council to Indigenous suppliers and corporate buyers.

#### Recommendation 14

The Committee recommends that the Australian Government demonstrate its commitment to the pilot Indigenous Supplier Development Council (SDC) in the following ways:

- commit to a core of Australian Government agencies and authorities, which have significant procurement budgets, becoming foundation members of the Indigenous SDC and directing a targeted proportion of their procurement budget to the Indigenous SDC;
- pending a successful pilot of the SDC, establish target dates for all Australian Government agencies and authorities to become members of the Indigenous SDC; and
- work cooperatively through the Council of Australian Governments to maximise the use of the Indigenous SDC across all levels of government.

#### Recommendation 15

The Committee recommends that the Australian Government, in addition to establishing a pilot Indigenous Supplier Development Council, through the Department of Innovation, Industry, Science and Research trial an Indigenous business ready mentoring and accreditation program to increase the range and capacity of Indigenous businesses able to supply to the pilot Council.