

Inquiry into developing Indigenous enterprises

Background: Minority Business Councils

The House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs is investigating ways to grow Indigenous-owned enterprises in Australia. As part of this inquiry it is seeking comments on the feasibility of adapting the United States minority business / development council to the Australian context (see www.aph.gov.au/house/committee/atsia/index.htm for inquiry terms of reference).

What are minority business councils?

Minority business councils are not-for-profit organisations which provide opportunities for small to medium sized minority-owned businesses to compete to supply large corporate entities. Services provided by minority business councils include: an online database of minority-owned businesses able to supply a competitive range of goods and services; referrals to corporate buyers of minority-owned business suppliers; working capital loans and access to specialised financing to certified minority-owned businesses; programs to enhance business relationships between corporations and minority-owned businesses; networking opportunities and events to enable minority entrepreneurs to present themselves to prospective buyers and purchasing agents.

What is a minority-owned business?

To qualify as a minority-owned business at least 51% of the business must be owned by individuals of a designated minority group (an ethnic group, or a socially or culturally distinct minority group). In the case of a publicly owned business, at least 51% of the stock must be owned by one or more individuals of a designated minority group.

Who uses minority business councils?

Private and public sector organisations/businesses which have made commitments to source a proportion of their goods and services from diverse and small to medium sized enterprises can utilise the networks and advice provided by minority business councils. Organisations and businesses benefit from expanded market opportunities and increased social responsibility credentials.

Where do they operate?

In the United States, the National Minority Supplier Development Council (NMSDC) has been operating for over 25 years (www.nmsdc.org). It now has 3 500 corporate members purchasing goods and services from 15 000 minority-owned businesses. United States Federal procurement legislation requires that a percentage of government contracts go to small and medium minority-owned businesses. The NMSDC is currently assisting the development of minority business models in Brazil, Canada and the European Union.

For further information contact the Standing Committee on Aboriginal and Torres Strait Islander Affairs on 02 6277 4559 or www.aph.gov.au/house/committee/atsia/index.htm