

The role of government, industry and community programs

- 3.1 There are a wide range of programs from many sectors offering specific enterprise support services to Indigenous people. They range from Australian Government programs such as Indigenous Business Australia to state programs such as the Koori Business Network run by the Victorian Government and programs run by industry and individuals, which are designed to assist Indigenous people to start and run their own business.
- 3.2 The nature of the support provided ranges from financial support, skill and capacity building, overcoming isolation, and asset development including land and coordination of services.¹ The programs generally form part of a wider strategy designed to improve outcomes for Indigenous people.
- 3.3 In 2005, the then Australian Government Department of Employment and Workplace Relations undertook a scoping project to investigate the services available to Indigenous people. The project found that there was an extensive range of government, industry and community organisations offering specific enterprise support programs and services to Indigenous people. It also became obvious that the sheer number and complexity of programs and services was often confusing and daunting to emerging Indigenous entrepreneurs.²

1 Small Business Ministerial Council, *Submission No. 56*, Attachment A.

2 Department of Employment and Workplace Relations, *The Resources Guide: A Guide to Available Resources and Services to Assist Indigenous Enterprise Development*, April 2006, p. 3.

- 3.4 Indigenous communities also have a range of specific issues which may impact upon participants' opportunities to take part in the mainstream economy. At the Indigenous Governance Conference in Canberra in 2002, Ms Diane Smith from CAEPR highlighted some of the difficulties faced by Indigenous communities. This included that most Indigenous communities:
- are overwhelmingly reliant on government transfers, and especially on social security benefits;
 - lack access to necessary capital funds, financial services and credit; and
 - lack streamlined financial management and financial training systems.
- 3.5 It was also shown that in the absence of any enabling national policy or agreement, current funding arrangements impose major restrictions on communities and their organisations. Funds are:
- administered by multiple departments which retain financial authority;
 - delivered in a stop-start process;
 - via a multitude of small separate grants;
 - subject to changing program priorities and packaging;
 - bound by inflexible conditions and timeframes; and are
 - overloaded with heavy administrative and 'upward' accountability burdens.³

Australian Government programs

- 3.6 The Australian Government, through several agencies, runs programs which provide services for Indigenous people wanting to start their own businesses. This direct enterprise support can include grants, lower cost loans and support services such as mentoring, business development assistance and connection to other businesses and markets.

3 *Towards a fiscal framework for resourcing Indigenous community governance in Australia*, presentation by Diane Smith to the Indigenous Governance Conference, 3-5 April 2002 Canberra, <http://www.reconciliation.org.au>, accessed 13 October 2008.

- 3.7 Outside of the mainstream programs offering direct enterprise support to Indigenous people are other Government agencies and authorities who provide support other than funding or may undertake research into the area of Indigenous enterprises that is likely to prove invaluable in directing future initiatives and funding for Indigenous entrepreneurs. Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), CSIRO, Indigenous Land Corporation (ILC) and ORIC are examples of groups who provide support or research in this area.
- 3.8 The Department of Environment, Water, Heritage and the Arts (DEWHA) coordinates Indigenous environment programs and initiatives such as 'Caring for Country' and natural resource management. The Committee is aware that many of these programs focus on employment rather than the specific development of enterprises.
- 3.9 In addition the Committee received a submission from the Small Business Ministerial Council (SBMC). The SBMC, which meets annually, comprises Australian Government, state, territory and New Zealand Government Ministers responsible for small business policy. Among other things, the SBMC works to promote a national, consistent and coordinated approach to small business policy and its development, aimed at avoiding overlap and duplication in small business programs between levels of government.

Indigenous Business Australia

- 3.10 Indigenous Business Australia (IBA) is a statutory authority within the Australian Government's Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) portfolio.
- 3.11 IBA's programs and activities aim to facilitate and enable the engagement of Indigenous people in the wider economy. There are three core service delivery programs:
- Business Development and Assistance Program (BDP);
 - Equity and Investments Program (E&I); and
 - Home Ownership Program (HOP).
- 3.12 The BDP fosters the development of Indigenous enterprises by providing access to professional support and finance for Indigenous business entrepreneurs that cannot access these services in the private sector.

- 3.13 Its primary products are low interest business loans for Indigenous Australians with a viable business proposal but who do not satisfy mainstream bank lending criteria. Loans are provided at subsidised rates (currently 2.5 per cent below the Commonwealth Bank of Australia business rate). IBA also provides business support, such as business planning, business related skills development and mentoring, through a national network of over 200 professional business advisers, including business planners, accountants and marketers.
- 3.14 Further assistance encompasses economic development initiatives, including workshops that provide business related training and introduce clients to business concepts and realities, research that provides useful insights into regional economic opportunities, and outreach and mentoring activities for aspiring business people in regional and remote areas.⁴
- 3.15 Other initiatives include projects aimed at multiple beneficiaries where the benefit may be long term business or skills development outcomes. The aim of these initiatives is to build capacity and aspiration for business, and create pathways into business particularly in regional and remote Australia.
- 3.16 IBA consider that the overall effectiveness and value add of their programs stem from a core role as an essential 'market gap' provider. In their submission, IBA state that they fill the gap left by the mainstream economy not providing financial services or commercial opportunities which are accessible to Indigenous people.⁵
- 3.17 IBA works with Preferred Service Providers (PSP) to provide their services across Australia and the Committee heard from several of these providers in the course of the inquiry.
- 3.18 The Committee was very impressed with the work being done around the Introduction to Business Workshops and the range of services available through the PSP network. They did also note that there are PSPs that are not Indigenous focussed.⁶

4 Indigenous Business Australia, *Submission No. 58*, p. 3.

5 Indigenous Business Australia, *Submission No. 58*, p. 5.

6 Ms Fionna Deppler, *Transcript of evidence*, 14 July 2008, p. 48.

Issues

- 3.19 One of the issues raised in the inquiry about the BDP was the level of risk that IBA were willing to accommodate. In their submission, Professor Foley and Dr Hunter indicated that the recent IBA statistics⁷ may demonstrate that the lending policies of IBA are more at the prudent end, servicing only a small percentage of Indigenous economic development or an elite sector of Indigenous finance.⁸
- 3.20 Mr Bruce Harvey from Rio Tinto made the point that IBA would only lend to large established businesses that can demonstrate a positive cash flow and that they are a real profitable business over time.⁹
- 3.21 Several participants in the inquiry raised what they considered to be the somewhat onerous requirements for IBA applicants. The Minerals Council of Australia stated that IBA's BDP and E&I requirements are onerous and require emerging businesses to meet equivalent hurdles to those required by mainstream investment options such as banks. They stated that IBA tend to favour investment in businesses that may be sustainable and economically viable even without investment by IBA.¹⁰
- 3.22 Mr Edgar Price of Price Louvel raised concerns regarding IBA's business support program, namely that there is a requirement for a certain level of business sophistication on the client's behalf before they meet criteria for assistance. He felt that this would rule out many Indigenous people.¹¹
- 3.23 Koorie Women Mean Business considers that there needs to be less red tape in the IBA application and a shorter timeframe on the application process.¹² The Yorta Yorta Nation Aboriginal Corporation agreed with this.¹³
- 3.24 Rio Tinto's submission raised issues about the scope and delivery of IBA's services which often do not reach some parts of the country where business advice and support is in high demand. There is a lack of IBA services in the Pilbara in Western Australia, but in the east

7 Indigenous Business Australia Annual Report 2006-7, IBA, pp 47-8.

8 Professor Dennis Foley & Dr Boyd Hunter, *Submission No. 40*, pp. 4-5.

9 Mr Bruce Harvey, *Transcript of evidence*, 14 July 2008, p. 20.

10 Minerals Council of Australia, *Submission No. 54*, p. 2.

11 Price Louvel, *Submission No. 47*, p. 3.

12 Koorie Women Mean Business, *Submission No. 41*, p. 3

13 Yorta Yorta Nation Aboriginal Corporation, *Submission No. 52*, p. 3

Kimberley region there is very successful one on one case management support for businesses through IBA.¹⁴

IBA Response

- 3.25 IBA informed the Committee that they consider that over the last few decades the process of Indigenous economic development through programs such as theirs has been either over processed or under processed:
- You have either done it to such an extent that Indigenous people find it hard to get in, or there is a lack of process and the loans start to fail.¹⁵
- 3.26 IBA also indicated that there were unrealistic client expectations stemming from the previous Aboriginal and Torres Strait Islander Commission (ATSIC) program and limited appreciation of the need for commercial rigor in loan assessment.
- 3.27 During the time of the transition between ATSIC and IBA, certain requirements such as higher security of close to 100 per cent were put in place but this has now settled to an average of 70 per cent.¹⁶ IBA requires less security but still spends time ensuring the capacity of the applicant to repay the loan.
- 3.28 IBA consider that their program is a gap product that it sits alongside the mainstream financial systems but does not operate in the same manner as banks do. IBA takes less security, provides loans to Indigenous people who may not have a good credit history and loans to Indigenous people who are first time borrowers.¹⁷
- 3.29 IBA has also made changes to substantially reduce the time taken to progress applications through to loan settlement, such as no longer using the services of the Australian Government Solicitor. Previous process delays centred around certain steps in the IBA business loans process that extend timeframes, particularly the incorporation of comprehensive business planning and confirmation of Indigenous descent.
- 3.30 IBA is careful to distinguish their role from that of a business incubator and hub. IBA considers that hubs are a good idea for

14 Rio Tinto, *Submission No. 43*, p. 20.

15 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, p. 1.

16 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, p. 3.

17 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, pp. 3-4.

people who have an aspiration for business but considers that they operate in a different space. IBA provides assistance and access to resources which enable the client to stand up for themselves, rather than IBA providing intense support.¹⁸

- 3.31 IBA acknowledges that prompt responses are vital in a commercial environment and action has been taken to reduce both the assessment process and the legal processes of loan establishment. However, risk management practices implemented since the program transitioned to IBA have been retained as these underpin the improved outcomes for clients, including the success rate of businesses. With the new changes in place, IBA business loan processing times will be comparable to those of the mainstream banks.¹⁹

Committee Comment

- 3.32 There was a large amount of evidence presented to the Committee during that hearing that was critical of IBA and their processes. The Committee recognises that in many cases this evidence was a fair and accurate representation of what was happening at the time. IBA has undergone a significant transition since ATSIC and the Committee appreciates that they have undertaken steps to address many of these issues.
- 3.33 However, the comments are of concern to the Committee as they represent client dissatisfaction and a lack of confidence in IBA from some areas of the Indigenous community. Balancing this, the Committee commends IBA for utilising more mainstream experts such as the team of bankers who are auditing the assessment process for loan applications.²⁰
- 3.34 The Committee recognises that IBA has emerged from a culture of grant facilitation with a low assessment of risks, and is endeavouring to improve its credentials in terms of professionalism and assisting businesses to success. This transition may require more coordination with the expertise that is currently available in the non Indigenous finance and business sectors.
- 3.35 Accordingly, the Committee encourages IBA to continue to look for and use other experts who can assist them to achieve a high level of

18 Mr Craig Dalzell, *Transcript of evidence*, 6 August 2008, p. 37.

19 IBA, *Submission No. 58*, pp. 7-8.

20 Mr Craig Dalzell, *Transcript of evidence*, 25 September 2008, p.4.

professionalism in their own operations and to provide the highest possible levels of service to Indigenous businesses.

Department of Education, Employment and Workplace Relations

3.36 The Department of Education, Employment and Workplace Relations (DEEWR) currently administers several programs that contribute to Indigenous entrepreneurship that are focused on a range of activities from business planning through to creation and operation of a business.

3.37 The three key programs run by DEEWR are as follows:

- The Emerging Indigenous Entrepreneurs Initiative (EIEI) supports economic development, business skills and financial literacy for Indigenous people with a goal ultimately leading to enhanced employment and business development opportunities;
- The Indigenous Small Business Fund (ISBF) provides funding for the development and expansion of Indigenous businesses and enterprises; and
- The Indigenous Capital Assistance Scheme (ICAS) is intended to stimulate Indigenous business development. DEEWR has a contract with Westpac to provide tailored products and services which will support Indigenous business development.

3.38 Central to these funding programs are the other aspects that DEEWR either directly funds or supports. These include:

- Funding Indigenous economic development officers, either directly or in partnership with state and territory governments. There are 35 of these officers around Australia and they work in a diverse range of areas, such as specialising in driving initiatives with mining companies or the arts industry;²¹ and
- Funding business hubs operating in the Northern Territory.

3.39 DEEWR funds individuals, families or partnerships and community organisations through these programs. In the last financial year, the EIEI program provided \$4.8 million for initiatives, the ISBF \$6.8 million and ICAS \$405 000. These programs were reviewed in 2007 by the Office of Evaluation and Audit and were found to be successful in providing funding assistance to eligible Indigenous businesses.

21 Mr Bob Harvey, *Transcript of evidence*, 4 Sept 2008, p. 3

Additionally, it was found that half of the community organisations receiving funding through the ISBF were creating employment opportunities with a quarter employing more than 4 people.²²

- 3.40 The New Enterprise Incentive Scheme (NEIS) was shown, in some cases, to be the means that assisted new businesses starting up²³ but there tended to be a low take up rate by Indigenous people.²⁴ NEIS is a self employment program funded by DEEWR which helps eligible people become self supporting and independent of Centrelink by establishing and running their own business.
- 3.41 Participants reported that NEIS assumes a higher level of literacy and numeracy than many Indigenous people have.²⁵

Committee Comment

- 3.42 The Committee considers that the programs provided by DEEWR are having a positive impact on Indigenous enterprises. They also consider that partnerships with groups such as state and territory governments and industry are vital in ensuring that applicants are able to find the appropriate service in a timely manner.
- 3.43 The Committee considers that there is merit in the ICAS scheme, where a business develops financial literacy through a connection with the commercial sector, in this case Westpac, rather than an interim arrangement or a government backed arrangement.

Department of Families, Housing, Community Services and Indigenous Affairs

- 3.44 FaHCSIA is the Australian Government's lead coordination agency in Indigenous affairs and also has a range of programs to assist Indigenous people. FaHCSIA supports the national implementation of the Australian Government's whole of government arrangements in Indigenous affairs and manages the network of multi agency Indigenous Coordination Centres (ICCs) across Australia.

22 Mr Bob Harvey, *Transcript of evidence*, 4 Sept 2008, p. 3.

23 Ms Fionna Deppler, *Transcript of evidence*, 14 July 2008, p. 42; Ms Mandy Ashburner, *Transcript of evidence*, 6 August 2008, p. 16.

24 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 41.

25 Ms Fionna Deppler, *Transcript of evidence*, 14 July 2008, p. 42; Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, p. 17.

- 3.45 The Department is the lead agency on a number of major Australian Government initiatives, including:
- the Northern Territory Emergency Response;
 - the National Apology; and
 - consultation on a National Indigenous Representative Body.
- 3.46 FaHCSIA administers a number of Indigenous specific programs, particularly in the areas of housing, community development, leadership and land. Within its mainstream programs it keeps a focus on Indigenous services and projects that support communities and families.
- 3.47 One program is the Indigenous Women's Program. Activities funded under this program aim to reduce Indigenous disadvantage through enhancing Indigenous women's leadership, representation, safety, wellbeing and economic status. It includes an Indigenous Women's Leadership program, a national program that is focussing on leadership to economic development. This program was praised by inquiry participants.²⁶

Committee Comment

- 3.48 The Committee is concerned that the complexity of the administrative arrangements which are under the responsibility of FaHCSIA could make their programs inaccessible to Indigenous Australians who may seek business development information from FaHCSIA. This was demonstrated in the evidence provided by the Burrthi Corporation, who had difficulty in navigating the information provided.²⁷

Department of Innovation, Industry, Science and Research

- 3.49 The Department of Innovation, Industry, Science and Research (DIISR) does not have programs which specifically target Indigenous businesses. Rather the Department manages a number of programs that provide information, support and advice to all small business owners and aspiring small business owners.²⁸
- 3.50 These programs include a national network of small business advisory centres also known as Business Enterprise Centres (BECs)

26 Ms Majella Anderson, *Transcript of evidence*, 9 September 2008, p. 59.

27 RWM Consultancy and Burrthi Aboriginal Corporation, *Submission No. 38*, pp. 8-10.

28 Correspondence from DIISR, received by the Committee, 28 August 2008.

which provide small business advice and assistance. BECs have been praised by participants in the inquiry as they provide services to all small business owners and provide appropriate support in a very timely manner.²⁹

- 3.51 The Desert Knowledge CRC is funded through DIISR and receives \$20.7 million over seven years to 30 June 2010. The focus of the Desert Knowledge CRC is developing knowledge economies which sustain Australia's inland environments for desert people, Indigenous and non Indigenous.

Box 3.1: The Remote Enterprise Centre in Alice Springs

The Remote Enterprise Centre (REC) is funded by the Department of Innovation, Industry, Science and Research and will be based in Alice Springs and provide outreach support to communities in the Northern Territory and also in remote regions of Queensland, South Australia and Western Australia, forming part of the national Enterprise Connect network. The REC is expected to commence operations in late 2008.

The REC will support new and existing services and businesses including outback tourism, Indigenous arts and crafts, carbon trading and land management, horticulture and aquaculture, livestock, mining and associated industries such as grading and rehabilitation.

The REC will provide a source of information to business, regardless of the length of establishment or size, through a referral service connecting businesses with sources of technical, process, management and financial expertise. It will partner, or will provide referrals to pre-existing service providers such as Indigenous Business Australia, the Indigenous Business Hubs, Business Enterprise Centres, State Governments and Local Governments who provide services aimed at new businesses. The REC will also provide services to beyond start-up businesses either directly or by referral to relevant service providers, recognising that there are gaps in service provision to such remote firms.

Source: Correspondence from DIISR, received by the Committee, 28 August 2008

Committee Comment

- 3.52 Although the Committee did not receive formal evidence from DIISR, it considers that the programs under its responsibilities have the potential to provide assistance to current and future Indigenous

29 Ms Sarina Jan, *Transcript of evidence*, 6 August 2008, p. 69.

business owners particularly those Indigenous people who live in cities and urban areas.

- 3.53 The Committee considers that programs such as the BECs which also operate in the mainstream, would be a source of support for the urbanised population of Indigenous people in states such as South Australia and Victoria where 48 per cent of Indigenous people live in urban areas.³⁰

Committee Comment – Australian Government Programs

- 3.54 The Committee considers that there is merit in more cooperation between the departments and agencies which provide assistance to Indigenous enterprises.
- 3.55 The Committee considers that this cooperation would assist with overall coordination of funding and programs for Indigenous enterprises. It would also have the potential to streamline interaction for potential Indigenous entrepreneurs as they could be directed to the appropriate program in a timely manner.

Recommendation 5

- 3.56 **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.**

Commonwealth Science and Industrial Research Organisation

- 3.57 The CSIRO through its various research and social outreach initiatives, is aiming to deliver sustainable economic, social and environmental solutions to further address some of the major challenges facing Indigenous communities in Australia. CSIRO has

30 Australian Bureau of Statistics, *Population Distribution, Aboriginal and Torres Strait Islander Australians*, 2006, cat. no. 4705.0

initiated an Indigenous Engagement Strategy to achieve greater Indigenous participation in its research and development agenda.³¹

- 3.58 CSIRO provides assistance to Indigenous communities at the science front where there is the interface of research and activity that has the potential for economic and social development. Some of these research areas are discussed in Chapter 2.
- 3.59 From this experience, CSIRO suggests that existing business support programs provided by governments may not always adequately address or cater for scientific research and development in emerging industries and that business support funding timeframes are too short to allow for appropriate investigations.³²

Committee Comment

- 3.60 The Committee notes the potential for Indigenous engagement in natural resource management across areas such as bush food harvesting, weed and feral animal (such as camels) reduction, fire management and carbon abatement. However, these opportunities will remain unrealised without the research to investigate commercialisation potential and the addition of possible financial incentives to value natural resource management in remote areas of Australia. As a first step in pursuing these potential businesses, the Committee recommends an expansion of the current work being undertaken by CSIRO in this field.
- 3.61 In particular the Committee notes that CSIRO is a partner researcher in a number of projects, such as the Desert Knowledge CRC, and works collaboratively and respectfully with Indigenous communities. The Committee considers CSIRO is best placed to network the research and development in this area, leading to potential commercialisation opportunities for Indigenous communities.

Recommendation 6

- 3.62 **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**

31 CSIRO, *Submission No. 27*, p. 1.

32 CSIRO, *Submission No. 27*, p. 4.

leading to potential commercialisation opportunities for Indigenous communities.

Office of the Registrar of Indigenous Corporations

- 3.63 ORIC delivers a framework of integrated programs which offer specific services and support to Indigenous corporations registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act). ORIC provides a range of services for Indigenous corporations including tailored training services which cover topics such as financial management and budgets and secure funding and develop enterprise opportunities.
- 3.64 The CATSI Act is tailored to meet the diverse requirements of contemporary Indigenous corporations. It is designed to support Indigenous people forming corporations for native title and commercial purposes, as opposed to corporations which are non profit and receive government funding for the sole purpose of delivering community services.³³
- 3.65 ORIC advises that the number of registrations under the Act is increasing. There are 2 622 Corporations registered under the CATSI Act, with 58 per cent of these in remote Australia. PBCs are established to hold and manage native title and any benefits flowing from agreements.³⁴ ORIC anticipates a growth in registrations of 15 per cent this financial year.³⁵
- 3.66 A focus on governance in Indigenous communities has been advanced under this new Indigenous corporations framework. ORIC provides a specialised service within the corporations framework to ensure that Indigenous organisations can direct economic development through self determination. An overriding objective of this process is to provide certainty to government and corporate partners, and so to make investment more attractive.³⁶
- 3.67 To achieve this ORIC conducts reviews of 60 to 80 Indigenous corporations on an annual rolling basis, with some 25 per cent nominated by complaint or intelligence. Mr Nathan Boyle told the Committee:

33 Office of the Registrar of Indigenous Corporations, *Submission No. 36*, p. 3

34 AIATSIS, *Submission No. 26*. pp. 1.

35 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 5.

36 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 3.

One benefit has been proving that there is no more or less corruption in Indigenous or non Indigenous corporations. Some of our work is testing that. We also give certainty to funding bodies and governments by saying, 'These corporations are healthy, they are performing well and they are not corrupt.' That gives certainty to the Australian government or other states in order to say that you can fund them and they are doing well.³⁷

Committee Comment

- 3.68 The Committee commends the Registrar and his Office for its achievement so far. ORIC conceded that requirements for reporting under CATSI Act are more onerous than under the revised *Australian Securities and Investments Commission Act 2001* (ASIC Act), but advised that this would be addressed shortly. The Committee anticipates the resolution of this issue.
- 3.69 The Committee also commends the role that ORIC has recently taken in dispute resolution and mediation between members of a corporation and between different corporations. ORIC indicated that conflict between family and interest groups is a characteristic of some Indigenous corporations. This has contributed to a perception in the broader business sector that Indigenous corporations are unstable and therefore should not be engaged with on a commercial basis.³⁸

Indigenous Land Corporation

- 3.70 The Indigenous Land Corporation (ILC) is a statutory authority of the Australian Government, established to assist Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits. The ILC considers that it plays a significant role in assisting and supporting Indigenous landholders to develop viable enterprises.³⁹
- 3.71 As set out in the National Indigenous Land Strategy 2007, the ILC has priorities of supporting projects that:
- target education, training delivery and creation of sustainable employment; and

37 Mr Nathan Boyle, *Transcript of Evidence*, 28 August 2008, pp. 8-9.

38 Office of the Registrar of Indigenous Corporations, *Submission No. 36*, p. 7

39 Indigenous Land Corporation, *Submission No. 42*, p. 1.

- are conducted in collaboration with other project partners.
- 3.72 The ILC targets these priorities and assists with the development of Indigenous enterprises through four primary mechanisms:
- Indigenous organisations apply to the ILC's Land Acquisition and Land Management programs for assistance with development of a land based business;
 - regional projects are supported that give advice, mentoring and training to Indigenous businesses;
 - ILC businesses are operated that employ and train Indigenous people in the pastoral and tourism industries; and
 - businesses are initiated in collaboration with Indigenous groups to target mainstream enterprise development opportunities that will be handed over to the group once governance, capacity and appropriately skilled staff are in place.⁴⁰
- 3.73 The ILC believes that economic, environmental, social and cultural benefits will flow to Indigenous people through their engagement in education, training and employment.
- 3.74 In 2005-06 ten commercial businesses throughout Australia were being managed by the ILC. These businesses are mainly large scale beef cattle enterprises, but also include tourism businesses and two orchards.
- 3.75 The ILC also works in partnership with other agencies to fund regional projects that support the development of businesses on under utilised Indigenous held land. One such project is the Indigenous Pastoral Program (IPP). The IPP aims to increase the level of pastoral production on Indigenous held land and increase Indigenous involvement in the industry through training and employment. The program is currently assisting Indigenous land owners of 11 properties with financial and governance training, natural resource, fire management, drought response and business planning.
- 3.76 The IPP has built successful partnerships between industry and Indigenous land owners in the region, and contributed to direct environmental benefits and improved land management.⁴¹

⁴⁰ Indigenous Land Corporation, *Submission No. 42*, pp. 1-2.

⁴¹ Indigenous Land Corporation, *Submission No. 42*, p. 2.

Australian Institute of Aboriginal and Torres Strait Islander Studies

- 3.77 Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) contends that recognition of native title has been a strong influence on the increased engagement of Indigenous peoples in the Australian economy and in the development of new enterprises.⁴²
- 3.78 AIATSIS has undertaken a role in working with native title holding groups and their corporations to establish and realise their aspirations in the area of Indigenous enterprises as it was found that the capacity of these groups to access programs and resources to identify and support business enterprise was lacking. This role has included the development of resources specifically for native title groups to identify government programs and resources.
- 3.79 AIATSIS consider that there is a significant gap between the growing government expectation of native title agreements to deliver social and economic change, and a corresponding level of support or funding for agreement making processes and the continued implementation and monitoring of agreements.⁴³

State Government programs

- 3.80 State governments have recognised the value of supporting the development of Indigenous enterprises, through the provision of programs often with a rural or remote focus to meet the needs of the Indigenous communities in their jurisdiction.
- 3.81 The New South Wales Government currently implements a number of programs that teach business skills, support Indigenous people in their economic development, and forge relationships between Indigenous people and the private sector. There is an emphasis placed on providing resources to aid the creation of new Indigenous businesses, whether they are subcontractors, or small to medium sized enterprises.⁴⁴
- 3.82 The Koori Business Network (KBN) is the Victorian Government's primary agency for promoting the growth of sustainable Indigenous

42 AIATSIS, *Submission No. 26*, p. 1.

43 AIATSIS, *Submission No. 26*, p. 3.

44 NSW Government, *Submission No. 49*, p. 2.

businesses and economic development. It works with both individual and community based entrepreneurs, hosts Indigenous economic development conferences and provides access to business mentors and aids in the development of business strategies.⁴⁵

- 3.83 South Australia has recently created an Inter-Ministerial Committee on Aboriginal Workforce Development which is looking at place based approaches to increasing employment through training and case management.⁴⁶ In addition, it has commissioned a study of the bush food industry in response to previous government support of Indigenous landholders to develop bush food enterprises across the production, manufacturing and distribution spectrum, with mixed levels of success.
- 3.84 The Queensland Government has several departments which share responsibility for Indigenous enterprise development. The Department of Tourism, Regional Development and Industry has responsibility for Indigenous Business Development. This program has a grant scheme of \$2.5 million per annum consisting of two components. One is a business establishment and business expansion program, and the other program is for capacity building. A partnership also exists with DEEWR to fund Indigenous economic development officers, who work from regional offices around Queensland.⁴⁷
- 3.85 The Northern Territory Government released an Indigenous Economic Development Strategy in 2005. The strategy highlights many of the opportunities that can be facilitated through appropriate support and the forging of cooperative partnerships and includes details on strategies in various industry sectors such as the arts and natural resource management.⁴⁸
- 3.86 The Aboriginal Economic Development division within the Department of Industry and Resources in Western Australia provides a range of business support services, including financial assistance, to Indigenous people and organisations.
- 3.87 The Aboriginal Economic Development division works with a combination of local, state and Australian Government, industry and

45 Small Business Victoria, *Submission No. 57*, p. 1.

46 South Australian Government, *Submission No. 60*, p. 1.

47 Ms Sherrie McLean, *Transcript of evidence*, 9 September 2008, p. 2.

48 *Indigenous Economic Development Strategy*, <http://www.nt.gov.au>, accessed 13 October 2008

philanthropic financial assistance providers. Funding is provided flexibly; applications can be made at any time in the budget cycle, if funds are available within the division's budget.⁴⁹

Box 3.2 Blak Business Smart Business

The Blak Business Smart Business Hub was an initiative undertaken by the Brisbane City Council with funding from the then Department of State Development, Trade and Innovation in response to issues raised by the Brisbane Indigenous communities through an extensive community consultation process conducted throughout 2003 and 2004. The Hub operated across South Queensland. Additional funding was also secured from the then Department of Employment and Workplace Relations. The program's funding ceased in August 2008.

The Hub brought together a range of business information, support and resources in one place in a simplified way that was readily available to assist Indigenous business development, business owners and community organisations.

The aims of the Hub were:

- To increase the number of Indigenous people establishing and managing their own businesses and generating Indigenous employment opportunities; and
- To increase the capacity of Indigenous community organisations to identify and operate sustainable business models and to act as role models for business development in Brisbane and South East Queensland.

The Hub worked by:

- Proactively seeking, networking with and supporting Indigenous clients at any stage from business start up to expansion.

The Blak Business Smart Business Hub provided support, ran workshops, brokered solutions for Indigenous clients, undertook research and focussed on sector development and marketing and promotion.

Source: Mr JM John Armstrong, Submission No. 3, pp. 10-11.

Committee comment

3.88 The Committee considers that the availability of funding at any time in Western Australia and Queensland⁵⁰ is a strength as it enables

49 WA Government, *Submission No. 67*, p. 1.

potential Indigenous business to move with an appropriate level of momentum, rather than waiting for a funding round to start. The Committee has further comments on grants versus loans later in the chapter.

3.89 The Committee was impressed with the model of the KBN which for a small team and budget seems to undertake a wide range of activities and promote a sense of social inclusion and empowerment amongst Indigenous Victorians. Some of the services of the KBN that particularly impressed the Committee were:

- that the KBN operates with an economic development perspective to Indigenous policy making, through positive engagement, forging business relationships and delivering government support services in a culturally appropriate way;⁵¹
- that the KBN has maintained the cultural importance of having Victorian Indigenous people lead the agency;
- the Victorian Indigenous Business Directory 2008-2009 which demonstrates the wealth and variety of goods and services on offer as well as showcasing outstanding Indigenous people in business;
- the Young Indigenous Entrepreneurs program, which focuses on young people but also involves their parents, with opportunities to talk and listen to role models; and
- the Indigenous economic development conferences run biennially.

3.90 The Committee considers that one of the strengths of the KBN is that it considers that Indigenous people are a key factor in helping to develop Indigenous enterprises.

3.91 The Committee also considers that the KBN performs some of the roles similar to those of an Indigenous Chamber of Commerce such as the promotion of businesses through the Indigenous business directory.

3.92 The Committee considers that the KBN model has significant merit and should be implemented across all states and territories, taking into account the specific jurisdictional requirements.

50 Ms Sherrie McLean, *Transcript of evidence*, 9 September 2008, p. 8.

51 Ms Esmail Manahan, *Transcript of evidence*, 14 July 2008, p. 1.

Recommendation 7

- 3.93 **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.**

Industry programs

- 3.94 Industry programs which offer specific enterprise support programs and services to Indigenous enterprises tend to be concentrated in the mining sector. More information on these enterprises can be found in Chapter 5.

Community programs

- 3.95 There are a wide range of community programs which provide specific enterprise support to Indigenous enterprises. Funding for these programs can come from governments, including federal, state and local. Aboriginal Corporations may provide enterprise support to their members.
- 3.96 Koorie Women Mean Business Incorporated is a specialised group based in Victoria which provides services for Indigenous women to develop sustainable livelihoods and well being. It specialises in developing partnership projects, identifying business opportunities and offering professional development services and projects which focus on issues which sustain women and their business.⁵²

Small Business Incubators

- 3.97 The Darebin Enterprise Centre is an example of a small business incubator which was established over 10 years ago. It is based in the City of Darebin in metropolitan Melbourne, which has a high Indigenous population and provides business support services to

52 Koorie Women Mean Business, *Submission No. 41, Attachment A*, p. 9.

individual Indigenous business owners, Indigenous communities around Victoria and small business owners.

- 3.98 The Darebin Enterprise Centre indicated that although the business support services that it offers to Indigenous business are the same as to mainstream businesses, they tend to provide a more intensive service for Indigenous businesses. Generally this meant providing more services over a longer period of time.⁵³
- 3.99 Research has shown that the model of the business incubator provides an important and necessary level of support for entrepreneurs in areas where they may not have a high level of experience such as marketing, legal and finance. The incubator assists with all these areas until people can manage for themselves and can 'graduate' from the incubator.⁵⁴
- 3.100 The Indigenous Business Hubs in the Northern Territory which are run by Darebin Enterprise Centre are funded under the DEEWR, EIEI program. The hubs provide services for Indigenous entrepreneurs across Darwin and beyond.
- 3.101 Indigenous people who are interested in setting up a small business contact the hub and then the coordinator works directly with those people on various business development issues, whether it is the mechanics of setting up the business, registering the business in the first place, marketing the business, providing financial management support for the business or bookkeeping service for the business.
- 3.102 The coordinators in Darwin and Tennant Creek highlighted the importance of the hub in developing relationships with possible clients. They emphasised that a lot of time initially would be taken in conversation, building up trust and being honest with the client about the scope of the services that the hub can provide, rather than just filling out forms.⁵⁵
- 3.103 The coordinators emphasised that the ways of doing business with possible Indigenous entrepreneurs can vary.

But there is a lot of what we classify as 'tyre kicking' as well: 'Let's just hang around the car and talk about it. It sounds good, yeah.' That actually takes up a lot of time. That is where they are testing your confidence and your support – whether

53 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 23.

54 Associate Professor Adela McMurray, *Transcript of evidence*, 14 July 2008, p. 45.

55 Ms M Ashburner & Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, pp. 17-20.

they actually want to come on board with you. A lot of Indigenous business is done that way: just talk around the bush for a little while. By then, sometimes, it is too late.⁵⁶

Committee comment

- 3.104 The Committee would like to praise the work being done by the Darebin Enterprise Centre, including the Indigenous Business Incubator in the Northern Territory. From evidence received, it would seem that the model used by Darebin is appropriate to developing Indigenous enterprises in both urban and remote regions. The Committee recognises the passion and commitment of staff who are making a difference to their Indigenous clients.

Indigenous Corporations

- 3.105 The Committee heard from several Indigenous corporations in the course of the inquiry.
- 3.106 The Registrar of Indigenous Corporations reported that the majority of the organisations that are registered with ORIC are not for profit; a large proportion of them are about delivering services to their communities and also delivering government services. For instance, they may be delivering municipal services, CDEP programs, arts centres, health services, and a whole range of legal aid services or family violence prevention legal services. Many government services are provided through these organisations.⁵⁷
- 3.107 The Larrakia Development Corporation Pty Ltd is a company which has been set up to serve the needs of the Larrakia people of Darwin in the Northern Territory. The Larrakia Development Corporation runs five companies and organises employment for Larrakia and other Indigenous people as well as Darwin based people.
- 3.108 The Wunan Foundation is a not for profit and non government Indigenous organisation with a focus across the East Kimberley region of Western Australia. Wunan considers that the level and quality of participation in the regional economy by Indigenous people needs to be increased, not just through business development but economic participation through employment, as unemployment in the East Kimberley region is in the range of 75-80% for Indigenous

56 Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, pp. 19-20.

57 Mr Anthony Beven, *Transcript of evidence*, 28 August 2008, p. 3.

people.⁵⁸ Mr Ralph Addis, Chief Executive of the Wunan Foundation presented the view that it is extremely challenging for anyone to go from being unemployed and not having a strong set of experiences and skills to running a real business.⁵⁹

- 3.109 The Gelganyem Trust was set up as an outcome of the Indigenous Land Use Agreement between Argyle Diamond mines and the traditional owners of the land. The majority of the Gelganyem funds are tied up for life after the mine but there are some funds available for the Gelganyem Trust to partner with government and non government organisations to instigate initiatives for the good of Indigenous people.
- 3.110 The Gelganyem Trust is trying to facilitate connections for people who are part of the traditional owners group, or dawang, who may have business ideas. This can include referring them to service providers and government organisations such as IBA or consultants.
- 3.111 The second emerging area is the Gelganyem Business Enterprises which is a planned commercial arm that will have a focus on developing and maintaining profitable businesses for Indigenous people who are part of the dawang. Many of these businesses will be in partnership with Argyle diamond mine.

Committee comment

- 3.112 The Committee consider that there are many opportunities that are presented to Indigenous corporations and is pleased to see them taking advantage of these opportunities to try and improve the lives of Indigenous people.
- 3.113 The Committee particularly wants to commend the specialised work and programs being done that are appropriate to local Indigenous communities and environments. These corporations now have to work in a more sophisticated environment and there is an expectation that they will take on new roles and do more. The corporations do have specialised knowledge of their area and people and in taking steps such as working with mining companies for the benefit of their people, they are proactively working to create change.
- 3.114 The Committee also commends Mr Keith Djiniyini and the Burrthi Aboriginal Corporation. Despite having his own health issues, Mr

58 Mr Ralph Addis, *Transcript of evidence*, 7 August 2008, p. 2.

59 Mr Ralph Addis, *Transcript of evidence*, 7 August 2008, p. 7.

Djiniyini wants to set a new course for his people and the Committee recognises the leadership role that he has taken.

Issues

- 3.115 A message that was conveyed to the Committee from all locations and different groups is that when it comes to developing Indigenous enterprises, one size does not fit all. 'Indigenous Australia' is a concept made up of about 400 000 individuals in very many different social groupings.⁶⁰ Although there is a wide range of programs available to support the development of enterprises, these programs may not provide the appropriate level of support for the remote Indigenous entrepreneur or the Indigenous woman who is looking to start a micro-enterprise.
- 3.116 There was a range of criticism around general aspects of program administration for government programs. Staff turnover,⁶¹ changes in guidelines for funding⁶² and length of funding program⁶³ were three of the main issues that both Indigenous business owners and support providers indicated were likely to impact on the number and success of the development of Indigenous enterprises.
- 3.117 The impact of the availability of grants versus loans was raised with the Committee. Evidence suggested that some potential Indigenous entrepreneurs, who were ready for business and were capable of sustaining the repayments would rather wait for a grant, sometimes for up to two years, than apply for a loan.⁶⁴ In this manner, a prevalence of available grants rather than loans may delay or impede the start up of businesses.
- 3.118 When Indigenous businesses receive government financial support they are often required to have corporate structures and can be subject to accountability requirements that are very costly and at

60 *Generating finance for Indigenous development: economic realities and innovative options*, J Altman, a paper for Reconciliation Australia Workshop Banking and Financial Services for Indigenous Australians, Sydney, 8–9 May 2002.

61 Mr Robbie Benson, *Transcript of evidence*, 6 August 2008, p. 19.

62 Ms Mandy Ashburner, *Transcript of evidence*, 6 August 2008, p. 14.

63 CSIRO, *Submission No. 27*, p.5; Central Queensland Indigenous Development Ltd, *Submission No. 19*, p. 1.

64 Mr Bob Waite, *Transcript of evidence*, 14 July 2008, p. 27

times can be in excess of those required of a comparable non Indigenous business.⁶⁵

- 3.119 The Australian Indigenous Chamber of Commerce considers that there is a desperate need for Australian Government funding to create a web based Indigenous business portal. They advocate that government procurement in remote areas should encourage tenderers to joint venture or partner with Indigenous communities, or else offer businesses and training opportunities for Indigenous businesses as a part of each tender.⁶⁶
- 3.120 Koorie Women Mean Business described the importance of Indigenous people being taught by their own people and teaching being modelled on their own people's experience.
- ... they find it extremely frustrating that there are no Indigenous registered training providers to help them go through the small business barriers that they consider to be particularly important to them in their area in developing that business.⁶⁷
- 3.121 There were various suggestions to the Committee about providing a one stop shop for advice and support on developing Indigenous enterprises.⁶⁸ The Minerals Council of Australia saw an opportunity for a centre which would help new businesses as well as create opportunities for existing businesses.⁶⁹ The Desert Knowledge CRC felt that there needed to be a collective approach with a genuine client focus which would reduce duplication and reduce lack of coordination.⁷⁰ Balkanu Cape York Development Corporation believes that the alliance between the units of the Cape York Business Development arm enables them to deliver a one stop shop and value for money service.⁷¹
- 3.122 The Committee was told that greater use needed to be made of the internet in providing services for developing Indigenous enterprises.⁷²

65 O. Stanley, *The potential use of tax incentives for Indigenous businesses on Indigenous land*, CAEPR Working paper no, 17/2002, p. 3.

66 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 8.

67 Ms Leanne Miller, *Transcript of evidence*, 14 July 2008, p. 31.

68 Larrakia Development Corporation, *Submission No. 61*, p. 1.

69 Minerals Council of Australia, *Submission No. 54*, p. 5.

70 Desert Knowledge Cooperative Research Centre, *Submission No. 13*, p. 6.

71 Balkanu Cape York Development Corporation, *Submission No 14*, p. 1.

72 Ms Leanne Miller, *Transcript of evidence*, 14 July 2008, p. 59.

- 3.123 The Committee heard from some inquiry participants that the strength of a particular program was due to it not being part of government. Mr JM John Armstrong indicated that:

A dedicated and independent (from government) support service such as Blak Business Smart Business is vital for Indigenous Community acceptance and up take, the cutting through red tape and the personalised, culturally based engagement with clients cannot be achieved within a government department program.⁷³

- 3.124 Ms Barbara Livesey from Reconciliation Australia told the Committee that they were often approached for assistance because Reconciliation Australia was independent from government and there was a perception that they could play the role of an honest broker.⁷⁴

Committee comment

- 3.125 The Committee fully supports the idea of loans over grants. Although there has been a history of grants available for Indigenous enterprises the Committee considers that these have not been advantageous for new businesses and businesses should start from a fully business based footing. The Committee considers that a suite of loans should be available for new Indigenous enterprises, ranging from interest free micro-funding through to loans which operate on a more commercial basis.
- 3.126 The Committee observed that there was a wide range of programs that provided funding for Indigenous enterprises, and that the difference between programs funded by differently departments was not always apparent.
- 3.127 The idea of having a program which is outside of government has merit, however, the Committee considers that as most funding is still through government departments, a one stop shop needs to be part of or connected to the government. The model of a community development approach proposed by Reconciliation Australia in its submission to the Northern Territory Emergency Response Review Board has some very valuable suggestions that the Committee feels would assist a one stop shop model.⁷⁵

73 Mr JM John Armstrong, *Submission No. 3*, p. 14.

74 Ms Barbara Livesey, *Transcript of evidence*, 25 September 2008, p. 21.

75 *Exhibit No. 18* Reconciliation Australia Submission to the Northern Territory Emergency Response Review Board, August 2008, pp. 1-12.

- 3.128 The Committee considers the employment of Indigenous staff is a critical aspect of any one stop shop model. Additionally there should be Indigenous enterprise development officers who are trained in working with Indigenous people and appreciate the cultural aspects of Indigenous enterprises. Evidence presented to the Committee indicated that this could make a significant difference.⁷⁶
- 3.129 The Committee heard about the model used by the Australian Trade Commission (Austrade), where companies wishing to get into the export market were assigned a 'go to' person, or single case manager, who would take businesses through all stages required. This person was the one contact that the business had, and was able to answer and deal with all questions and problems or advise where the business owner needed to go to access other specialised advice. Austrade is focussed on leading businesses through three sequential processes, starting with *to learn*, then *to grow* and finally *to compete*.⁷⁷

Recommendation 8

- 3.130 **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.**

76 Mr JM John Armstrong, *Transcript of evidence*, 9 September 2008, p. 32.

77 Mr Jim Enright, *Transcript of evidence*, 25 September 2008.