

Minority supplier development councils

- 5.1 After the hurdles of setting up and establishing a business have been negotiated, the next challenge is to expand the market. For Indigenous business owners that critical next step can be the hardest.
- 5.2 In the US a successful mechanism used to expand minority business markets has been the establishment of the National Minority Supplier Development Council (NMSDC).
- 5.3 The NMSDC is a not for profit, non government organisation which acts as a broker for small to medium minority businesses who want to tender into the supply chain of council members, which may be large corporates, government agencies or other institutions.
- 5.4 The Council also plays an important role in vetting the minority business's status and readiness to supply, and mentoring through them through the tendering processes with corporate members.
- 5.5 The record of achievement of the model in the US is significant. In the first year of NMSDC operations corporate members purchased over US\$100 million dollars worth of goods and services from minority business clients. By 2006 in excess of \$100 billion in purchases were made from over 15 000 minority business clients by the Council's 3 500 corporate members.¹

1 Message Stick Group, *Submission No. 10*, p. 8.

- 5.6 This chapter first provides an overview of the model before considering its potential value as a market multiplier for Australia's Indigenous business sector.

Minority business supplier development councils – an overview

- 5.7 Minority business supplier development councils (SDCs) are not for profit organisations which open opportunities for small to medium sized minority owned businesses to compete to supply large corporate entities.
- 5.8 The key stakeholders in the supplier council model are:
- the minority business members (the suppliers of products and services);
 - the Minority Business Council (the broker between suppliers and purchasers); and
 - corporations (the purchasers of services from minority members).²
- 5.9 The SDC recruits large corporate, institutions and government agencies as members, and certifies minority owned suppliers. Opportunities are also provided for minority business owners to showcase their goods and services. They may then tender directly for contracts offered by supplier council members, or they may enter the supply chain of large corporate members tendering for contracts on public works, or supply to other government agencies or multinationals.
- 5.10 Risks are reduced for corporate members contracting with these businesses because the ground rules of operation are set. Either a small business has a competitive price and service or they do not achieve council minority membership.³ Other incentives to corporate members to join the council are in expanded market opportunities and increased corporate social responsibility (CSR) credentials.
- 5.11 Services provided by SDCs include:
- vetting minority status and business readiness of minority businesses;

2 Mr Neil Willmetts, *Submission No. 64*, p. 10.

3 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 14.

- providing an online database of certified 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; and
- training and networking opportunities and events to enable minority entrepreneurs to better negotiate with prospective buyers and purchasing agents.⁴

The United States supplier development council

- 5.12 The US NMSDC is the world's pioneer of the minority supplier development council concept.
- 5.13 In 1969 the US Government set up the Minority Business Development Agency, a government agency charged with coordination of private and public sector programs to support minority business development.
- 5.14 At the same time, a group of Chicago business organisations decided to create opportunities for minority business owners by conducting the first Suppliers Opportunity Fair. The success of this venture led in 1972, to the incorporation of the NMSDC. The Council went on to establish a head office in New York and 39 regional minority supplier councils across the nation.⁵
- 5.15 The expansion of the minority council model in the US has been facilitated by federal procurement law and mirror legislation in some states, whereby government or companies determine that a certain percentage of contracts should go to minority owned suppliers.
- 5.16 The NMSDC and its regional councils play an important role in certifying that a business is a certified minority business in accordance with diversity procurement requirements. For this purpose, minority businesses are defined as those businesses that are

4 Background paper Minority Business Councils, www.aph.gov.au/atsia accessed 13 October 2008.

5 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, p. 11.

at least 51 per cent owned, operated and controlled by persons who are Black, Hispanic Asian American or Native American.⁶

- 5.17 The aggregate revenue of minority communities in the US is \$1.5 trillion, which is greater than the gross domestic product of many countries. The NMSDC model targets middle range business, that is, the suppliers of services and products rather than retail level businesses. Factoring supplier diversity procurement in their bottom line means member companies can profit through diversity in service delivery, product design and expanded markets both among the minority community and internationally.⁷
- 5.18 The success of the model can be measured in three ways:
- the NMSDC is entirely self funded by corporate members, with a national budget of US\$16 million and each regional office with its own operating budget;
 - proven capacity to grow the number and capacity of minority suppliers to tender successfully and to increase market penetration, including through partnerships with corporate joint tenderers; and
 - the transferability of the model to other countries, with supplier diversity programs and organisations established in South Africa, Brazil, Canada, the United Kingdom and most recently, China.⁸

Supplier development councils in Canada and the United Kingdom

- 5.19 In Canada and the United Kingdom the minority SDC model seems equally successful, even though the governments in those countries do not have mandatory supplier diversity policies for government procurement in place:
- The Canadian Aboriginal and Minority Supplier Council (CAMSC) was founded 2004. After four years of operation it has facilitated over \$200 million in procurement for Indigenous minority companies.⁹
 - The UK's supplier minority council began operation in July 2006 and has since recruited 40 corporate members, including some of

6 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, p. 11.

7 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, pp. 12-13.

8 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, pp. 12-13.

9 Canadian Aboriginal and Minority Supply Council, *Submission No. 8*, p. 1.

the largest UK and global corporations, and 300 minority business members.¹⁰

Support for an Australian Indigenous supplier development council

- 5.20 During the inquiry it was evident that although the US minority supplier development council model was not familiar to the general community, some contributors to the inquiry strongly supported the introduction of a similar model targeting Indigenous businesses in Australia.¹¹
- 5.21 Some leaders in the Indigenous business community are familiar with concept as a consequence of the NSW State Government and City of Sydney's interest in promoting opportunities for Indigenous businesses, which includes encouragement of supplier diversity initiatives.¹²
- 5.22 Ms Michelle Hoff has been a staunch advocate for supplier diversity in Sydney. In her submission she expressed strong support for an Indigenous supplier development council (SDC):
- This model is about helping people to help themselves, fostering skills, it is seen as a 'hand up' not a 'hand out'. It is obvious that one of the major attractions of this model is its simplicity. The aim is clear. To encourage corporate Australia to conduct business with Indigenous owned businesses. The peak body for this Supplier Diversity Council will have one goal - to increase the amount of business conducted between its members and accredited Indigenous businesses.¹³
- 5.23 Mr Leigh Harris has set up Indigenous Tenders in Cairns, inspired by the Canadian SDC model. He was frustrated that Indigenous businesses are not given opportunities to fill local jobs and wanted to provide a service that was easily accessible by Indigenous businesses.

10 Minority Super Development UK, *Submission No. 4*, p. 1.

11 Message Stick Group, *Submission No. 7*, p. 2; Ability Plus Painting and Decorating Services Pty Ltd, *Submission No. 22*, p. 1; Terry Janke & Company Pty Ltd, *Submission No. 32*, p. 3.

12 City of Sydney, *Submission No. 6*, pp. 1-2.

13 Ms Michelle Hoff, *Submission No. 20*, p. 1.

He now has 1 200 registrations from Indigenous service providers across Australia.¹⁴

- 5.24 Mr Kevin Peters of the Northern Territory Industry Capability Network told how a database was set up to match Indigenous businesses to corporate organisations and governments operating in the Northern Territory:

We needed to identify them; we needed to identify what capability and equipment they had that were pertinent to a particular request. We wanted to get them into mainstream procurement processes, but you will find that there are government processes which allow a government department to bypass the normal regulations and go straight to, for example, a road maintenance company which exists within a community and just give the contract straight to them. That is fine, but they were missing out on all sorts of other opportunities.¹⁵

- 5.25 Ms Lani Blanco-Francis is one of the growing number of young Indigenous professionals working to broker opportunity in employment and business for other Indigenous peoples. She urged support for the establishment of an SDC noting the value she had got from an employment mentor and networking with other Indigenous businesses.¹⁶

- 5.26 Mr Neil Willmetts, Indigenous business consultant and foundation member of the South East Queensland Indigenous Chamber of Commerce, maintained that an SDC could provide a key strategy to reduce Indigenous economic and social disadvantage, in that:

- the model creates, nurtures and promotes economic participation in its most valuable form: asset ownership and wealth creation;
- the model creates, nurtures and promotes individual responsibility and accountability;
- the model creates an enduring institution which is designed specifically for the enhancement of Indigenous economic independence and is independent of Government funding;
- the model will create and develop new Indigenous role models. These will be role models who will be

¹⁴ Mr Leigh Harris, *Transcript of evidence*, 9 September 2008, p. 27.

¹⁵ Mr Kevin Peters, *Transcript of evidence*, 6 August 2008, p. 48.

¹⁶ Ms Lani Blanco-Francis, *Transcript of evidence*, 25 July 2008. pp. 42-43.

emphasising the benefits and need for proper education and lifestyles for Indigenous youth;

- the model will attract private sector investment of finance and skills into Indigenous owned businesses – completely separate from government assistance;
- the model facilitates a direct skills transfer from generic corporate businesses to Indigenous business owners;
- Indigenous business owners typically have a strong desire to employ Indigenous people. Growth in Indigenous businesses therefore translates directly to employment opportunities for Indigenous people; and
- the model creates a real imperative for Indigenous business owners/leaders to ensure their youth – their future employees and stakeholders – make healthy lifestyle choices and value secondary and tertiary education.¹⁷

5.27 Message Stick Group has taken a lead role in promoting the SDC model to Indigenous businesses in Australia. In its submission, it presented a pilot model for an Australian Indigenous Minority Supplier Council (AIMSC). The AIMSC model was developed over two years consultation with executives of the US and Canadian SDCs.

AIMSC's objective is to facilitate the integration of Indigenous businesses into the supply chain of the corporate sector and government institutions. As well as to advocate on behalf of the Indigenous business community, fostering partnerships, exchanging information, conducting research and leading the integration of Indigenous businesses into the Australian economy.¹⁸

5.28 In September 2008, the US and Canadian SDCs led a delegation to Australia to promote the Message Stick's model. Over 100 corporate members of the US NMSDC have strong interests in developing the model through their Australian based entities. These include IBM, Dell, Motorola, Citigroup, Pfizer, and Goldman Sachs.¹⁹

5.29 Some inquiry participants expressed reservations about the capacity of an Australian Indigenous SDC to deliver benefits to Indigenous people outside of regional and metropolitan areas.²⁰

17 Mr Neil Willmet, *Submission No. 64*, pp. 10-11.

18 Message Stick Group, *Submission No. 10*, p. 13.

19 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 12.

20 Mr Greg Constantine, *Transcript of evidence*, 6 August 2008, p. 46; Professor Bobby Banerjee, Deirdre Tedmanson, Alan O'Connor, Dr Murray Muirhead, Christopher Talbot,

- 5.30 Remote community representatives in particular expressed concerns that the model would only assist established businesses and advantage urban based entrepreneurs:

While we support the need for preferential tendering and support for these sorts of things that will stimulate Indigenous business, we believe that without the underpinning support that takes account of remote contexts the vast differential in disadvantage will remain entrenched.²¹

- 5.31 Message Stick Group advised that if the model was adopted, then business expansion would spread to all regions. Director Mr Dugald Russell predicted:

You asked a question about remote and rural regions. The answer is, yes, if the model operates properly, as it is doing overseas, this very much involves state and local government as procuring agencies. For people like us that gets exciting because, as we know, there are a lot of Indigenous communities around regional cities, and we feel that this model can work.²²

- 5.32 Others supported this view. For example, it was suggested that city, local and regional councils may readily adopt the SDC model. Reference was made to similar local models used by the Sydney council for Indigenous engagement across construction, horticulture and management of recreation facilities, with potential for further engagement in road and land rejuvenation businesses across regional and remote environments.²³

Adapting the model to serve Indigenous businesses

- 5.33 There was overall strong support for the introduction of an Australian SDC model, however four key points were noted:

- to have effect the council must be styled as an Indigenous, not minority, SDC;²⁴

Peter McDonald, Gary Lewis, Dennis Colson, Roxanne Colson and Bebe Ranzam, *Supplementary Submission No. 66a*, p. 1; Tangentyere Council, *Submission No. 30*, p. 3.

21 Ms Bebe Ramzan & Ms Deidre Tedmanson, *Transcript of evidence*, 18 September 2008, p. 3.

22 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 13.

23 City of Sydney, *Submission No. 6*, p. 1; Mr Paul Dodd, *Transcript of evidence*, 14 July 2008, p. 16.

24 Professor Dennis Foley & Dr Boyd Hunter, *Submission No. 40*, p. 15.

- the benefits of the model must be recognised as long term rather than immediate;²⁵
 - those most likely to benefit are Indigenous businesses in urban and regional communities; and
 - longer term gains could be expected in remote and regional communities, but targeted start up and industry development opportunities must be provided.²⁶
- 5.34 A number of other issues were raised in relation to adapting the SDC model to the Australian Indigenous business context.²⁷ This included:
- ensuring Indigenous business capacity and readiness;
 - building a culture of supplier diversity in Australia; and
 - an appropriate framework for an SDC.

Indigenous business readiness

- 5.35 A concern of some was that the Australian Indigenous business sector currently does not have the capacity, range or the business preparedness to support an Indigenous SDC. For this reason the Australian Indigenous Chamber of Commerce did not support an Indigenous SDC at this time:

The Australian Indigenous Chamber of Commerce does not recommend that the US minority business/development council model be implemented in its current form or at the current time without substantially more work being done to encourage Indigenous entrepreneurship on the ground and without a critical mass of operating Indigenous businesses.²⁸

- 5.36 However, Director of Message Stick Group Mr Dugald Russell reported that he had a large number of Indigenous businesses telling him:

‘We have heard about this. We all want to participate.’ That is why I say, yes, we think we have a pilot group to start with. I

25 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 13; National Minority Supplier Development Council, Inc., *Submission No. 9*, p. 2.

26 Professor Bobby Banerjee, Deirdre Tedmanson, Alan O'Connor, Dr Murray Muirhead, Christopher Talbot, Peter McDonald, Gary Lewis, Dennis Colson, Roxanne Colson and Bebe Ranzam, *Supplementary Submission No. 66a*, p. 2.

27 Koori Communications and Training Pty Ltd, *Submission No. 59*, p. 1.

28 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 5.

think we will be deluged, and that needs to be managed very carefully.²⁹

5.37 The Australian Indigenous Chamber of Commerce also noted that the US model does not offer support for start up development, which might be better provided by ground up networking through other Indigenous networking organisations.³⁰

5.38 The SDC delegation emphasised that although the model does not provide start up assistance, the Council promotes government and corporate engagement with minority businesses, giving long term stimulus to business growth:

We know that your Indigenous population is very small, but in the United States we have moved to a situation where doing minority supplier development is a business imperative for any smart corporation that wants to be globally competitive. That was not the case 40 years ago, but we have moved to the point at which it should have been all along which is an integrated business imperative based on bottom line results.³¹

5.39 Mr Ronald Langston, National Director of the US Federal Government's Minority Business Development Agency indicated he considered it was government's role to provide start up support. He noted that a key objective in the US is the achievement of 'entrepreneurial parity', which the Government works for through a suite of initiatives comprising capacity building through affirmative tax concessions, business training and skill development which stand behind the SDC's work.³²

Building a culture of supplier diversity

5.40 During the inquiry, there was anticipation among Indigenous business owners that the introduction of an Indigenous SDC could promote supplier diversity in the community and, in particular, increase corporate market opportunities for Indigenous business owners.

5.41 At present, awareness of supplier diversity is not well developed in Australia. CSR is increasing in Australia, as discussed in the previous

29 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, pp. 11-12.

30 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 5.

31 Ms Harriet R Michel, *Transcript of evidence*, 18 September 2008, pp. 12-3.

32 Mr Ronald Langston, *Transcript of evidence*, 18 September 2008, p. 16-18.

chapter, and the introduction of an SDC would facilitate supplier diversity amongst corporate organisations.

- 5.42 Some witnesses expressed frustration at the difficulties of breaking into corporate and government markets. Mr Doug Delaney reported spending an exhaustive amount of time putting in tenders to meet Government requirements, without ever achieving a major contract:

I have hit my head up against the wall with the New South Wales government at senior levels over contracts and asking them to uphold the two initiatives 307 and 326. There is bureaucratic red tape. I sort of laugh about it. I am an Aboriginal person, I have the model and I have complied with the conditions and their contracts left, right and centre. Unfortunately, they just keep knocking it back and I do not know why.³³

- 5.43 Citi Group has been active internationally in funding and setting up SDCs. Mr Adrian Agnett, Head Business Services Citi Australia and New Zealand, outlined how an SDC can promote supplier diversity:

One of the biggest issues in procurement is doing risk assessments of supplies that you are dealing with, and that is why the government and private enterprise to a major degree go for large companies that appear to have the mechanisms and the structures in place to avoid the risks. That is why these indirect arrangements operate, and it is a disservice to the Indigenous businesses because they do not get the opportunity.³⁴

- 5.44 As already mentioned, in the US Federal procurement legislation requires that a percentage of government contracts go to small and medium minority owned businesses. In other countries supplier diversity can be encouraged by government guidelines or mandated for supply in certain industries or for particular projects of work.

A framework appropriate to Australia

- 5.45 Several witnesses made the point that any proposed SDC should not be a top down organisation which imposes bureaucratic overlays without delivering real benefit to diverse Indigenous business needs.

33 Mr Doug Delaney, *Transcript of evidence*, 25 July 2008, pp. 33-34.

34 Mr Adrian Agnett, *Transcript of evidence*, 25 July 2008, pp. 38-39.

- 5.46 Rio Tinto and the Minerals Councils of Australia endorsed the localised bottom up approach recommending the Association of Aboriginal Enterprises in Mining, Energy and Exploration and the Esperance Business Centre Enterprise Centre as offering appropriate models for an Indigenous SDC.³⁵
- 5.47 The Balkanu Cape York Development Corporation also outlined the need for a localised approach. It identified the key elements in its own record of achievement:
- solid local relationships with Indigenous people and Indigenous enterprises;
 - a good local and regional knowledge of enterprise opportunities;
 - a long term view necessary to nurture opportunities and build Indigenous capacity;
 - a strong regional base from which to broker and manage the relationships; and
 - strong connections with the broader business community.³⁶
- 5.48 The Australian Indigenous Chamber of Commerce also cautioned that an SDC should be developed carefully through a process of consultation and without imposing an administrative burden on business:
- The model has relevance but will require changes to succeed in the Australian context. In particular in order for such a model to be adapted, a well planned process of community consultation and some legislative or regulatory reform would need to be considered. As the implementation of such a model may require a new overarching administrative structure, the[re] is a danger that it may hamper rather [than] encourage business development if not developed in light of Best Practice business modelling, taxation and regulatory reform.³⁷
- 5.49 The Yorta Yorta Nation of North Central Victoria and Ms Leanne Miller of the Koorie Women Mean Business Network saw that Indigenous control and cultural appropriateness must be stipulated in developing an Indigenous SDC.³⁸

35 RioTinto *Submission No. 43*, p. 16; Minerals Council of Australia, *Submission No. 54*, pp. 5-6.

36 Balkanu Cape York Development Corporation, *Submission No 14*, p. 2.

37 Australian Indigenous Chamber of Commerce, *Submission No. 50*, p. 5.

38 Yorta Yorta Nation Aboriginal Corporation, *Submission No. 52*, p. 4; Ms Leanne Miller, Transcript of evidence, 14 July 2008, p. 52.

- 5.50 The Yorta Yorta Nation also asserted that an SDC must be based in systems which respect and protect Indigenous protocols, ethics and knowledge systems.³⁹

Message Stick proposal

- 5.51 In its submission the Message Stick Group sets out a proposal for an introduction of a pilot Australian Indigenous SDC. The AIMSC proposal involves:
- the creation of modest infrastructure to manage the three year pilot project;
 - the infrastructure required is an independent, ASIC registered, not for profit public company, a Board of Directors and a small management team (three persons) to manage the three year pilot project as per a clear and prudent Business Plan.
 - The three year pilot project would initially be established to involve five to ten large corporates, three levels of government and ten Indigenous business enterprises (IBEs).
 - Initial planning would aim to create business to business transactions between these ten IBEs and the corporate/ government members of \$1m in year one, \$8.5m in year two and \$17m in year three.
 - Funding for the three year pilot project is proposed to be a blend of public and private sector funds (approximately \$600 000 of private sector funds will have been spent by the end of September 2008).⁴⁰
- 5.52 The Message Stick Group emphasised the importance of trialling the model to determine its effectiveness in the Australian environment.⁴¹ Message Stick Group also proposed that two large Government agencies, such as the Australia Taxation Office and Department of Defence should become corporate members to establish the SDC financially.

39 Yorta Yorta Nation Aboriginal Corporation, *Submission No. 52*, p. 4.

40 Message Stick Group, *Submission No. 10*, p. 2.

41 Mr Dugald Russell, *Transcript of evidence*, 25 July 2008, p. 11.

Trialling an Indigenous supplier development council

- 5.53 The US SDC has a proven record of achievement in boosting opportunities for minority owned businesses. Nevertheless, there was some disagreement in the evidence about the capacity of the US model to address the very diverse needs of Australia's Indigenous business community.
- 5.54 While an Indigenous SDC would not be 'a silver bullet', it was considered the model could provide much needed opportunities to grow business acumen and confidence, particularly for urban and regional businesses.
- 5.55 As outlined by the SDC delegation, demographics are driving greater social responsibility and supplier diversity in the corporate world and there is a clear market incentive to be seen to engage with and support minority communities. An Indigenous SDC will facilitate Indigenous suppliers networking and connecting with potential government and corporate purchasers.
- 5.56 Consequently the Committee considers that an Australian Indigenous SDC model should be trialled.
- 5.57 The Committee is of the view that an Australian SDC should be Indigenous only, rather than minority, and its objective should be to increase market and network opportunities for Indigenous owned enterprises.

Recommendation 13

- 5.58 **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.

- 5.59 The Committee considers there is significant potential through an SDC to build the practice of supplier diversity among Australian Government agencies and authorities. In addition, the Committee

considers that Australian Government support for an Indigenous SDC is best demonstrated through utilising an SDC to meet agency procurement targets.

- 5.60 Introducing a series of Australian Government target levels of Indigenous procurement was recommended in the previous chapter. The Committee urges the Australian Government to implement this recommendation and so assist in building a culture of supplier diversity in Australia.
- 5.61 The Committee considers that essential to the success of an Indigenous SDC is the need for champions amongst Government agencies and authorities. The Committee recommends that a core of two or three Australian Government agencies become foundation members of the SDC and direct a targeted proportion of their procurement budget to the SDC.
- 5.62 Further, the Committee considers that, in time, all state, territory and Australian Government agencies and authorities should be members of the Indigenous SDC as part of the longer term target to maximise Indigenous business participation across all levels of government.
- 5.63 This Australian Government commitment will build further confidence in Indigenous businesses amongst corporate buyers.

Recommendation 14

- 5.64 **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.**

- 5.65 During the course of the inquiry, the Committee was struck by the range of established Indigenous businesses which already exist in the mainstream business sector. These businesses have gone through the issues that face a new business and are now looking to move to the next level.
- 5.66 These businesses posed several questions to the Committee about what was out there to help them. How could they get the assistance they need to move beyond a solo employer to a small business with employees? How do they get to successfully tender for government?⁴² How do they move beyond government?⁴³ There are some mainstream services out there that could assist them but they wondered whether there was anything out there specifically for Indigenous businesses.
- 5.67 Businesses such as these would need a level of assistance before they would be able to provide services via an Indigenous SDC. This could take the form of additional training, a higher level of mentoring and assistance with any accreditation required.
- 5.68 The Committee recommends that to boost business readiness across the range of Indigenous enterprises, the Australian Government should establish an Indigenous business ready mentoring and accreditation program. The Committee considers that the Business Enterprise Centres, funded by the Department of Innovation, Industry, Science and Research, could expand their function to provide a mentoring and accreditation program.

Recommendation 15

- 5.69 **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.**

42 Ms Nancy Bamaga, *Transcript of evidence*, 9 September 2008, p. 64.

43 Ms Majella Anderson, *Transcript of evidence*, 9 September 2008, p. 55.

Conclusion

- 5.70 The Committee acknowledges the diversity and breadth of Indigenous enterprises in terms of sectors, locations, business drivers, governance structures and market readiness. The Committee is firmly of the view that it is too simplistic to respond to Indigenous business needs with a single program, or a even series of programs that assume a single business profile.
- 5.71 There is no single Indigenous business profile, and no single program response that will deliver benefits to Indigenous businesses in all sectors and regions of Australia. Accordingly, the Committee presents this report and its recommendations as a unit package of the initiatives needed to provide assistance across the spectrum of Indigenous business.
- 5.72 Firstly, accurate and trend data is required on the state of Indigenous businesses. This will assist policy makers to track overall growth, and provide targeted assistance to those types of businesses that require it. Indigenous communities must be empowered to make decisions about land use based on commercial, social and sustainable benefits to their communities. To do this, they require expert assistance and a template that sets down some ground work expectations for both negotiating parties.
- 5.73 More research is required in natural resource management to investigate the potential for commercialising the valuable Indigenous intellectual property that already exists in the area, and to investigate the commercial viability of new forms of business.
- 5.74 Knowing where help is available and how to navigate government assistance and regulations, and how to overcome market barriers and harness opportunities is key to growing Indigenous enterprises. Language, isolation and cultural differences can all impede the Indigenous entrepreneur in finding the right start up advice and ongoing assistance.
- 5.75 A more coordinated government approach through an inter-departmental committee and through a one stop shop for Indigenous businesses is required. Micro finance is also needed for Indigenous enterprises struggling to raise small start up capital. Similarly a reduction in company tax for the first three years of an Indigenous business could provide a much needed incentive through those difficult first years of business establishment.

- 5.76 The Committee also considers that the Australian Government should ensure that its own procurement guidelines provide opportunities for Indigenous businesses. This should be demonstrated through an Australian Government commitment for agencies to utilise the SDC and encouragement for state and territory governments to do the same.
- 5.77 An Indigenous SDC could provide valuable networking and market opportunities for Indigenous businesses, and connect suppliers with socially responsible corporate purchasers. While an SDC may not deliver strong benefits to remote businesses in the first instance, the Committee considers that the range of other recommendations will secure benefits through land use agreements, micro finance enterprises and natural resource management.
- 5.78 Finally, the Committee reiterates the importance of the Australian Government considering this report as a unit package of recommendations. Each recommendation provides one small step to addressing the challenges facing Indigenous businesses, and each small step that is taken helps transform Indigenous business ideas into thriving Indigenous businesses.

Richard Marles MP
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