

Balkanu

Cape York Development Corporation P/L

A.B.N. 67 075 711 198

17 July 2008

Dr Anna Daore
Committee Secretary
Standing Committee on Aboriginal and Torres Strait Islander Affairs
P O Box 6021
Parliament House
Canberra ACT 2600
Fax 02 6277 4427

Submission No.....14.....
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RE: INQUIRY INTO DEVELOPING INDIGENOUS ENTERPRISES

Dear Dr Dacre,

We have the pleasure of responding to the inquiry into developing indigenous enterprises in relation to the growth of small and medium size, indigenous controlled business on the Cape York Peninsula.

The core business of Balkanu Cape York Development Corporation Pty Ltd (Balkanu) business hubs arm, Cape York Business Development (CYBD), is to assist indigenous people living on Cape York to achieve economic independence through the establishment of business. In response to the Terms of Reference we have provided a brief outline of the services provided by CYBD and then seek to address some of the submission requirements outlined by the Committee.

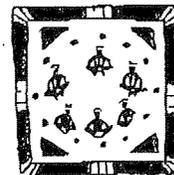
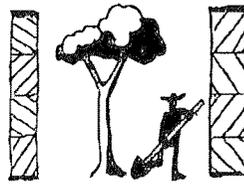
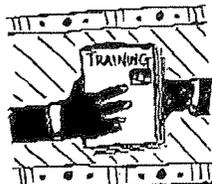
Balkanu Background

Balkanu is an indigenous owned not for profit organisation which has been providing business support services to Indigenous business on Cape York Peninsular for 10 years and has demonstrated experience and capacity to assist Indigenous businesses over their lifespan.

Balkanu currently provides services to all communities in Cape York with a particular emphasis on transferring skills to our indigenous clients. Balkanu delivers its Indigenous business support services through CYBD. This is one of six complementary sister units within Balkanu which provide CYBD with an advantage in delivering business support services to the Cape. The sister units assist the hubs by providing advice on matters such as the environment, IT infrastructure and land tenure. Balkanu strongly believes that the alliance between these units enables us to deliver a 'one-stop-shop' and 'value for money' service. Balkanu also works closely with its sister organisations, the Cape York Land Council, Cape York Institute, Cape York Partnerships and Apunipima Health Council, particularly in the areas of Welfare Reform and Land Tenure Resolution.

CYBD Profile

CYBD enjoys efficiencies of local Cape York knowledge, relationship assets and the benefits that accrue to a conglomerate entity operating in a developing economy such as Cape York. In addition to such competitive advantages, the mode of the business development manager partnering with local contacts through Balkanu's relationships (to ensure alignment to Cape York demand) and the supply of corporate resources (Westpac, Boston Consulting Group and other corporates) via Indigenous Enterprise Partnerships is an effective way of drawing on relevant business capabilities outside of Cape York.



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The purpose of CYBD is to:

- Promote and encourage entrepreneurship by the indigenous residents of Cape York in order to create greater employment opportunities for those communities.
- Identify and support individuals and families with aspirations of running their own small business.
- Provide assistance to clients in the development of their business idea through feasibility assessment, business planning, start-up and daily operation for the first 12 months (at least).
- Provide a resource base to assist clients to access ongoing support services – internal and external – such as business planning, funding (grants and loans), bookkeeping, industry mentors, etc. Typical CYBD assistance includes consideration of cashflow management options, marketing options, legal compliance options, corporate governance options and business operations options.

In the early days of CYBD there was a lack of other reliable advisory services for Cape York. For many years business, feasibility and marketing plans have been and still are generated by CYBD in close consultation with the entrepreneur. Today there are a number of service providers that operate on Cape York. This is in part as a result of government funding Preferred Service Providers that receive government funds to service Cape York businesses. Balkanu's experience has been that the best approach for delivering business services to remote areas such as Cape York is through the local relationships and knowledge established through a business hubs approach.

We provide the following response to some of those matters of interest to the Committee:

1. *Are current government, industry and community programs offering specific enterprise support programs and services to Indigenous enterprises effective, particularly in building sustainable relationships with the broader business sector?*

To build sustainable relationships between Indigenous enterprises and the broader business sector it is necessary that an organisation have the following attributes:

- Solid local relationships with indigenous people and indigenous enterprises;
- A good local and regional knowledge of enterprise opportunities;
- Have a long term view necessary to nurture opportunities and build indigenous capacity
- Have a strong regional base from which to broker and manage the relationships;
- Strong connections with the broader business community.

Balkanu has strived for ten years to establish these attributes i. Balkanu is particularly conscious that indigenous enterprise opportunities often take a long time to nurture from the initial concept stage to the point where businesses are sustainable. Many projects which Balkanu is involved with including mining projects a Wind Farm and the Mossman Gorge Tourism Project are many years in the planning and development.

A key component of Balkanu's Business Unit operation is the corporate partnerships in place through Indigenous Enterprise Partnerships (IEP) which bring a number of resources to the Cape to support Balkanu and indigenous businesses. In the main these currently include Westpac and Boston Consulting Group, but the list of partners is growing to include, legal, accounting and human resources support (to name a few).

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Balkanu across its various business units is funded by a variety of State and Commonwealth agencies and has strong relationships with both the Commonwealth and State governments. CYBD itself is currently funded by the Queensland Department of Tourism, Regional Development and Industry(State), Indigenous Business Australia (Commonwealth) and The Office of Indigenous Policy Co-ordination (Commonwealth). These are important relationships in relation to both on the ground issues with clients and in terms of funding arrangements for CYBD to build the relationships between indigenous enterprise and the business sector.

2. *What are the areas of Indigenous commercial advantage and strength?*

We regard the main areas of Indigenous commercial advantage and strength on Cape York to include:

(a) Land tenure and native title interests

As land holders or native title holders indigenous people can often engage in developments from very early and are therefore in an enhanced position to take advantage of business opportunities which flow from land ownership. From their land interests indigenous people are in a strong position to enter into partnerships and joint ventures with organisations which can bring capital and expertise. These opportunities include those related to mining, forestry, pastoralism and tourism.

(b) Locality

As Indigenous people are resident in communities on Cape York they are therefore in a better position to take advantage of local business opportunities as they arise.

(c) Environmental management and tourism

Due to their close ties to land indigenous people are in an excellent position to participate in land management and tourism opportunities on Cape York.

(d) Pastoral Interests

Indigenous people have a history of work in and a keen interest in the pastoral industry.

3. *Did the program assist in creating partnerships and joint ventures between an Indigenous organisation and the government or private sector?*

Balkanu's services have assisted a wide range of indigenous enterprises. Specific examples where the services provided by Balkanu have assisted the creation of business relationships include:

- Western Cape Earthmoving and Rio Tinto;
- Nannum Tawap sawmill and Rio Tinto;

4. *Whether incentives should be provided to encourage successful businesses to sub contract, do business with or mentor new Indigenous enterprises.*

We would support a concept where incentives are provided to encourage successful indigenous businesses to support new Indigenous enterprises.

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Summary

It takes time to establish the relevant institutions that support a Cape York economy. The partnership of government agencies, the broader business sector and Balkanu which has a long history of experience in Cape York is a logical alliance that pairs the finance and expertise of the former with the operations of the latter.

Balkanu welcomes the opportunity to become involved in the inquiry into developing indigenous enterprises. We trust the information provided will be of assistance to the inquiry and would welcome the opportunity to discuss further with you any matters relevant to the inquiry.

Yours *Sincerely*,

Gerhardt Pearson
Chief Executive Officer
Balkanu Cape York Development Corporation