

CONSULTATION PAPER:

INDIGENOUS BUSINESS SECTOR STRATEGY
SUPERCHARGING INDIGENOUS BUSINESS
START-UP AND GROWTH

DRAFT FOR CONSULTATION

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Introduction

A strong, diverse and self-supporting Indigenous business sector is key to empowering Indigenous Australians, and placing Indigenous business owners, their families and communities in the driver's seat of their economic future. Indigenous businesses create wealth for Indigenous Australians. They are a source of pride and foster social and economic empowerment.

A flourishing Indigenous business sector is good for all Australians, and is an unrealised source of economic growth for the broader Australian economy.

Recognising this, the Coalition Government made an election commitment to develop an Indigenous Business Sector Strategy, as part of our Indigenous Entrepreneurs Package.

The Strategy is a practical ten-year approach, outlining the steps that Aboriginal and Torres Strait Islander people, the Commonwealth, and the private sector will take to support Indigenous entrepreneurs realise their ambitions, and take their rightful place in the domestic and international economy.

Aboriginal and Torres Strait Islander Australians have been engaging in trade and commerce for thousands of years. Supercharging Indigenous business start-ups and their growth will tap into a renewed culture of entrepreneurship, and will support Indigenous Australians to realise their full economic potential. As with all Australians, owning a business is a powerful way for Aboriginal and Torres Strait Islander Australians to take control of the economic future of their families and communities. This is especially true in remote Australia where the local economies are small.

By investing in today's Indigenous entrepreneurs, we can work together to create a generation of entrepreneurs who build their own business knowledge, assets and wealth. This in turn breaks down barriers for future generations and creates a positive cycle of economic empowerment that will build over time. Indigenous women have a particularly important role to play as entrepreneurs, bringing a unique perspective for their customers and forging a pathway for their daughters and sisters to follow.

The Commonwealth Government (Commonwealth) is committed to supporting small and medium businesses across Australia as part of the National Economic Plan for Jobs and Growth. Through the National Economic Plan, the Commonwealth is making it easier to do business in Australia by encouraging investment, facilitating innovation, and making Australian businesses more competitive in international markets.

Building a strong and vibrant Indigenous business sector is a vital part of this economic plan. Indigenous businesses contribute to growth in the Australian economy through annual turnover, employment, and personal and company taxation revenue. Further growth of the sector will see flow-on benefits in the form of increased competition and diversity in our economy and a stronger

business sector for all Australians. Deloitte Access Economics estimates that increasing economic participation of Indigenous Australians to parity levels could result in an Australian economy that is up to 1.15 per cent larger in 2031 (a gain of \$24 billion in 2012-13 terms).

Where are we today?

The Indigenous business sector is already doing fantastic things across the country, but more can be done to fuel its growth. It is estimated that today there are 8,000 more Indigenous-owned businesses than there were a decade ago, with growth outstripping that of the rest of the economy. But historical economic disadvantage and discrimination mean that Indigenous Australians are still 3-4 times less likely to be self-employed than the national average.

Aboriginal and Torres Strait Islander Australians face some unique barriers to participation in the economy. Historic economic marginalisation, together with low intergenerational wealth transfer, and the ongoing impact of poor education, employment and health outcomes mean that Indigenous Australians require additional business support, access to information and access to capital to establish and grow their businesses. In particular, Aboriginal and Torres Strait Islander people continue to bear the burden of historical policies to restrict Indigenous wealth, home ownership, business ownership and economic growth opportunities. This in turn limits opportunities to purchase land or assets and accrue wealth and equity, and restrict opportunities to leverage this land and other assets to grow wealth or start businesses.

That is why the Commonwealth is proposing to put in place a 10-year Indigenous Business Sector Strategy.

We are consulting on the practical actions we can collectively take to supercharge the Indigenous business sector, and support Aboriginal and Torres Strait Islander Australians to realise their business aspirations.

If you would like to contribute to the development of the Indigenous Business Sector Strategy, please contact IndigenousBusinessPolicy@pmc.gov.au to register your interest.

The Approach

Partnership between Indigenous entrepreneurs, the Commonwealth and the private sector

This Strategy proposes a collaborative partnership between the Commonwealth, Indigenous businesses and the broader private sector to drive the growth and ongoing success of the Indigenous business sector. It also brings together the two key elements of the Commonwealth's approach to Indigenous economic development: boosting demand and building supply.

As a major spender in the economy, the Commonwealth is driving demand for Indigenous business through the Indigenous Procurement Policy, and the inclusion of Indigenous supplier and employment targets in initiatives such as the Northern Australia White Paper. The possible introduction of Indigenous supplier use and employment targets in City Deals may further increase opportunities for Indigenous businesses. The Commonwealth is also working with states and territories to further drive demand through preferential procurement and employment policies, and is considering an employment and supplier use framework for infrastructure projects.

Increased demand for the goods and services produced by Indigenous business is also coming from the private sector: major corporations are seeing the value in engaging Indigenous businesses in their supply chains to increase competition and realise the benefit of supplier diversity.

We are already making progress...

We have a strong foundation to build on. Indigenous businesses are dynamic and ambitious. They offer some of the best and most innovative products in the market. The Indigenous Procurement Policy has been a game-changer for the sector – in 2015-16 almost 500 Indigenous businesses won 1,509 Commonwealth Government contracts, with a total value of \$284.2 million, up from just \$6.2 million in 2012-13. The Indigenous businesses that delivered these contracts work in a range of sectors, such as building, construction and maintenance, environmental management, business services, media and marketing, communications, recruitment, and education and training. The impact of the Indigenous Procurement Policy will only grow as targets ramp up.

This in turn is driving more job opportunities for Aboriginal and Torres Strait Islander Australians. The Supply-Nation registered Indigenous businesses who won IPP contracts in 2015-16, had an overall Indigenous workforce of 51 per cent. A phenomenal achievement considering Indigenous Australians comprise only 3 per cent of the working age population – that is 17 times more.

Other Government initiatives, such as the Northern Australia White Paper, also include supplier-use policies that are driving demand for Indigenous businesses. Many state and territory governments are also moving to implement their own procurement policies, to increase Indigenous participation in their supply chains.

But governments, the private sector and Indigenous leaders need to do more...

The commercial opportunities in front of Indigenous businesses are growing and real, but without targeted support for Indigenous businesses to start up, grow and build capacity, the sector may not be able to meet this rapid increase in demand.

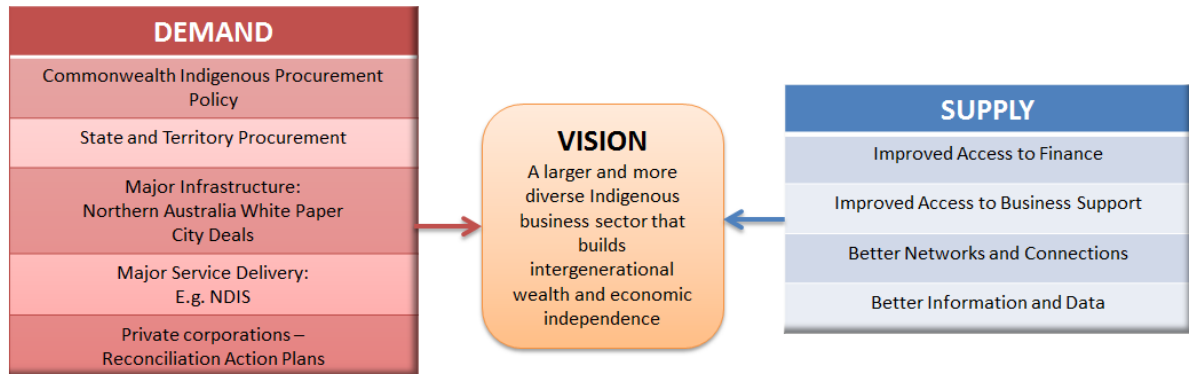
The ideas that underpin this Strategy will be co-designed with the Indigenous business sector and key players in the sector's growth (such as banks and finance providers, procurement professionals, Tier 1 contractors and academics). This consultation builds on a review of the Indigenous business sector undertaken in 2016, which has brought together evidence from academia, Government, industry trends and economic modelling.

Ultimately the Commonwealth understands that the success of the Strategy relies on the ongoing and targeted efforts of all parties. While the Government is proposing to work with the Indigenous business sector to build the capability, number and size of Indigenous businesses, the Indigenous business sector, and broader private sector both have significant roles to play. Through supplier diversity, ambitious Reconciliation Action Plans, and sub-contracting or partnership arrangements with Indigenous businesses, private companies can further boost demand for and build the capability of Indigenous businesses.

The proposed framework for the Strategy is to look at both boosting demand for goods and services produced by Indigenous businesses and supporting capability in the sector to grow.

An industry-led, collaborative, responsive and flexible approach

Indigenous entrepreneurs, Governments, and non-Indigenous businesses will work together to supercharge the Indigenous business sector. The approach will be led by the Indigenous business sector to ensure actions are practical and relevant; today and throughout the life of the Strategy.



Building Supply

To support the Indigenous business sector to grow, we have been listening to the needs of today's Aboriginal and Torres Strait Islander entrepreneurs. Indigenous businesses in urban, regional and remote Australia have told us that timely access to advice, capital and commercial opportunities to start up and grow is crucial to their success.

In the development of this Strategy, the Commonwealth will draw on the knowledge and skill of the Indigenous business and non-Indigenous business sector, look to closely link with mainstream business programmes, and otherwise fill gaps in capability development. Any new initiatives will be based on contemporary business start-up principles and leverage private sector capital to provide the services and products that the sector needs. This approach has a number of advantages:

- greater variety and sophistication of business advice and service offerings;
- increased total capital pool available to Indigenous businesses (by leveraging private sector capital through Government funds);
- tapping into the scale and systems of larger finance providers (e.g. banks) to provide more relevant business financial services;
- enhanced competition resulting in improved value for money; and
- flexibility over the life of the Strategy – to tap into new and innovative products/services as they become available.

The Strategy will also seek to support better business networks so that Indigenous businesses are well placed to seize emerging opportunities in a transitioning economy. And because networks,

mentors, and information all have vital roles to play in enhancing the skills and capabilities of Aboriginal and Torres Strait Islander entrepreneurs, we will work with Indigenous businesses, Supply Nation, chambers of commerce, and the broader private sector to build greater connectivity between these key players.

Recognising that the solutions that work in cities may not work in the bush, we want to develop innovative ways that remote Indigenous businesses can access the support, capital and opportunities they need to achieve their business goals.

Changes in the economy and within the Indigenous business sector itself will mean we need to adjust, change and grow the services and products on offer. Because the economy is dynamic, it is proposed the Strategy initiatives be reviewed as part of a new, ongoing conversation with the Indigenous business sector, through an Annual Indigenous Business Summit. As the needs of Indigenous businesses change over the next ten years, we will work with the Indigenous business sector to adapt initiatives to meet these needs and collaborate with all stakeholders: Indigenous businesses, the broader business sector, investors, academics, and state and territory governments.

Invitation to comment:

- How can we build better connectivity between Indigenous businesses, Supply Nation, the Indigenous chambers of commerce, IBA, all governments and the private sector? How do we ensure that this system supports the interests of Indigenous entrepreneurs based in remote Australia?
- Is an Annual Indigenous Business Summit a useful forum? In addition to tracking progress of the Strategy, are there other uses for this kind of forum?
- Are there any other forums that already exist that could be used? For example, should this forum be linked to the annual Supply Nation 'Connect' conference?

A Strategy to grow a strong and diverse Indigenous business sector

The 2016 consultations drew out four key themes that Indigenous business owners across Australia have consistently raised as areas for action:



Better Business Support: access to timely advice to identify and execute commercial opportunities



Improved Access to Finance: building capital options for investible opportunities



Connections: building stronger business networks



Knowledge: information and data sharing

Each theme is supported by actions the Commonwealth could take in partnership with the Indigenous business sector and the private sector – and we invite your views.

Our approach in designing any new initiatives will be to co-design with Indigenous entrepreneurs, the broader business sector, the research community, and state and territory governments through this consultation process.

Better Business Support

Access to timely advice to identify and execute commercial opportunities

Goal: Indigenous businesses have access to appropriate and timely advice they need to strengthen and grow in remote, regional and urban Australia. Indigenous businesses of all sizes, sectors and locations are able to access contract opportunities and build wealth – ensuring the ongoing success of the sector.

Challenges: Indigenous businesses have told us that they struggle to access the advice they need, when they need it. This is especially true for the early stages (pre-start up and start up) of the business life-cycle and for businesses in remote areas.

Established Indigenous businesses are telling us that they need support to tender and deliver contracts, including those arising from Government spending; for example, large infrastructure projects, housing projects, City Deals, and the National Disability Insurance Scheme (NDIS).

For expanding businesses, joint ventures with capability partners can help Indigenous businesses to rapidly expand by providing access to valuable systems and greater opportunities. Indigenous businesses find that they need support to establish mutually beneficial and profitable joint venture arrangements and, because there are limited certification processes, buyers do not always have confidence that an Indigenous joint venture is genuine.

Supporting the development of the remote Indigenous business sector will deliver increased economic independence and empowerment to remote Indigenous communities and drive employment. But businesses in remote Australia face additional barriers to accessing advice and business support. These challenges are linked to: low population density; large distances to service providers, expertise and markets; and a lack of enabling infrastructure; and seasonality of work and contracts.

Proposed actions:

Establish **Indigenous Business Hubs** which will be connected with any existing mainstream business support arrangements to provide face to face and virtual advice and support on key business fundamentals, such as:

- incubation/start up support;

- back office administration and cash flow management;
- concessional desk and office space;
- better connections between Indigenous businesses and buyers to make sure Indigenous businesses are capitalising on upcoming commercial opportunities;
- tendering, pre-qualification and contract execution support;
- advice for Indigenous businesses looking to establish joint ventures;
- importing and exporting advice;
- utilise IBA expertise where intensive capital support and advice is required;
- links to local chambers of commerce (Indigenous and mainstream);
- support to improve profiles on Supply Nation's Indigenous Business Directory, and introductions to purchasing contacts within Commonwealth agencies;
- industry expertise for land based enterprises through the Indigenous Land Corporation's Our Land Our Future programme, assistance with start-up or investment capital including land, infrastructure, plant and equipment and property development; and/or
- provide advice and referrals to other relevant business support programmes and initiatives, for example the New Enterprise Incentive Scheme, Entrepreneurs' Programme, Australian Small Business Advisory Service, Industry Growth Centres and business.gov.au advice and information.

Invitation to comment:

- The focus of the Indigenous Business Hubs would be on start-ups and Indigenous businesses looking to grow.
- Would the suite of services proposed be useful to your business? What other types of support services would be useful?
- Noting that there will also be a digital service that can be accessed nationally, would physical Indigenous business centres located in Sydney, Brisbane, Darwin and Perth be the best locations?

Establish **Project Hubs**, anchored to the Indigenous Business Hubs, to support Indigenous businesses to connect with opportunities associated with major projects. The Project Hubs will provide wrap-around support for tendering and project delivery. In the coming years, Project Hubs would be established where there are major opportunities for Indigenous businesses.

An example of the 'project hub' approach is the recently established Centre for Defence Industry Capability (CDIC). The CDIC brings together expertise from Department of Industry, Innovation and Science and Department of Defence to provide support and guidance to small and medium businesses, including Indigenous businesses. This will assist to build Defence capability flowing from the Government's 2016 Defence White Paper and Integrated Investment Program. The CDIC will:

- proactively facilitate innovation, business competitiveness and exports from Australian industry, including small to medium enterprises (SMEs) and Indigenous business enterprises;
- fund new industry development, critical skilling and supply chain programmes;
- facilitate access for SMEs to new innovation programmes; and
- fund a new advisory service to guide and mentor Australian industry to improve competitiveness and capitalise on export potential.

Project Hubs located in remote locations could be established through the Commonwealth's Indigenous Entrepreneurs Fund to support businesses in remote locations where there are large-scale opportunities. This could include places where Indigenous businesses could capitalise on infrastructure projects, such as the Northern Australia White Paper roads packages. The added support and greater connectivity between Indigenous businesses and major projects will mean that remote Indigenous businesses can build a pipeline of work associated with delivery of projects.

Invitation to comment:

- What types of support services would help you tender, win and deliver contracts for large projects?
- What types of business advice would you want to access through a project hub?
- Would the suite of services proposed be useful to your business? What other types of support services would be useful?

However, there are remote locations where economic opportunities will be **small-scale self-employment opportunities**. In these areas, the Commonwealth will continue the trial of the Indigenous Entrepreneurs Fund (IEF) business advisers. These business advisers, located in six remote locations, will support the development of viable Indigenous businesses and help Indigenous entrepreneurs access IEF grants for plant and equipment to start up and grow their business. The combination of IEF grants together with expanded microfinance (see Improved Access to Finance section below) will reduce the risk to entrepreneurs in starting businesses or becoming self-employed that are small in scale or in isolated communities with limited infrastructures and restricted economic opportunity.

IEF business advisers and Project Hubs will also build connections between Indigenous businesses and existing support to employ job seekers through the Community Development Programme and Vocational Training and Employment Centres.

Invitation to comment:

- Do these proposed business support services meet the needs of your business?
- What other types of support are needed for start-ups in remote locations?

Stronger joint ventures

Indigenous businesses are increasingly looking to partner with non-Indigenous businesses to build their capacity and access capital and networks. Joint ventures can allow Indigenous businesses the chance to grow rapidly, providing opportunities to bid for, and win, bigger contracts and build experience.

Through the consultations on the development of this Strategy, many Indigenous businesses acknowledged the importance of joint ventures but also some of the risks. In many cases, the Indigenous business is the smaller partner, with less access to professional advice. In strengthening monitoring arrangements around joint ventures, the Commonwealth is looking to strike the right balance between educating potential Indigenous joint venture partners and compliance. To address this issue, under the Strategy, the Commonwealth proposes to work with Supply Nation and the Indigenous chambers of commerce to make more information and support available to Indigenous businesses to support stronger joint ventures. This could include access to template legal agreements.

The Government also proposes to invest more in the certification process to make it more rigorous and to ensure ownership is tested periodically.

In addition, the Commonwealth will continue to monitor the implementation of the Indigenous Procurement Policy to identify areas which require strengthening to ensure that contracts are not awarded to businesses that do not meet the Indigenous ownership requirement.

Invitation to comment:

- What information or knowledge gaps need to be filled so that Indigenous businesses are able to enter into strong joint venture arrangements?
- How does the current certification process need to be strengthened?

Improved Access to Finance

Goal: Indigenous entrepreneurs have streamlined access to a range of finance products, leveraging the private sector capital they need to create new start-ups or to grow their business.

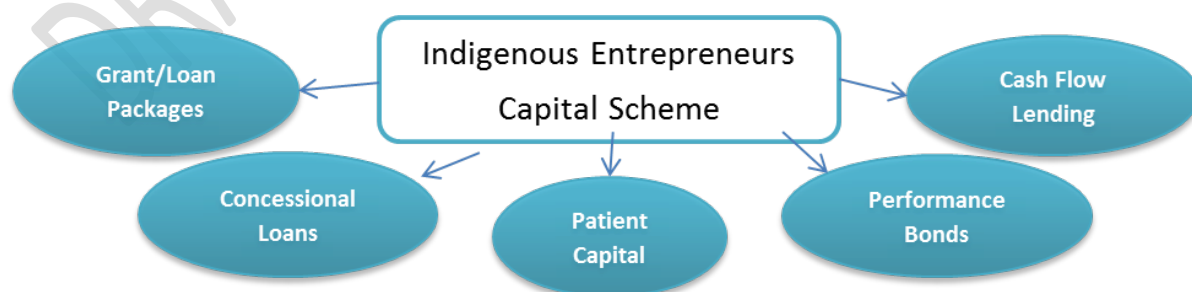
Challenges: Accessing suitable finance in a timely way to start or grow a business is critical to success. Current capital products provided by the Commonwealth and the private sector are not meeting the needs of Indigenous businesses across the different stages of the business lifecycle.

Many Indigenous businesses are unable to receive finance from banks due to having lower levels of collateral (including rates of home ownership that are less than half the rate of non-Indigenous Australians) to secure finance and the perception that Indigenous businesses are higher risk loan customers. This can be a particular problem if the business owner has a criminal history. If finance is offered, it may be prohibitively expensive. This often means that Indigenous businesses are under-capitalised from day one, which has flow-on effects for the life of the business and can hamper growth down the track.

Proposed actions:

An Indigenous Entrepreneurs Capital Scheme could be established to improve access to a broad range of capital products. This Scheme could leverage Government funding to inject more private sector capital into Indigenous businesses across all stages of the business journey through products like grant/loan packages, concessional lending, patient capital, performance bonds and cash flow lending. The Scheme could also encourage savings programmes for entrepreneurs to build business equity through matched savings schemes. It may also facilitate access to business insurance products because insurance coverage is vital to starting and growing a business.

The Government will also explore ways to maximise private sector equity investment in Indigenous businesses, through supporting venture and debt-to-equity products.



Invitation to comment:

- Are these the types of products your business needs?
- Are there any other financial products that would help Indigenous businesses obtain commercial finance?
- Would you be willing to use any major bank if you were receiving support through the Indigenous Entrepreneurs Capital Scheme?
- How important is a savings programme to build equity to start a business?

As part of the Indigenous Entrepreneurs Fund, we also propose **expanding remote microfinance programmes** to increase entrepreneurial support and bolster self-employment outcomes in remote areas where opportunities can be otherwise limited. Expanding programmes with expert partners in microfinance will help businesses with working capital requirements to utilise Indigenous Entrepreneurs Fund grants where appropriate, and to spot business opportunities for Indigenous Australians on the ground.

Invitation to comment:

- Are there any other support services that are needed to help remote Indigenous Australians become self-employed?

Refocusing IBA

The Commonwealth is committed to comprehensively refocusing Indigenous Business Australia (IBA) Business Development and Assistance Programme to provide greater assistance for Indigenous entrepreneurs and business start-ups. Work informed by the feedback received through the consultations on the Indigenous Business Sector Strategy in late 2016, is already underway.

Building stronger business networks

Goal: Indigenous entrepreneurs can easily connect to strong and diverse networks that provide vital peer to peer learning and mentoring, greater connectivity with opportunity and markets, and foster opportunities to learn from experienced Australian business owners.

Challenges: In the broader Australian business community, business networks are essential for providing peer to peer advice and opening new doors to commercial opportunities and markets. The Indigenous business sector has told us that they are not able to effectively or efficiently connect with the broader Australian business community or the networks of corporate Australia – particularly so for female Indigenous entrepreneurs and Indigenous businesses in remote and regional Australia. By facilitating the creation of new networks and enhancing existing relationships, Indigenous businesses will be able to build knowledge and business connections to help supercharge growth.

Proposed actions:

It is proposed that the Commonwealth expands and grows existing and new partnerships with non-government organisations, such as Supply Nation and chambers of commerce (Indigenous and non-Indigenous), to build stronger networks at a local and national level. These partnerships could result in greater peer to peer learning, and strengthen connections between start-ups and more established Indigenous businesses. Business support initiatives such as Industry Growth Centres can also provide opportunities for Indigenous businesses to build peer and sector networks and access mentoring opportunities.

Networking and mentoring initiatives proposed include networking events, workshop days, mentor programmes, enhancing Supply Nation's Indigenous Business Direct, and initiatives to enhance corporate connections. In addition to the initiatives targeted at large and growing businesses, it is proposed that there be specialist youth and women's network measures.

The Commonwealth will also consider how Australian industry participation policies can better support opportunities for Indigenous businesses to tap into commercial supply chains. The CDIC is the 'front door' for Indigenous business enterprises to access strategic advice, capability improvement grants, and Defence knowledge on doing business within the defence market. The specialists within the CDIC can work with Indigenous businesses to become more competitive and take advantage of growth opportunities, that is, to facilitate and improve access to domestic supply chains as well as increasing innovation.

Invitation to comment:

- In your view, what would be the most effective form of networking for Indigenous business owners?
- How important are face to face events?
- Do you think it would be useful to have business networks for youth and/or women?

Indigenous women in business

Aboriginal and Torres Strait Islander female entrepreneurs are more likely to turn to their family and other women in the industry for mentorship and support. However, these restricted networks can mean that female Indigenous entrepreneurs are missing out on the peer to peer learning and increased opportunities that broader networks can offer. Greater support for Aboriginal and Torres Strait Islander women in business networks will strengthen the opportunities for women to develop and grow their businesses.

Women are a crucial cohort in all four themes of the Strategy. Through targeted service delivery, women will be supported to establish and strengthen business connections, have access to financial products and relevant business advice to harness opportunities and success. For example, improved access to capital will have a particularly strong positive impact on Indigenous female entrepreneurs, who typically face multiple barriers to accessing finance. Similarly, benefits for Indigenous female entrepreneurs will be evident from the tailored business advisory and assistance support being made available through business centres, such as better connections to government procurement and projects.

Information and data sharing – navigating business

Goal: Indigenous entrepreneurs have streamlined access to the information and data they need. Indigenous entrepreneurs can easily get information on industry trends and emerging opportunities, and seamlessly access the available support services and capital products.

Challenges: Indigenous entrepreneurs have told us that the business support ecosystem is difficult to navigate. Businesses have limited visibility of the services available to them or how to tap into those services.

Entrepreneurs need a centralised, user-friendly platform to navigate the range of services available (Commonwealth, state and territory, both Indigenous-specific and more general), that connects to and supplements face to face services provided by business and project hubs. Being able to easily and quickly access this information will mean that entrepreneurs can identify what is available and make an informed decision about what support is best for them and their business. Self-assessment tools and education will also help Indigenous businesses to assess where they are, and what skills they need to develop to achieve their business goals.

Businesses at all stages have also expressed the desire to have more information about industry trends and emerging nation-building opportunities to help them better position their business to maximise their opportunity for growth.

Proposed actions:

- Create a digital 'launch pad' for Indigenous entrepreneurs, where they can access the whole range of business support services, capital products, industry information and emerging opportunities available to them. This 'launch pad' will be designed with Indigenous businesses, and updated regularly over the life of the Strategy.
- Improve business.gov.au to better meet Indigenous business needs. In addition, we will explore opportunities to improve other Government business facilitation services to better support Indigenous businesses.
- The Commonwealth collects and distributes information on market opportunities for Indigenous businesses.
- The Commonwealth invests in better data collection systems and research to measure progress over time.

Invitation for comment:

- Do you currently use any government information websites, such as AusTender, business.gov.au or state/territory websites?
- What is your experience in using these sites?
- What gap do you think an Indigenous specific digital launch pad could fill?

Data collection and strategy evaluation

Currently, data on the Indigenous business sector – including its contribution to the broader economy – is limited. Through this Strategy the Commonwealth proposes to enhance the way that it captures and evaluates data on its Indigenous business development initiatives. Enhanced data collection in conjunction with regular feedback from the Indigenous business sector will enable thorough assessment of all Strategy initiatives. This is vital to the responsiveness and effectiveness of the Strategy.

Invitation for comment:

- If there was an option to identify your business as Indigenous to government, would you do so?

How does the Government propose to measure the success of this strategy?

By working with the Indigenous business sector, we want to create an Indigenous business sector that is larger, stronger, more diverse, self-supporting and makes a strong contribution to the Australian economy.

The Commonwealth is considering the best way to monitor and measure the success of the Strategy. Targets can be a powerful way for governments to publicly monitor policy progress and ensure long term accountability. On the other hand, they can sometimes distract from areas where real progress is being made and/or focus efforts too narrowly. The Commonwealth is considering the following metrics to drive action and meet key objectives of the Strategy.

Objective	What does success look like?
A bigger, stronger, more diverse and prosperous Indigenous business sector	Indigenous businesses will be bigger and more successful than in 2017; annual turnover and number of employees of Indigenous businesses will be tracked.
Indigenous businesses are operating in a wide range of industries and sectors	Indigenous Procurement Policy contracts are awarded to businesses across a wide range of industries and sectors, helping the Indigenous business sector to diversify.
Government leverages private sector capital and improves access to capital	Government will measure and report annually both the ratio of leveraged capital to Government capital and the total capital leveraged (e.g. the Government invested \$20 million, and managed to leverage an additional \$60 million of private capital).
Networks are strong and foster greater connectivity	More Indigenous businesses are participating in chambers of commerce and report that they have access to strong networks and benefit from the support and advice these networks offer.
Indigenous business can better connect with the information and services they need	<p>Indigenous entrepreneurs will report that they can access the information they need and can navigate the business ecosystem.</p> <p>Surveys of Indigenous businesses will be cross-referenced with data automatically generated and captured through a digital 'launch pad' - Web diagnostic tools.</p> <p>An increase in the number of Indigenous businesses are accessing and benefiting from mainstream business support services (e.g. Entrepreneurs' Programme, Australian Small Business Advisory Service etc.).</p>

Invitation to comment:

- Is a target to double the number of Indigenous businesses by 2027 realistic and/or achievable?
- Should there be additional targets/goals for the Indigenous business sector?

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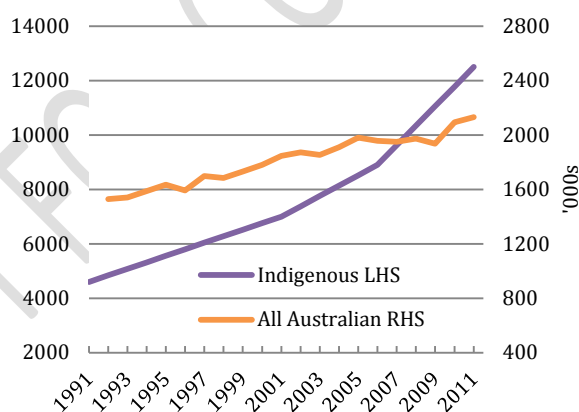
ATTACHMENT A: Snapshot of Indigenous businesses

Indigenous businesses create wealth for Indigenous Australians. They are a source of pride and foster social and economic empowerment. They create jobs for Aboriginal and Torres Strait Islander people, particularly in remote and regional Australia.

There are around 2.1 million businesses in Australia of which around 8,000 to 16,000 are Indigenous-owned. Indigenous men are more than twice as likely to be self-employed as Indigenous women: in 2011 there were 2891 self-employed Indigenous women, compared to over 6,000 self-employed Indigenous men.

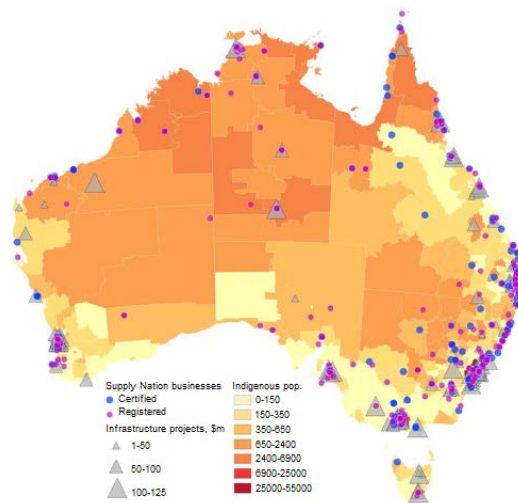
The Indigenous business sector has tremendous potential for growth and business ownership is an increasingly important vehicle for economic self-determination. The number of self-employed Aboriginal and Torres Strait Islander people has risen over the last two decades and this potential for growth is further driven by the young Indigenous population: by 2026 an additional 67,500 potential prime working age Indigenous Australians will be in the economy.

Indigenous and all Australian self-employment, 1991 to 2011. source: ABS



A map of the location of Supply Nation firms shows that many Indigenous businesses are located on the east coast, and cluster around major urban centres.

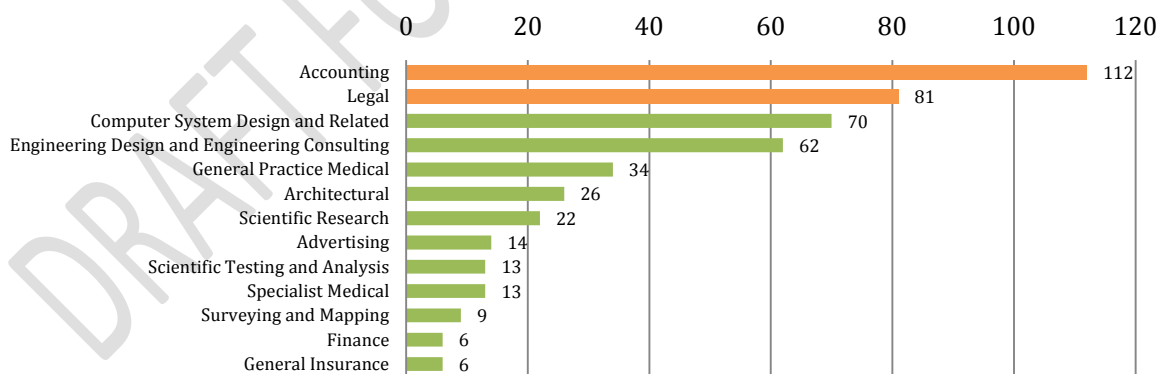
Locations of infrastructure projects and Supply Nation firms. Source: PwC's GEM



Indigenous businesses are making a substantial contribution to the Australian economy. For example, data from the BLADE project (Business Longitudinal Analysis Data Environment, which combines ABS and administrative data) tell us that the total annual turnover of 697 Supply Nation registered businesses in 2014-15 was \$1.15 billion, and that average annual turnover has grown by 12.5 per cent in four years.

Indigenous businesses operate in a diverse range of sectors in the Australian economy, and there are strong concentrations of Indigenous self-employment in accounting and legal services.

Indigenous self-employed in selected professional services in 2011, count. Source: ABS



Supply Nation registered and certified Indigenous businesses also have strong representation in industries such as construction; administrative and support; electricity, gas, water and waste; transport, postal and warehousing; and professional, scientific and technical.

Top 10 Industries	Revenue \$M	% of Total
Construction	395.5	34%
Administrative and Support	115.9	10%
Electricity, Gas, Water and Waste	77.2	7%
Transport, Postal and Warehousing	67.0	6%
Professional, Scientific and Technical	64.4	6%
Health Care and Social Assistance	51.2	4%
Wholesale Trade	44.8	4%
Financial and Insurance	44.1	4%
Mining	43.7	4%
Rental, Hiring and Real Estate	40.2	4%
Total Across All Sectors	1148.4	

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ATTACHMENT B: Emerging opportunities

Opportunities for Indigenous businesses are growing. In addition to opportunities created through government initiatives (e.g. the Indigenous Procurement Policy, the Northern Australia White Paper and state and territory procurement policies) growth sectors in the Australian economy, major infrastructure projects, City Deals and delivery of government services all present real opportunities for Indigenous businesses.

Growth sectors in Australia

Nationally, there are six sectors forecast to grow rapidly over the next decade (based on PwC's GEM modelling and IBISWorld growth projections). These are:

- Online Retail and Services, including online consumer goods (e.g. groceries, baby products, book sales), car sharing providers, internet publishing and broadcasting;
- Health Care and Social Assistance, including aged care residential services, child care services, diagnostic imaging, mobility equipment stores, health services;
- Rental, Hiring and Real Estate Services, including residential real estate advertising, services apartments, mortgage brokers;
- Professional, Scientific and Technical Services, including data storage services, self-managed superannuation funds, software testing and publishing;
- Construction, including wind farm construction, infrastructure maintenance services, Defence industry, road and rail maintenance; and
- Mining, including oil and gas extraction, gravel and sand quarrying and mining support services.

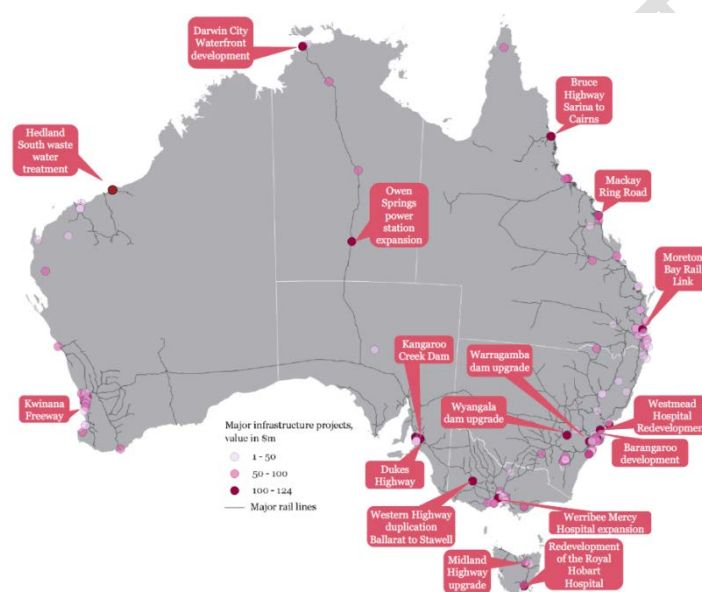
Infrastructure Projects

Major infrastructure projects are significant opportunities for the Indigenous business sector, particularly given building and construction have been a key focus for Commonwealth, state and territory governments issuing contracts to Indigenous businesses. These contracts have covered a range of industries including housing, infrastructure, roads, civil works and delivery of goods and services.

In addition to the \$700 million Northern Australia roads package, major government infrastructure projects that are committed or under construction include the National Broadband Network (\$44.0 billion); WestConnex Road Project Sydney (\$16.8 billion); Sydney Metro Rail Project (\$20 billion); Melbourne Metro Rail Project (\$11.0 billion); and the Pacific Highway Upgrade Road Project NSW (\$10.7 billion).

The largest sector of expenditure by a significant margin is transport and storage, with over \$100 billion of expenditure in the pipeline across Australia. Community and other services has a lower but not insignificant indicated spend across most regions. These large-scale infrastructure projects can provide opportunities for Indigenous businesses to be contracted to deliver goods and services.

Large infrastructure projects (committed or commenced; note this does not include the Northern Australia Roads Package)



Out of the 20 largest forecast private infrastructure projects analysed (by spend), 13 projects are mining-related and located in Western Australia and Queensland, followed by three projects in transport and storage, two in manufacturing, one in accommodation and one project in communications. Most notably, only five of these projects had been committed or are under construction, with the overwhelming majority still under-consideration.

City Deals

The Government's *Smart Cities Plan* sets the vision for cities, metropolitan and regional, with a focus on smart policy, smart investment and smart technology. We know that liveable, well-planned cities are one of Australia's greatest assets, crucial to maintaining the quality of life and prosperity that Australians benefit from.

Smarter policy and greater collaboration across governments and the private sector will be delivered through City Deals between the Commonwealth, a state or territory government, and local governments will make our cities better places to live in and do business. Through City Deals, governments, industry and communities will develop plans for growth and commit to the actions, investments, reforms and governance needed to implement them.

The first City Deal, in Townsville, creates new opportunities for local Indigenous people through employment and procurement targets linked to the construction of the \$240 million North Queensland Stadium. Governments are looking to ensure similar opportunities are created for Indigenous Australians through the other City Deals.

Government Services

The Australian economy is transitioning from a mining-dominated economy to a services-based economy, with the Commonwealth predicting an evolution of service providers. In line with this transition, governments are moving out of service delivery and increasingly contracting the delivery of services out to private service providers including non-government organisations and other community-based organisations.

Opportunities exist for Indigenous businesses in the roll-out of NDIS services to both Indigenous and non-Indigenous Australians. Aboriginal and Torres Strait Islander people experience disability at twice the rate of the non-Indigenous population in Australia, and higher rates of profound or severe core activity limitation. Based on a comparison of needs identified by the 2011 Census and other Indigenous population studies, opportunities under the NDIS, providing disability services specifically to the Indigenous population is currently valued to be between \$900m and \$1.3 billion.

Consistent with the focus of the transitioning economy, governments are looking to divest their public housing portfolio to community-based social and community housing providers. The Indigenous housing sector is well-established across Australia and with the right support to develop this into a sustainable business sector, opportunities are ripe for Indigenous organisations, particularly in the areas of tenancy management, repairs and maintenance, building and construction, and asset building. Business opportunities in the social housing sector include: rental agents; construction and building; property maintenance; property development; financing; and training, employment, and vocational social service support.