



Australian Government

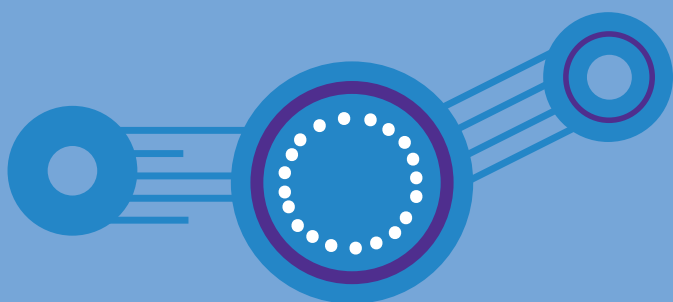


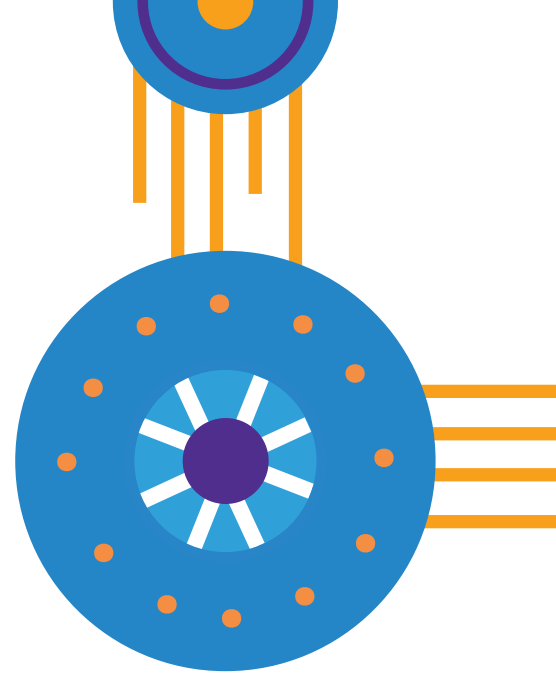
# The **Indigenous Business Sector** Strategy

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Supercharging Indigenous Business Start-Up and Growth

2018–2028



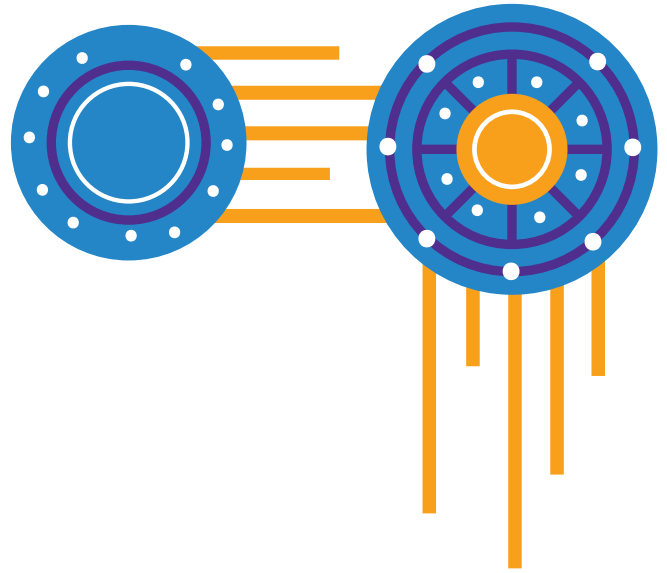


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## Message from the Minister

Senator the Hon. Nigel Scullion  
Minister for Indigenous Affairs

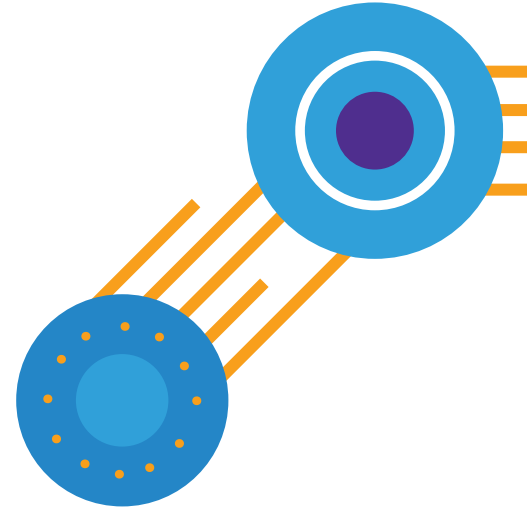
A strong and prosperous Indigenous business sector is key to empowering Aboriginal and Torres Strait Islander Australians – through job creation, financial security for families and communities, and contributing to the growth of local economies and the broader Australian economy. This is particularly true in rural and remote Australia where small and micro businesses support jobs and wealth creation.

The Indigenous Procurement Policy (IPP) has supercharged the Indigenous business sector, driving rapid growth in demand for Indigenous goods and services. However, the long-term success of the IPP requires more Indigenous-owned businesses with the skills and experience to perform the contracts on offer. A comprehensive strategy is required to empower Aboriginal and Torres Strait Islander people to set up new businesses that meet this demand.

I am pleased to announce the Indigenous Business Sector Strategy (the Strategy), our election commitment to a 10-year plan to improve access to business and financial support for Australia's growing Indigenous business sector. The IBSS has been developed in partnership with Aboriginal and Torres Strait Islander Australians and will be implemented in partnership with them.

The Strategy has four pillars: better access to business support, improved capital access, stronger networks, and improved access to data. In the first three years of the Strategy, the Australian Government and our Aboriginal and Torres Strait Islander partners will roll out Indigenous Business Hubs, pilot an Indigenous Entrepreneurs Capital Scheme and double the microfinance footprint across Australia.

The Government will continue to work with the Indigenous business sector to ensure the Strategy evolves over its life, delivering the support required to help more Aboriginal and Torres Strait Islander Australians to build profitable businesses that support their families and their communities.



## Executive Summary

During the 2016 election, the Australian Government committed to creating an environment where Indigenous business and innovation could grow and prosper.

The Indigenous Business Sector Strategy will help more Aboriginal and Torres Strait Islander people build sustainable businesses that will support themselves, their families and their communities. It is the first time ever the Commonwealth is investing in a comprehensive package of support for Aboriginal and Torres Strait Islander people to take their rightful place in the Australian economy.

Steps taken by the Australian Government, together with the state and territory governments and some corporate buyers, are already driving rapid growth in demand for Indigenous goods and services.

The Strategy has been developed in partnership with Aboriginal and Torres Strait Islander people and it will be implemented in partnership with them. To hit the ground running, the Government, with Indigenous partners, will immediately commence work to implement the actions outlined in the Strategy. In the first three years, we will:

- Roll out **Indigenous Business Hubs**, anchored to major cities. These Hubs will be a one-stop-shop to access better business advice, support, and connections they need at any point in their business journey. We will start work in three locations.
- Stand up three **Project Specific Support Hubs** that will provide specific support to Indigenous businesses looking to take advantage of major infrastructure or service delivery projects.
- Pilot an **Indigenous Entrepreneurs Capital Scheme** to unlock a wider range of finance and capital products for Indigenous businesses who are looking to transition to mainstream banking.
- Double the **microfinance footprint across Australia** to support more entrepreneurial activity and economic development in regional and remote locations, as well as support more women and youth get a start in business.
- Increase **funding** for networks to allow them to strengthen their links with mainstream businesses, industry bodies and education providers and to better link emerging businesses to link them to key support services.
- Fund support for Indigenous businesses looking to enter into **joint ventures** to ensure that key commercial and legal issues are well understood and negotiated.
- Increase opportunities for Indigenous businesses to build stronger connections with Commonwealth buyers by funding improvements to Supply Nation's **Indigenous Business Direct** and funding more **Meet Commonwealth buyers events**.
- Invest in a **digital platform** that will help Indigenous businesses navigate the support system.
- Invest in high quality data collection and evaluation so that we can track what works and tailor our investment.



## Introduction

A strong, diverse and self-supporting Indigenous business sector is key to empowering Aboriginal and Torres Strait Islander people, and placing Indigenous business owners, their families and communities in the driver's seat of their economic future. Indigenous businesses create wealth for Aboriginal and Torres Strait Islander people. They are a source of pride and foster social and economic empowerment. A flourishing Indigenous business sector is also an unrealised source of economic growth for the broader Australian economy.

Aboriginal and Torres Strait Islander people have been engaging in trade and commerce for thousands of years. As with all Australians, owning a business is a powerful way for Aboriginal and Torres Strait Islander people 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. Small and micro businesses are prominent in smaller and remote communities, and can be essential in supporting jobs and wealth creation at the local level. Indigenous businesses based in regional and remote areas face further barriers to participation. The high cost of travel, limited infrastructure and internet accessibility, and lower education and literacy levels, can result in reduced opportunities for networking and training, while face to face business advisory support can often be pitched to a more urban audience.

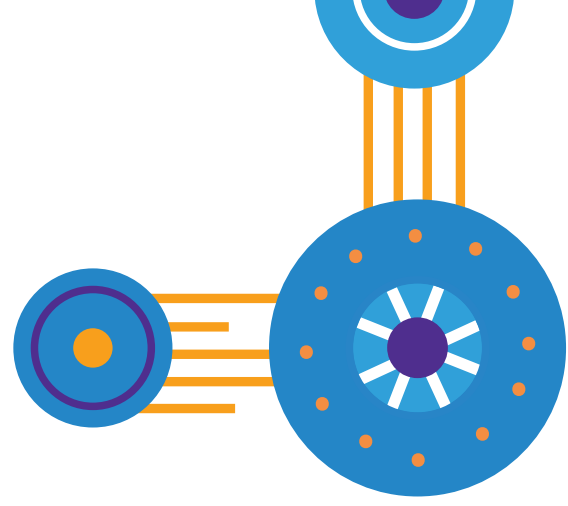
Expanding the number of Aboriginal and Torres Strait Islander people going into business is critical for the longevity and prosperity of the Indigenous business sector. The Strategy focuses on two key groups: Aboriginal and Torres Strait Islander women and youth. In recognition of this, every action funded under the Strategy will have specific Key Performance Indicators that require providers to focus on access to services for these groups. We know that many of today's young Aboriginal and Torres Strait Islander people are better educated, connected, and digitally advanced than any previous generation.

Building a strong and vibrant Indigenous business sector is a vital part of Australia's economic future, contributing to growth, employment and self-employment, business knowledge, personal and company wealth, and increased competition and diversity in our domestic and export markets.

Exposing young Aboriginal and Torres Strait Islander people to the possibilities and opportunities business present is crucial to fostering a pipeline of future entrepreneurs and business owners.

Aboriginal and Torres Strait Islander women are central to the development, growth and diversity of the Indigenous business sector and the Australian economy. The roles women play – as business owners, operators, entrepreneurs, and leaders – are critical in contributing to economies at all levels, and providing role models to future generations of entrepreneurs. They also provide a unique perspective for their customers and forge a pathway for their daughters and sisters to follow.

By investing in today's Indigenous entrepreneurs, we can work together to create a generation of entrepreneurs who build their own business knowledge, networks, 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.



## Where are we today?

The Indigenous business sector is already doing fantastic things across the country. The sector itself is growing rapidly, and faster than the rest of the economy. But historical economic disadvantage means that Aboriginal and Torres Strait Islander people are still three to four times less likely to be self-employed than the national average.

### Snapshot of the sector

Indigenous businesses create wealth for Aboriginal and Torres Strait Islander people. 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.

Of the 2.1 million businesses in Australia, around 12,000-16,000 are Indigenous-owned. Aboriginal and Torres Strait Islander men are more than twice as likely to be self-employed as Aboriginal and Torres Strait Islander women. Over the next decade, we expect over 73,000 additional working age Aboriginal and Torres Strait Islander people (20 to 44 years old) to join the Australian economy. If we support the Indigenous start-ups to grow at commensurate levels with non-Indigenous start-ups, the sector could grow by up to 8,000 new Indigenous businesses over the next ten years.

Indigenous businesses are also a significant contributor to local, national and international economies. For example, collectively Supply Nation registered Indigenous businesses earn more than \$1 billion per year with revenues growing by an average of 12.5 per cent annually.

Aboriginal and Torres Strait Islander people 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 Aboriginal

and Torres Strait Islander people 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, as well as higher rates of incarceration. This in turn limits opportunities to purchase land or assets and accrue wealth and equity, and restricts opportunities to leverage the land and other assets to grow wealth or start businesses.

These barriers are compounded in remote Australia, where additional barriers are faced that hinder business development and opportunity. Businesses in remote and very remote communities have limited access to essential infrastructure, skilled labour, business networks and fit for purpose business advice. There are also more fundamental barriers such as lower levels of education, and limited access to business leaders to model and learn from. In the past, this has limited the number of Aboriginal and Torres Strait Islander people coming through the pipeline, restricting business and entrepreneurial success over generations.



# The Approach

A thriving Indigenous business sector needs to have equal focus on supporting supply and creating demand to achieve its broader objectives – to build intergenerational wealth and economic independence for Indigenous businesses and communities.

Its success is determined by ensuring a collaborative partnership between the Commonwealth, Indigenous businesses and the broader private sector to drive the growth and ongoing realisation of the potential in 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.



## Supercharging the Indigenous business sector

The Strategy is a practical approach, outlining the steps that Aboriginal and Torres Strait Islander people, government, and the private sector will take to support Indigenous entrepreneurs realise their ambitions, and take their rightful place in the domestic and international economy. The Commonwealth will coordinate the network of both mainstream and Indigenous business support services, however, the strategic direction of such support will be shaped by the needs and suggestions of the Indigenous business sector itself.

### Areas for action

Indigenous businesses, leaders and key partners have clearly said what the sector needs to drive growth and capability within the sector. These ambitions are articulated in four key areas for actions Indigenous business owners across Australia have consistently raised as critical for development and growth:



**Better Business Support** to provide timely and fit-for-purpose advice, and allows businesses to identify and execute commercial opportunities.



**Improved access to finance**, so businesses can build capital, assets and financial partnerships to access investible opportunities



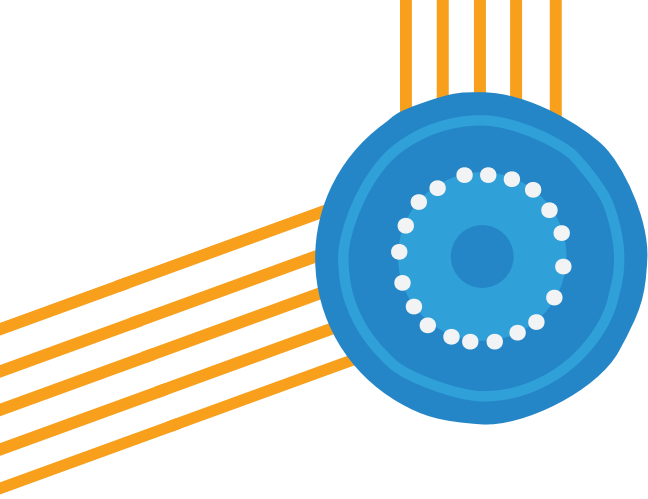
**Stronger connections and relationships** through linking to and building stronger business and industry networks



**Harnessing the power of knowledge** through better sharing of information about commercial opportunities and better collection and sharing of data about Indigenous businesses.

Each action area is supported by actions the Government will undertake in partnership with the Indigenous business sector, state and territory governments, and the private sector. Additionally, these areas will articulate how we will target key cohorts across the Indigenous business ecosystem – businesses in regional and remote communities and Aboriginal and Torres Strait Islander women and youth.

We need to grow the pipeline of tomorrow's entrepreneurs and business leaders, by showcasing business and self-employment as a viable and meaningful career path for Aboriginal and Torres Strait Islander people. Learning is a lifelong endeavor and education at all levels can play a critical role in inspiring innovation and ideas – building capability, understanding and networks, and being exposed to options and opportunity.



## A 10-year journey: implementation of the Strategy

The Strategy will be implemented over a 10-year period to drive up the number, size and diversity of Indigenous businesses. Having a long term vision for the sector will provide stability and time to get the structures and support right.

### A shared vision of success is:

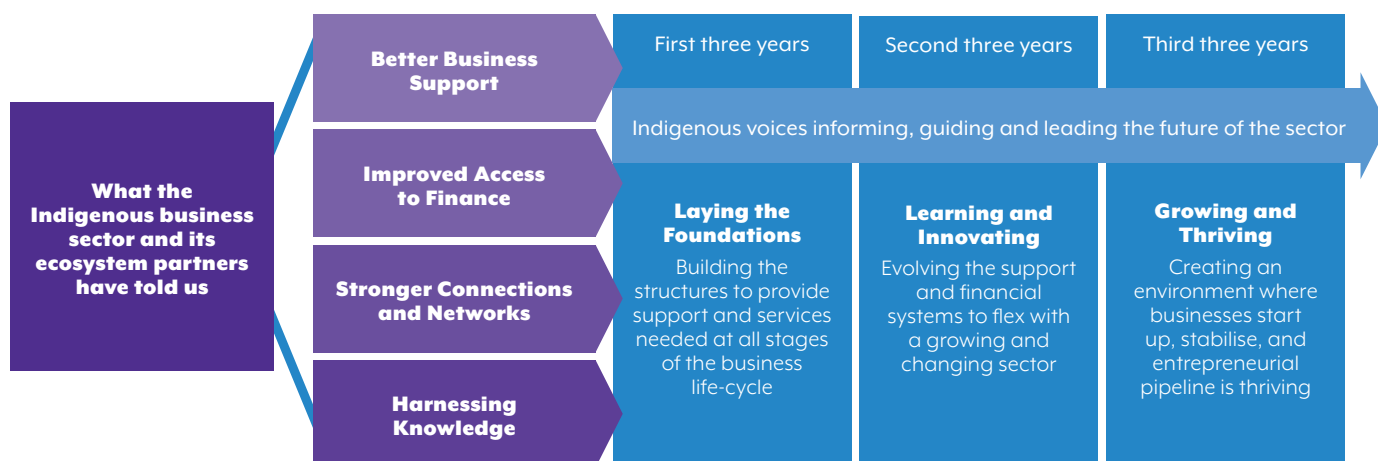
- a growing and thriving sector that has the support and ability to succeed at all business levels
- a renewed culture of entrepreneurship flourishing in all corners of the country, and a pipeline of Aboriginal and Torres Strait Islander woman and youth entering business
- an increasing pride and demand for Indigenous supplied and produced goods and services, which drives economic development, security and wealth for Indigenous communities.

Based on learnings for the sector, actions for the first three years will focus on **laying the foundations for a thriving sector** – building the structures to provide support and services needed at all stages of the business life-cycle.

Throughout each stage, there will be constant and regular feedback points for Indigenous businesses and stakeholders to contribute. This will inform our monitoring and evaluation of the Strategy, and the directions of future stages as is needed by Indigenous businesses as they shift and grow.

Actions undertaken will be underpinned by targeted performance indicators and evaluation framework, which will be focussed on achieving outcomes for Indigenous businesses.

### The Indigenous Business Sector Strategy



### Indigenous informed, designed and led

The continuing ownership and influence from Indigenous businesses and the sector broadly is one of the critical factors to the Strategy's success. In order for the Strategy to remain responsive to the evolving needs of the sector, and to ensure Indigenous businesses are able to harness new and emerging opportunities, Aboriginal and Torres Strait Islander people will be engaged, guiding and informing the implementation of the Strategy:



#### Implementation Advisory Group

A body to guide and inform the implementation of the Strategy's actions over the next ten years. It would include representatives from the Indigenous business sector, peak groups and the non-Indigenous business sector to inform, drive and innovate the strategy.



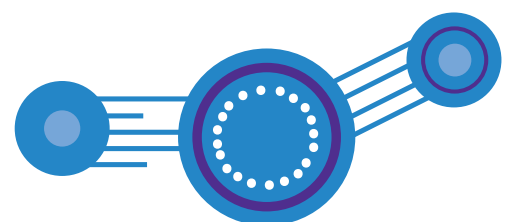
#### Indigenous Business Summit

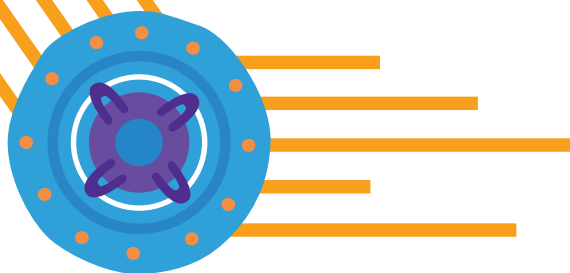
An open forum that brings together Indigenous businesses, governments, peaks and the private sector to review and discuss the future directions of the Strategy and actions to be taken. Information will be shared, and will feed into the monitoring and evaluation of the Strategy over time.

As the Strategy evolves over time, it is imperative that the needs and views are maintained in the delivery of support.

The **Implementation Advisory Group** will inform and guide actions under the Strategy, identify when shifts and innovations are required, and be a general sounding board for the Commonwealth in delivering the Strategy's actions. The Group will include representatives from the Indigenous business sector, peak groups and the non-Indigenous business sector. Half the membership will rotate every two years to ensure some continuity and stability in direction.

Finally, to ensure the broader Indigenous business sector and participating ecosystem partners are also feeding into the direction and actions underpinning future stages of the Strategy, the Commonwealth will host an **Annual Indigenous Business Summit** as a mechanism for evaluation to discuss the state of the sector, opportunities to grow, learn and connect. It is anticipated that the Summit will be hosted in different parts of Australia each year.





## Better Business Support

Providing timely and fit-for-purpose advice that allows businesses to identify and execute commercial opportunities

### The Goal

Aboriginal and Torres Strait Islander people have access to quality, timely and appropriate advice to start, strengthen and grow their businesses. Access to this support is available throughout Australia at a time that fits with their business, family and community priorities. The services and support received is taken up by businesses of all sizes, sectors and locations to access opportunities from microbusinesses to support local economies to successfully winning large procurement contracts. Taking advantage of these opportunities will support the economic independence of Indigenous families and communities, and build wealth – ensuring the ongoing success of the sector and contribution to the economy.

### The Challenge

Indigenous businesses have told us they struggle to access the advice they need, when they need it, that is fit for business purpose. This is especially true for Aboriginal and Torres Strait Islander people at the early stages (idea and start up) of the business life-cycle. Established Indigenous businesses need support to tender, compete for, and deliver contracts, including those arising from Government spending (such as large infrastructure projects, housing projects, City Deals, and the National Disability Insurance Scheme). Additionally, they are looking to access broader markets and provide a more diverse range of goods and services to consumers, but need access to advice and networks on how to infiltrate private sector and industry networks.

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, buyers do not always have confidence that an Indigenous joint venture is genuine.

Businesses in regional and remote Australia are more likely to be microbusinesses aimed at servicing the local community. These businesses, along with any businesses in remote Australia, are likely to need different support and advice to businesses in the cities. 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, including accessible and affordable internet and telecommunications; and seasonality of work and contracts. Supporting the development of the remote Indigenous business sector will deliver increased economic independence and empowerment to remote Indigenous communities and drive employment. It can be an opportunity to promote self-employment as a viable job path.

### Actions

To deliver better business advice and support, Indigenous businesses are looking for connected and meaningful business advice and support that is timely and suitable to their needs and stage in the business life-cycle. It should be simple to navigate, and provide a suite of options. It should also link to capability development and educational support, and provide access to tailored support and mentoring for men and women.



## Establishing National Indigenous Business Hubs

In the first three years, we will roll out a network of Indigenous Business Hubs, anchored in major cities, starting in three locations. Indigenous businesses have told us this is a priority, so implementation will start within 12 months in order for Indigenous businesses to reap the benefits as quickly as possible.

The hubs will be a one-stop-shop to access business advice and connect with existing mainstream and Indigenous-specific business support services. The hubs will be delivered in close collaboration with the state and territory government to ensure Indigenous businesses have a seamless experience. Indigenous clients will receive a single point of contact to discuss their business needs, and guided to the most appropriate service and advice. Anchor hubs will also provide access to short-term office and meeting space for clients who need access to a quiet space to facilitate business transactions.

### **The range of support on offer could include (but not limited to):**

- access to intensive business and capital support through Indigenous Business Australia (for Aboriginal and Torres Strait Islander clients who are early stage entrepreneurs or unable to access bank finance)
- incubation and start up support, which can be tailored to young entrepreneurs and women
- back office administration and cash flow management
- concessional desk and office space
- connections to access financial and capital support, including microfinance, concessional loans and guarantees, performance bonds, and de-risked finance products
- marketing support including support to improve profiles on Supply Nation's Indigenous Business Directory
- tendering, pre-qualification and contract execution support
- advice for Indigenous businesses looking to establish joint ventures
- advice on importing and exporting, and international investment
- links to industry and relevant networks, including local chambers of commerce (Indigenous and mainstream), workshops and events

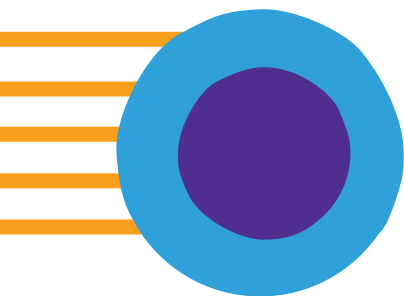
- providing a culturally-safe space for women to seek tailored advice, speak about financial matters, receive mentoring from other Aboriginal and Torres Strait Islander women, and be supported to take on entrepreneurial opportunities while also fulfilling caring and cultural responsibilities
- information on education including financial literacy, certificate business courses, tertiary education and other post-graduate possibilities
- industry expertise for land based enterprises through the Indigenous Land Corporation's Our Land Our Future program, assistance with start-up or investment capital including land, infrastructure, plant and equipment and property development
- provide advice and referrals to other private sector, mainstream or relevant business support programs and initiatives, for example the New Enterprise Incentive Scheme, Entrepreneurs' Program, Australian Small Business Advisory Service, Industry Growth Centres and business.gov.au advice and information.

These services will also be connected to a digital platform for Aboriginal and Torres Strait Islander people who would prefer to inform themselves ahead of meeting in-person; business owners, or carers who need to access first point of call information outside of work hours; or entrepreneurs who are not proximate to a physical location and want to speak to someone via telephone or web chat (see Knowledge for further information on the Digital Hub).

## Project Hubs

We will be rolling out three project hubs that will provide specific support to Indigenous businesses looking to take advantage of the record investment the Australian Government is making in infrastructure. Connected to the services and information provided by the major city hubs, Project Hubs will be set up to provide intensive wrap-around support to Indigenous businesses for tendering and connecting with opportunities associated with major projects where the projects are. 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 national building projects. Project hubs will therefore be time-limited in nature.

For businesses in remote Australia, additional targeted actions are needed due to the distances needed to travel to access advice and low internet connectivity. Businesses in remote Australia often have substantial land assets and strong community buy-in.



## Increasing self-employment through the Community Development Programme

The Community Development Programme (CDP) operates across remote Australia and there are opportunities to better use the CDP to foster self-employment and microbusinesses. In 2018, the Commonwealth will pilot an 'incubation' model in some CDP regions, where the CDP provider will work with local Indigenous people to get small businesses started and support them as they stabilise.

CDP providers participating in the pilot will be able to access microfinance and specialist support through the Indigenous Entrepreneurs Fund (IEF) business advisers. They will also be able to access capital funding through the IEF to enable them to provide back office support. In exchange for this funding, providers will be expected to transition the businesses into independently running enterprises within 24 months.

Providers can also become a conduit to the business hubs and business advisers for job seekers – these connections along with existing support to employ job seekers could lead to further job and business creation over time in remote communities.

### *Indigenous Entrepreneurs Fund – business advisers*

In 2017, as part of the implementation of the Indigenous Entrepreneurs Fund, a \$90 million fund that provides Indigenous businesses in regional and remote Australia with access to capital for plant and equipment, the Commonwealth piloted a trial of business advisers. These business advisers travel to their clients across regional and remote Australia. They offer specialist support, at no charge, to help Indigenous businesses who are removed, by distance, from the rest of the business support network, to understand what support services and capital options are available and assist them to access those services. The trial is due to conclude in April 2018 and its success as a model for remote business advisory support will be evaluated.

## Stronger joint ventures

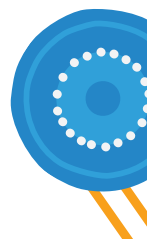
Indigenous businesses are increasingly looking to partner with non-Indigenous businesses to build their capacity and access capital and networks. Joint ventures (JVs) can allow Indigenous businesses the chance to grow rapidly, providing opportunities to bid for, and win, bigger contracts and build experience.

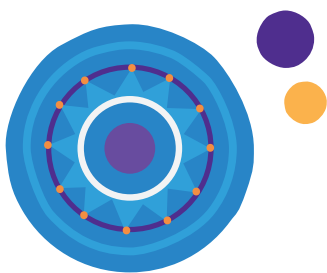
Through consultations on the development of the Strategy, many Indigenous businesses acknowledged the importance of JVs, but acknowledged there are risks. In some cases, the Indigenous business is the smaller partner, with limited access to professional advice. The Commonwealth wants to strike the right balance between educating potential Indigenous partners (including providing access to specialist advice) and compliance to ensure Indigenous business owners are not being exploited through these arrangements.

To complement existing support provided through IBA, under the Strategy the Commonwealth proposes to establish subsidised, means-tested, one-on-one support for Indigenous businesses seeking to access such advice.

Workshops would also be available for Indigenous businesses who wish to better understand joint venture arrangements more broadly including the opportunities, considerations and risks. Under the proposed Strategy we will also be investing more in the certification process for Indigenous joint ventures to make it more rigorous and transparent. The proposed changes to the IPP would mean that from 1 July 2018, any incorporated joint ventures formed between an Indigenous business and non-Indigenous business will need to meet a 50 per cent 'Indigenous ownership' test to be certified by Supply Nation. This will increase the visibility of the joint venture arrangements, supporting Indigenous partners involvement and harnessing opportunities to develop new capabilities.

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.





## Improved Access to Finance

Ensuring businesses can access capital, assets, and financial partnerships to invest in commercial opportunities

### The Goal

Indigenous businesses and entrepreneurs have access to a range of finance products that meets their business needs, regardless of location and stage of the business development. Through an appropriate government-supported capital scheme, Indigenous businesses are able to unlock a range of private sector finance and investment options to create new start-ups or to grow their business. Indigenous businesses have suitable business support to manage their financial and business obligations.

### The Challenges

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

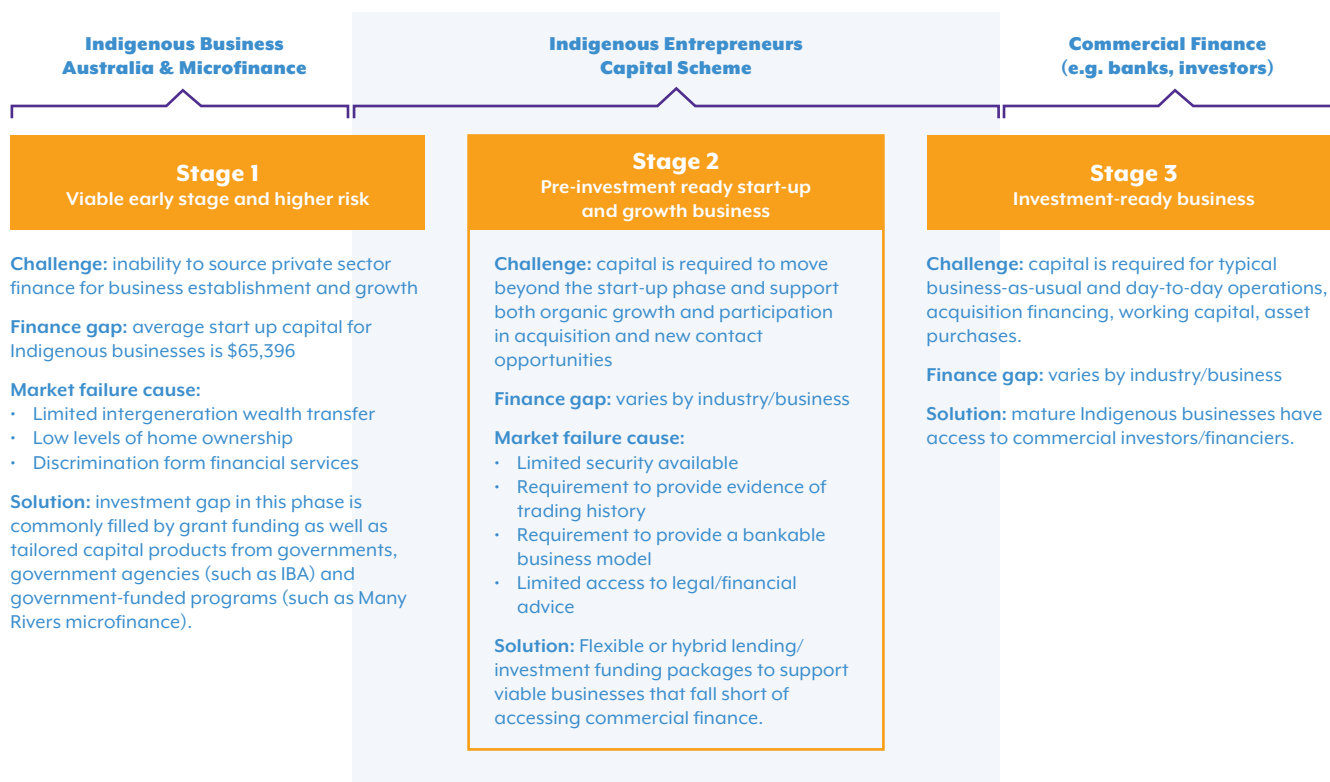
Many Indigenous businesses are unable to receive finance from banks because of lower levels of collateral and limited access to personal wealth. For example, Indigenous rates of home ownership are less than half the rate of non-Indigenous Australians, and home equity is often used to secure finance. There is a broad perception that Indigenous businesses are higher risk loan customers. 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.

The role of government-supported and private finance product offerings is often unclear to Indigenous entrepreneurs and business owners. Greater clarity of products and roles is required.

### Actions

The Indigenous business sector has told us they require a broader suite of financial services and products that will meet the needs at all stages of the business lifecycle. The products need to be streamlined and timely so Indigenous businesses can confidently compete for contracts, expand operations or obtain plant and equipment to get on with business. Indigenous businesses also want to access private bank finance and investment so they can transition into the mainstream financial system.

Working with the private financial and impact investment sector, the Commonwealth will now offer two forms of support to Indigenous businesses. Viable businesses at the early stage or high-risk stages of establishment will have access to capital through Indigenous Business Australia (IBA) and in remote Australia through microfinance providers and the Indigenous Entrepreneurs Fund. Businesses that are established and stabilised, but are undercapitalised and looking to transition to mainstream finance, will be supported through the newly established pilot, the Indigenous Entrepreneurs Capital Scheme.



Our staged approach to capital support will move Indigenous businesses to a position where they can access capital without government support as quickly as possible. Businesses that are investment ready will continue to seek capital from private sector sources, freeing up capital and resources to assist Indigenous businesses that do require government assistance.

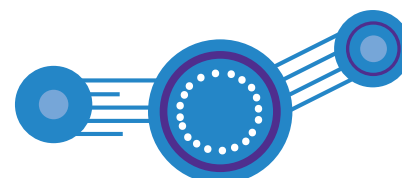
### Finance and capital support from Indigenous Business Australia

Indigenous Business Australia (IBA) will be providing capital and business support to Indigenous businesses with a viable business idea. These businesses are at the early stages of business development, or are pre-bank ready, and require intensive and tailored support to establish effectively and sustainably.

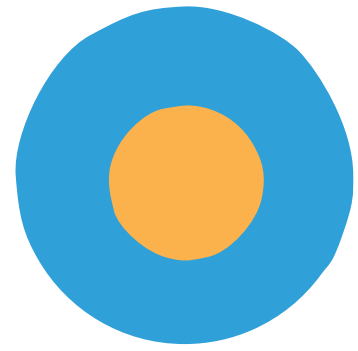
Through the Business Development and Assistance Programme, Indigenous clients can be supported through a raft of possible products, both in their current service offering and through the development of new products as business needs evolve. For example, IBA has already launched a new grant and loan finance package for start-ups, a new working capital product for businesses winning their first contracts and entered into new business support partnerships.

- **The Start-Up Finance Package** aims to help new businesses get off the ground with up to 30 per cent of a new business loan awarded as a grant to purchase assets for the business
- **Procurement Loans** will assist customers who have been awarded a contract through the procurement or purchasing policies to help meet upfront contract costs
- **Invoice Finance** provides upfront finance of up to 80 per cent of the amount of an invoice for goods or services delivered by Indigenous businesses, to enable businesses to meet their expenses in the short-term and to alleviate cash flow pressures.

In addition, the Australian Government and the IBA have established a new trust to issue performance and warranty bonds to Indigenous businesses seeking to win major contracts.







### Expanding microfinance and grants for business assets

With the success of microfinance programs across the country providing greater economic opportunity for financially marginalised Australians, the Government is looking to **double the footprint of microfinance programs**. Effort will be concentrated in regional and remote Australia to increase entrepreneurial support and bolster self-employment outcomes in remote areas where opportunities can be otherwise limited. Expanding programs with expert partners in microfinance will help businesses with working capital requirements, and getting their business off the ground.

To ensure there is adequate coverage across the country, the Government will work with providers to ensure appropriate locations to expand the microfinance network, foster local economic activity, and support the incubation of youth entrepreneurial activity (through microfinance programs in schools) and women-operated businesses.

In addition, the **Indigenous Entrepreneurs Fund (IEF)** will continue to provide grants, where appropriate, for viable business opportunities for Aboriginal and Torres Strait Islander people to purchase plant and equipment. The combination of IEF grants together with expanded microfinance, 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.

These efforts in remote communities will focus on fueling the already strong entrepreneurial spirit, and enable communities to commercialise natural assets like culture and land.

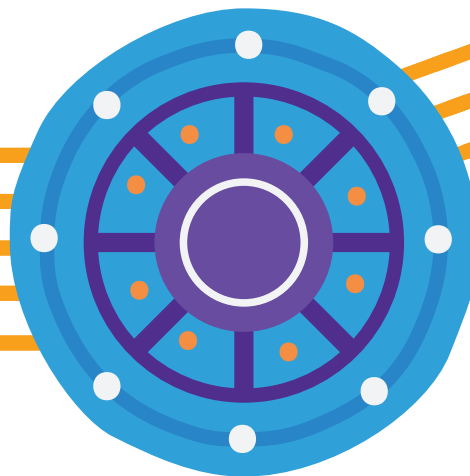
### Indigenous Entrepreneurs Capital Scheme

Indigenous businesses have told us there is a growing capital gap for businesses that are viable but not quite ready for private sector investment. Investors understand that there is a gap in the market to support Indigenous enterprises, and are eager to contribute in a meaningful way to assist Indigenous businesses access capital. Based on this, the government will pilot the **Indigenous Entrepreneurs Capital Scheme** for three years. The Scheme fills a significant market gap and complements other financial products on offer, as well as links neatly to the business support on offer from Business Hubs. Increased access to capital will also allow Indigenous businesses to purchase insurance products needed to win larger contracts.

The Scheme – co-designed with banks, investors and Indigenous businesses – will target Indigenous businesses who are established and ready to grow, but are under-capitalised and unable to access mainstream bank financing outright. It will also support start-ups that have proven business capability. It will support these businesses to:

- gain access to a concessional debt products through a panel of two or three financiers
- establish relationships with banks and investors and build a credit history, and
- transition businesses to access mainstream banking independently over the-medium term.

Indigenous businesses in urban, regional and remote Australia will be able to access the Scheme's products. These businesses will also be able to build capability by accessing the business support, mentoring and back-office support available through hubs.



## Stronger connections and relationships

### Linking to and building stronger business and industry networks

#### The 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. Targeted networks for remote and regional Indigenous businesses, Aboriginal and Torres Strait Islander women in business and youth are also available.

#### The Challenges

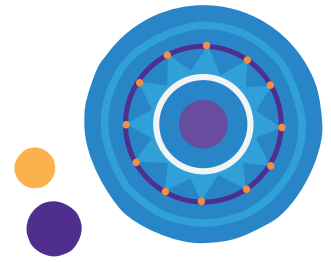
In the broader Australian business community, business networks are essential for providing peer to peer advice and opening new doors to commercial opportunities and markets. Indigenous businesses have told us that accessing these relationships is extremely difficult and they are not able to effectively connect with non-Indigenous supply chains, markets, or contracting opportunities. Furthermore, with the increasing maturity of the sector, established Indigenous businesses are now calling for greater access into these industry specific and mainstream business networks.

Maintaining networks within the sector is viewed as critical, particularly for regional and remote enterprise development. However, distance from urban centres can cause communication breakdown, or reduce the breadth of access to networks and markets.

Mentoring and peer learning is critical for capacity building and learning about business and career opportunities, especially for young people and women. These services are critical to seeing the sector grow over the longer term and enabling emerging areas of the sector into business ownership. 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.

#### Actions

Indigenous businesses require greater opportunity and access to meet clients, buyers, industry experts and networks, and potential investors. They are after a strong mechanism that will connect them to opportunities to learn, identify opportunities and create meaningful relationships with industry and relevant business partners.



## Expanding Partnerships

The Australian Government will **forge new partnerships**, as well as establish new connections with non-government organisations, such as state based Indigenous business networks, Supply Nation, and chambers of commerce (Indigenous and non-Indigenous, and international chambers of commerce in Australia) in different locations and industries. National organisations such as the Business Council of Australia and the Australian Institute of Company Directors will be strongly encouraged to be more inclusive of Indigenous entrepreneurs and business owners and Indigenous business students in their networking events, mentoring Programs, industry value chains, training courses, and representative roles within these organisations to better play their part in exposing Indigenous business people to the broader Australian economy.

These connections will build stronger networks at a local and national level, provide 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.

The Australian Government will also be encouraging stronger links between Indigenous students and successful Indigenous business leaders to help create role models for the next generation of entrepreneurs. Universities and business schools are also looking to create a national Indigenous business network to help facilitate peer to peer relationships that young aspiring Indigenous entrepreneurs can look to throughout their careers.

## Accessing Networks

Networking within the Indigenous business sector is vital to inspire, learn and grow. This is particularly pertinent for remote and regional businesses to maintain contact with other businesses and support networks, as well as being used as a self-help check to learn and ensure they are 'on the right track' to business development.

While the Annual Indigenous Business Summit will predominantly be a vehicle for guiding the direction of the Strategy, it peripherally provides opportunities for Indigenous businesses, entrepreneurs, governments, industry and the private sector, and other business partners to come together to discuss trends in business and markets, learn from peers, and give space for the voices of youth entrepreneurs and women.

The Australian Government is hosting a national road show of Meet the Buyer events, which will give Indigenous businesses the opportunity to engage with government officials about upcoming procurement opportunities and discuss contracting supply and value chains in order to best inform policymakers of the future needs of the sector.

The business hubs will also play a role in facilitating connections and mentoring relationships, as well as promoting upcoming events, such as Supply Nations Connect Conference.

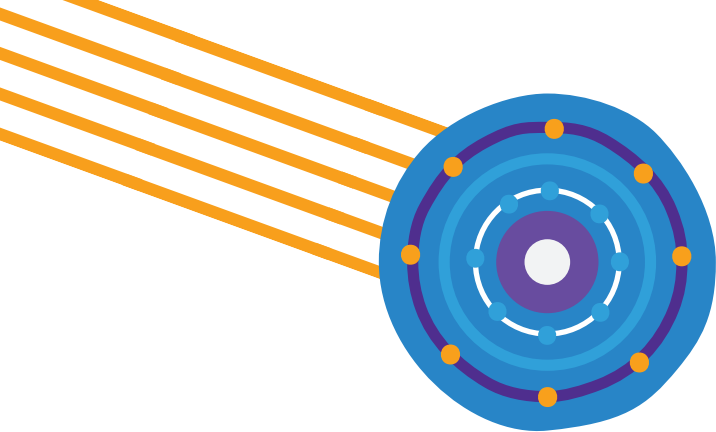
## Aboriginal and Torres Strait Islander women in business

Every action funded through the Strategy will be required to focus on access by Aboriginal and Torres Strait Islander women. In addition, there will be some specific actions to support Aboriginal and Torres Strait Islander women into small business ownership.

Aboriginal and Torres Strait Islander women 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.

The Australian Government will support Aboriginal and Torres Strait Islander women business networks by providing a culturally-safe space for women to seek tailored advice, speak about financial matters, receive mentoring from other Indigenous women, and be supported to take on entrepreneurial opportunities while also fulfilling caring and cultural responsibilities.

In addition, the Digital Hub can provide Aboriginal and Torres Strait Islander women links to broader women's business networks, including Chief Executive Women, Australian Women in Resources Alliance, Business Council Australia. Connecting with targeted and private sector networks will strengthen the opportunities for women to develop and grow their businesses.



## Harnessing the power of knowledge

Sharing of information about commercial opportunities and better collection of data about Indigenous businesses

### The Goal

Indigenous entrepreneurs have streamlined access to information about commercial contract opportunities and industry data they need to make business decisions. Indigenous entrepreneurs can easily get information on industry trends and emerging opportunities, and seamlessly access the available support services and capital products. Indigenous entrepreneurs have greater access to information on educational opportunities, including intensive courses; out-reach programs; and access to industry networks.

### The Challenge

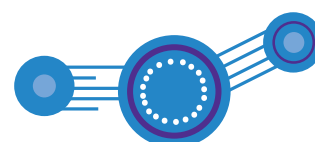
The business support ecosystem – both for Indigenous specific, general business advice and support and private sector information – is difficult to navigate. Businesses have limited visibility of the services are available to them or how to tap into those services.

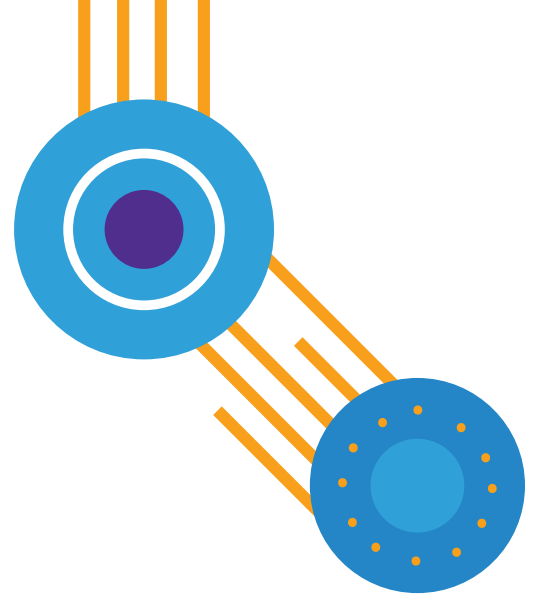
Face to face options for support are needed for many businesses where internet is unreliable, and sourcing information out of standard business hours is friendlier to time-poor entrepreneurs. But Aboriginal and Torres Strait Islander people are increasingly looking to the digital economy to overcome barriers created by location. There needs to be a centralised, user-friendly digital platform to help them to navigate the range of services available (Australian Government, state and territory, both Indigenous-specific and more general). This platform would also connect to, and supplement, face to face services provided by businesses 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. They will be able to access information about industry trends and emerging nation-building opportunities. 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.

### Actions

Indigenous business want a simple way to digitally access support, information, data and commercial opportunities. They want information that is up to date with current trends, and market opportunities to help them guide the direction of their business development.





## Digital Launch Pad

To deliver what the sector is looking for to achieve their business ambitions, the Australian Government will 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 that are available to them.

The launch pad is a one-stop shop for Indigenous businesses, entrepreneurs, and Aboriginal and Torres Strait Islander people who are thinking about starting a business. This launch pad will be designed with Indigenous businesses, and updated regularly over the life of the Strategy.

It is important the launch is simple and streamlined. To help facilitate this, there are two ways to use the site: self-navigate if you are either after specific information, or browsing opportunities; or by filling out an online self-assessment, which will guide you to the pages you are most likely to be searching for.



The launch pad will be a useful resource for mobile business support and business advisors who are looking to access the most up to date information from the hubs, and needing access to clients in wide ranging and varied locations.

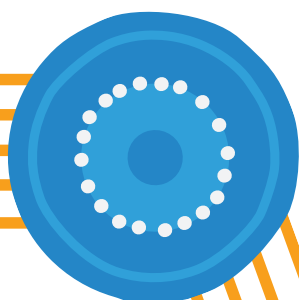


## Better data collection

Currently, data on the Indigenous business sector – including its contribution to the broader economy – is limited. Better data is needed to enable the sector make informed commercial and strategic decisions. Data is also considered critical to track the health of the sector as a whole.

Indigenous businesses are looking for a way that captures and distributes meaningful information about the Indigenous and mainstream business sectors. Through this Strategy, the Australian Government 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.

Over the course of the Strategy, the Australian Government will also look at better data collection systems and research to measure progress over time.



# ATTACHMENT A:

## Indigenous Business Sector Snapshot

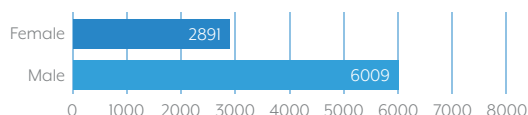
### The Indigenous Business Factsheet

#### KEY Points

- There are around 2.1 million businesses in Australia, between 12,000-16,000 of these are Indigenous-owned businesses
- Collectively, Supply Nation registered Indigenous businesses earn more than \$1 billion per year with revenues growing at an annual average rate of 12.5%
- An additional 73,250 prime working age Indigenous Australians will operate in the economy by 2026. Based on current Indigenous self-employment rates around 2,200 will start a business

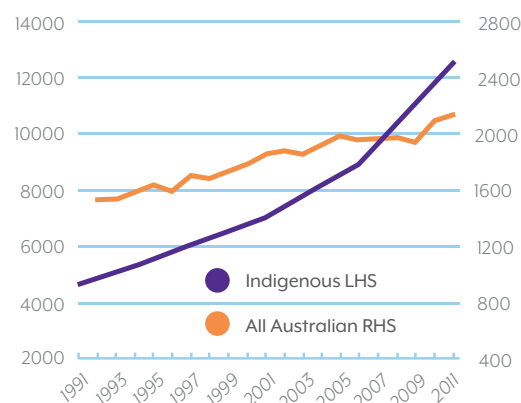
#### Indigenous men twice as likely to be self employed

Indigenous self-employed by sex in 2011, ABS <sup>1</sup>



#### Indigenous entrepreneurs on the rise

Indigenous self-employment and all Australian businesses, 1991 to 2011, ABS <sup>2</sup>

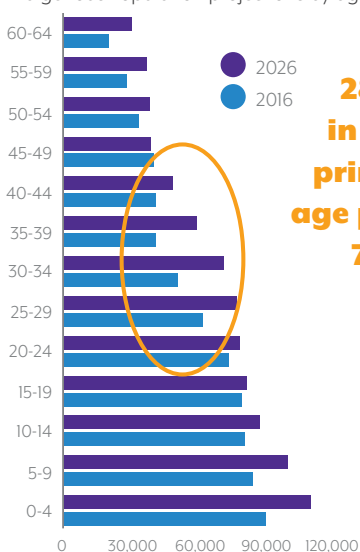


#### Estimates for the number of Indigenous businesses, various sources

Source (year of research)	Estimate (year)
Census (2011) <sup>1</sup>	8,900 (2011)
Hunter (2013) <sup>3</sup> (self-employed)	12,500 (2011)
PwC Indigenous Consulting (2016) <sup>4</sup>	11,760 to 16,260 (2016)

#### Massive demographic dividend on the horizon

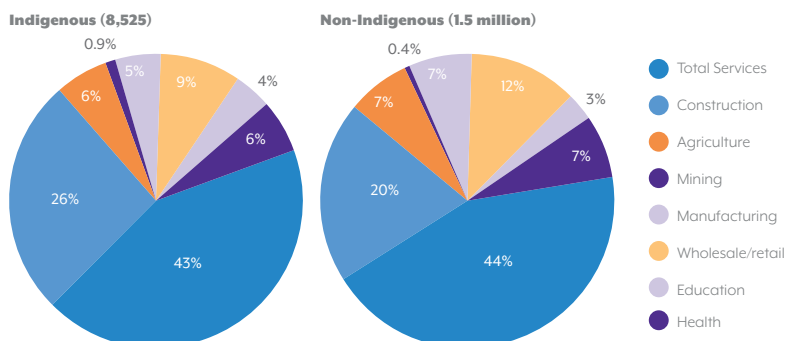
Indigenous Population projections by age, ABS <sup>5</sup>



**28% increase in Indigenous prime working age population: 73,250 more potential workers by 2026**

#### Lion's share of Indigenous entrepreneurs are in services and construction, similar to non-Indigenous entrepreneurs.

Indigenous and non-Indigenous self-employed sectors in 2011, per cent, ABS <sup>6</sup>



### Indigenous businesses are concentrated in regional parts of the eastern states

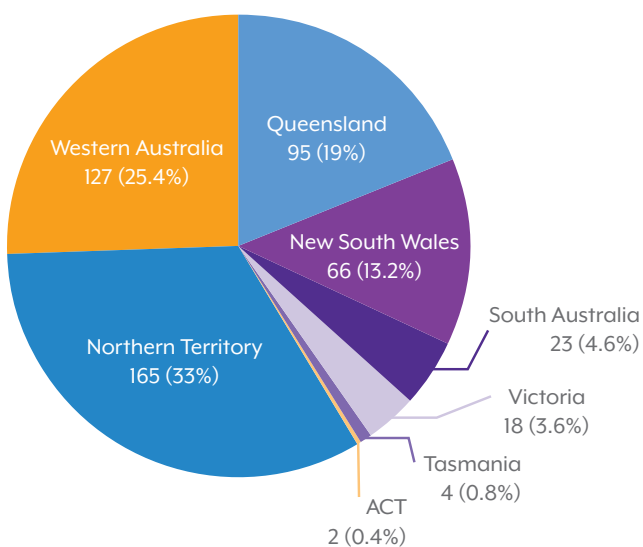
Indigenous self-employed by capital city and rest of state, count, % <sup>7</sup>

State/Territory	Region	Indigenous business (count)	% of total
NSW	Greater Sydney	878	14%
NSW	Rest of NSW	1,332	22%
VIC	Greater Melbourne	230	4%
VIC	Rest of Vic.	208	3%
QLD	Greater Brisbane	450	7%
QLD	Rest of QLD	1,028	17%
SA	Greater Adelaide	86	1%
SA	Rest of SA	94	2%
WA	Greater Perth	298	5%
WA	Rest of WA	381	6%
TAS	Greater Hobart	182	3%
TAS	Rest of Tas.	381	6%
NT	Greater Darwin	60	1%
NT	Rest of NT	408	7%
ACT	Australian Capital Territory	41	1%
Total		6,057*	

\*Indigenous businesses lacking locational information; hence the total of 6,057 in the table is lower than the total count of Indigenous small businesses across Australia as a whole (8,900).

### ORIC registered Indigenous organisations located largely in NT, WA and QLD

Geographic spread of the Top 500 Corporations in 2014-15, count, % <sup>8</sup>





### Key statistical snapshot of 697 Supply Nation registered Indigenous businesses in 2014-15<sup>9</sup>

Total revenue generated

**\$1.15b**

Annual average growth over 4 years<sup>10</sup>

**12.5%**

Average revenue per firm

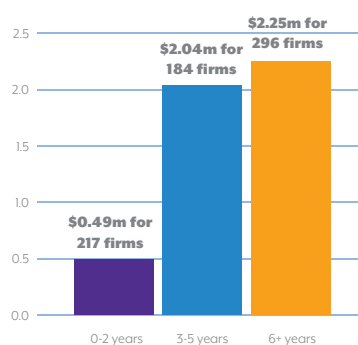
**\$1.65m**

Industry Value Add

**\$463.9m**

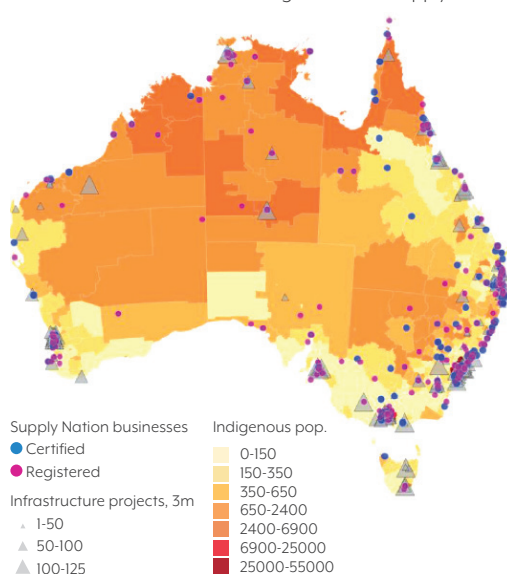
### Maturity brings soaring financial success

Average revenue of Indigenous businesses based on years in operation, \$m



### East coast dominates Indigenous business<sup>7</sup>

Location of Infrastructure projects and Indigenous businesses that are certified or registered with Supply Nation.



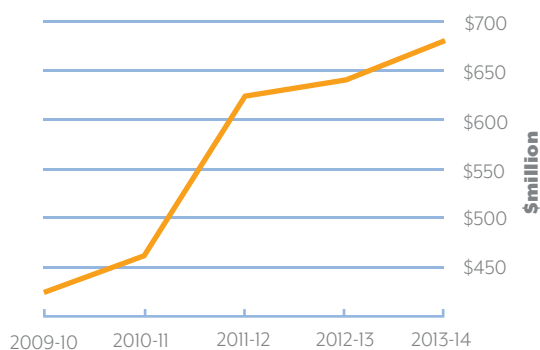
### Strongest in construction and services sectors

Indigenous business representation across industries, \$m, %

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	

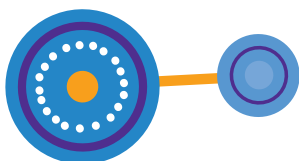
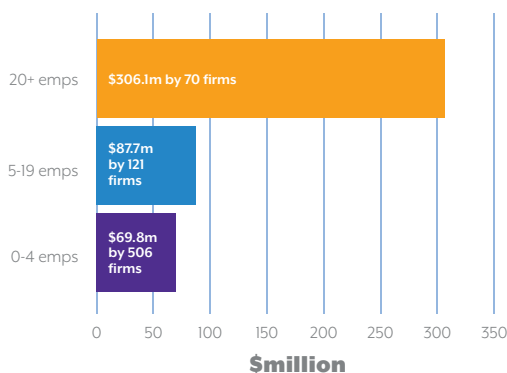
### Indigenous business incomes surge during mining boom

Revenue growth of 214 Indigenous businesses from 09-10 to 13-14, \$m



### Larger firms contribute most value to economy

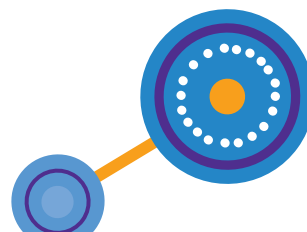
Industry value add by no. of employees, \$m

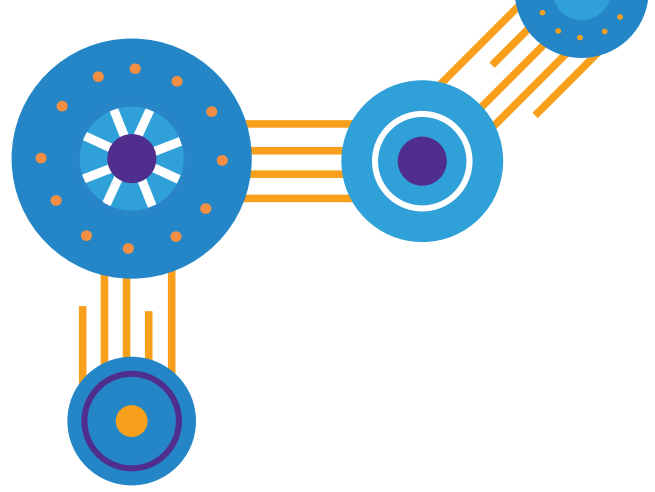


### Overview of Supply Nation businesses in 2016 <sup>11</sup>

Category	Total
Number of businesses	1,114
Number of Employees	15,064
Number of Indigenous workers	6,324
Average no. of workers per business	14

1. Australian Bureau of Statistics Census of Population and Housing (2011)
2. Australian Bureau of Statistics Census of Population and Housing (2011) and B Hunter, 'Recent Growth in Indigenous Self-Employed and Entrepreneurs', CAEPR Working Paper No. 91/2013 (2013), Australian Bureau of Statistics 6105.0, Australian Labour Market Statistics (5 July 2011), Australian Bureau of Statistics 81650 Counts of Australian Businesses (26 February 2016)
3. B Hunter, 'Recent Growth in Indigenous Self-Employed and Entrepreneurs', CAEPR Working Paper No. 91/2013 (2013)
4. PwC Indigenous Consulting (2016) on behalf of Prime Minister and Cabinet
5. Australian Bureau of Statistics – Indigenous Population Projections (7 November 2016)
6. Australian Bureau of Statistics Census of Population and Housing (2011)
7. PwC Indigenous Consulting, Australian Bureau of Statistics Census of Population and Housing (2011), prepared on behalf of PM&C
8. Office of the Registrar of Indigenous Corporations
9. Australian Bureau of Statistics – Business Longitudinal Analysis Data Environment (2016) – Customised dataset based on Supply Nation registered Indigenous businesses prepared on behalf of PM&C. Due to long delays in receipt of BAS and Business income tax statements, the most recent complete set of financial data is from 2014-15
10. For 214 Indigenous businesses registered on Supply Nation which operated between 2009-10 to 2013-14
11. Supply Nation - Indigenous Business Direct





## 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.

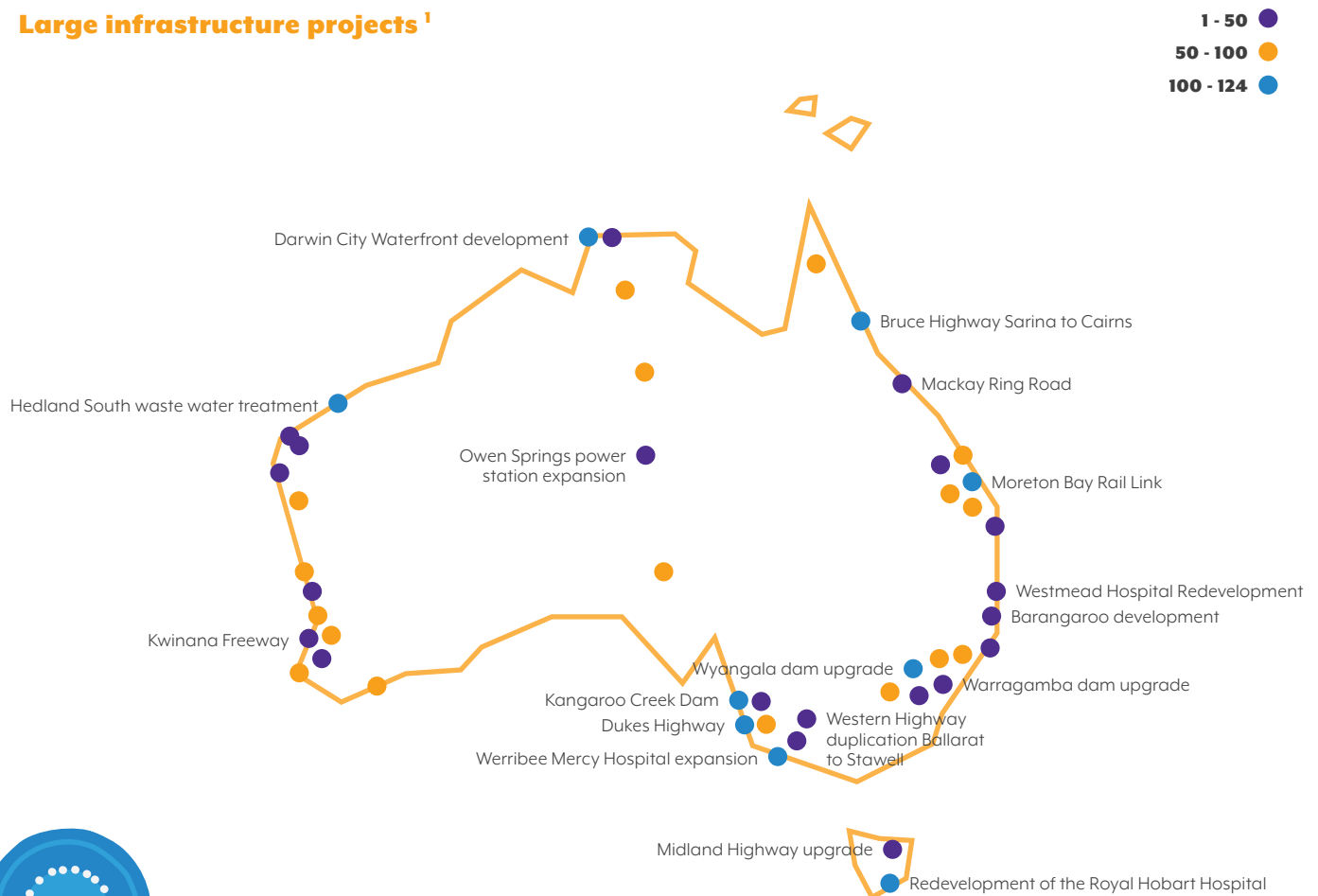
#### Infrastructure Projects

Major infrastructure projects are significant opportunities for the Indigenous business sector, particularly given building and construction have been a key focus for Australian Government and 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).

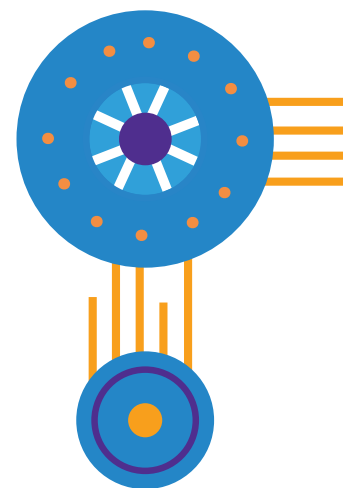
The largest sector of expenditure by a significant margin is transport and storage, with over \$100 billion of expenditure in the pipeline across Australia. Community and other services has a lower but not insignificant indicated spend across most regions. These large-scale infrastructure projects can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

## Large infrastructure projects <sup>1</sup>



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 have been committed or are under construction, with the overwhelming majority still under consideration.

<sup>1</sup> committed or commenced; note this does not include the Northern Australia Roads Package



## 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 Australian Government, 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 Aboriginal and Torres Strait Islander people 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 the National Disability Insurance Scheme (NDIS) services to both Aboriginal and Torres Strait Islander people 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.

