



Australian Government

Department of Industry, Science,
Energy and Resources

ABORIGINAL AND TORRES STRAIT ISLANDER BUSINESS SUPPORT ROADMAP



Acknowledgment

The Department of Industry, Science, Energy and Resources recognises Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation.

We recognise the ongoing traditional and modern cultural practices and connection to Country held by Aboriginal and Torres Strait Islander peoples.

We acknowledge Elders past, present and emerging as the Traditional Custodians and Lore Keepers of the world's oldest living culture.

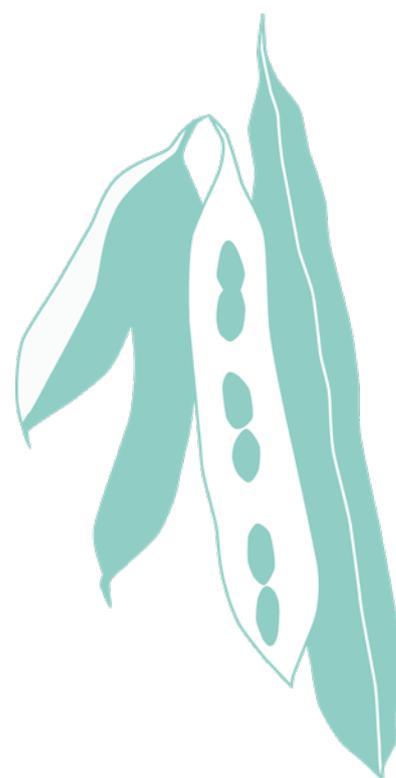
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Amy Tracey, yuyang

The yuyang (glossy black cockatoo) is a very spiritual bird. For many people, these birds represent a connection to the spirits of their ancestors. For some people, a sighting of the yuyang can also mean that times of change are on the horizon, whether this be through coming rains or otherwise.

For many Aboriginal and Torres Strait Islander businesses, their inherent ability to adapt to change whilst staying connected to, and drawing upon the strength of those who have walked before them, is one of their greatest strengths.

Message from Secretary

A resilient and thriving Indigenous business sector is key to empowering Indigenous Australians — through job creation and delivering transformative economic outcomes for local communities and the broader Australian economy. In supporting economic growth and job creation for all Australians, the department is committed to inclusive economic growth for Indigenous Australians. To achieve this, we are changing the way we do business with Indigenous businesses.

I am pleased to present the department's Aboriginal and Torres Strait Islander Business Support Roadmap (the Roadmap) — our vision is to provide a cohesive approach that maximises our ability to support Aboriginal and Torres Strait Islander businesses.

The events of COVID-19 have brought into sharp focus the health, social and economic inequalities faced by Indigenous Australians. COVID-19 placed pressure on many Indigenous businesses, with some experiencing employee, cash flow and supply chain pressures. However, it has also demonstrated the resilience of Indigenous businesses to pivot to meet rapidly emerging challenges. A resilient and thriving Indigenous business sector is key to economic repair and empowering Indigenous Australians.

The Roadmap has three pillars: improving access to programs through policy development, review and evaluation; improving business outcomes through procurement; and building the Indigenous engagement ecosystem.

While there is still much to be done to address the inequalities faced by Indigenous Australians, our work — focused on building Indigenous business capability — is an important step towards economic transformation. Along with the actions outlined in this Roadmap, we will also deliver better outcomes for Indigenous Australians through our Reconciliation Action Plan (RAP) 2019–21 and Reconciliation Statement.

I look forward to realising the vision outlined in the Roadmap and contributing to the growth of the Indigenous business sector.

David Fredericks PSM

Secretary

Department of Industry, Science, Energy and Resources

November 2020

Background

Indigenous businesses are already a significant contributor to the economy. Collectively, Indigenous businesses registered with Supply Nation earn more than \$1 billion per year, with revenues growing by an average of 12.5 per cent annually.¹

There are critical links between Indigenous businesses and better economic outcomes for Indigenous Australians. Indigenous businesses play an important role in job creation, skill building and intergenerational wealth transfer, and delivering better economic outcomes for local communities and the broader Australian economy.

The Department of Industry, Science, Energy and Resources is changing the way we do business with Indigenous businesses. While the department does not currently administer programs specific to Indigenous businesses, there are over 40 mainstream business support programs that Indigenous businesses can apply for. Despite the department's numerous service offerings, it is estimated that Indigenous businesses represented 0.2 per cent of applications to the department's programs over a period of five years.²

The Aboriginal and Torres Strait Islander Business Support (the Roadmap) includes initiatives to improve Indigenous business access to programs through policy development, review and evaluation; improving business outcomes through procurement; and building the Indigenous engagement ecosystem.

The Roadmap is a cohesive approach to maximising the department's ability to support Indigenous businesses to contribute to, and benefit from, Australia's economic growth. It is operationalised by a 12 month action plan.



1 Department of Prime Minister and Cabinet (2018) *Indigenous Business Strategy*

2 Proxy data has been used to gauge the level of Indigenous engagement with the department's programs. The department has cross-matched data from Supply Nation, the Industry Capability Network, Australian Business Register and the Office of the Register of Indigenous Corporations.

Current state of play

Figure 1: Indigenous business application by location



Source: Department of Industry, Science, Energy and Resources (2020)

The number of Indigenous businesses has increased significantly. Between 2006 and 2016, the number of Indigenous businesses jumped by almost 72 per cent to 11 587.³ Despite rapid growth, the rate of business ownership by Indigenous Australians is much lower than non-Indigenous Australians.⁴ Indigenous businesses only represent between 0.6 and 0.8 per cent of the 2.1 million businesses nationwide,⁵ whilst 3.3 per cent of the Australian population were Indigenous at June 2016.⁶

While the department has not historically collected Indigenous business data for all of our program applicants, it is estimated based on partial data, that Indigenous businesses represented around 0.2 per cent of all applications to the department's programs over a period of five years.⁷

Of the estimated 0.2 per cent of Indigenous business, most applications were received from the Construction sector (25 per cent), Professional, Scientific and Technical Services (15 per cent) and the Manufacturing sector (13 per cent).

In terms of size, most Indigenous business applicants were small businesses (67 per cent), followed by medium businesses (32 per cent).

The department is building its capability to support Indigenous businesses through improving data collection practices. In 2019, we embedded an Indigenous identifier question on applications to most of the department's programs, with implementation on remaining programs underway. This will help us to collect robust data, identifying areas to improve our engagement with Indigenous businesses and analyse the effectiveness of our programs and policies in reaching and supporting Indigenous businesses.

We are also improving business outcomes through procurement. In the 2018-19 financial year, 11.56 per cent (1.15 per cent when excluding a major contract) of the department's new procurements, by value, were awarded to Indigenous businesses. The Commonwealth value-based target is 1 per cent for 2019-20.

Initiatives are underway to improve the Indigenous engagement ecosystem. While we do not have a complete picture of our interaction with Indigenous businesses yet, we have identified the following improvements to increase Indigenous business uptake of new and existing programs.

³ ABS (2016) Census of Population and Housing, ABS Cat.No. 2071.0

⁴ Hunter B (2014) Reflecting on the Growth of Indigenous Self-employment Agenda: A Journal of Policy Analysis and Reform 21(1): 45-67 Available at: <http://press-files.anu.edu.au/downloads/press/p302941/pdf/Reflecting-on-the-Growth-of-Indigenous-Self-employment.pdf>

⁵ Department of Prime Minister and Cabinet (2018) Indigenous Business Sector Strategy. Available at: <https://www.niaa.gov.au/resource-centre/indigenous-affairs/indigenous-business-sector-strategy>

⁶ ABS (2016) Census of Population and Housing, ABS Cat.No. 3238.0.55.001

⁷ Data based on the then Department of Industry, Innovation and Science 2014-15 to 2018-19. Proxy data was used to gauge the level of Indigenous engagement with the department's programs. The department has cross-matched data from Supply Nation, the Industry Capability Network, Australian Business Register and the Office of the Register of Indigenous Corporations.

Our Indigenous Business Roadmap

Shifting the Dial – Three Pillars



Pillar 1: Improving Indigenous business access to programs through policy development, review and evaluation

Achieving better outcomes for Indigenous businesses requires policy and programs that are responsive to the needs, strengths and aspirations of Indigenous business owners, entrepreneurs, and the broader Indigenous business sector. Indigenous Australians face a number of potential hurdles and obstacles to starting and running a business. Barriers can include lack of relevant business support, advice and mentorship. We want to ensure that our policies and programs – many of which engage directly with Australian businesses – are set up to deliver for Indigenous people as they establish and grow their business.

ACTIONS UNDERWAY

- 1 Improve Indigenous business access to programs through policy development**

Policy areas of the department are required to explicitly consider the needs of Indigenous businesses when developing new policy. In consultation with a range of Indigenous stakeholders, the department has developed guidance material to help officers consider implications for Indigenous businesses when developing a new policy or reviewing an existing program. In analysing policy to be considered by government, a committee made up of the department's policy executives will now take into account the extent to which Indigenous business impacts have been considered.

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- 2 **Improving Indigenous business access to programs through existing program review**
- The department has a committee that will ensure that Indigenous businesses are considered as part of program review. The committee will track what actions programs are taking, such as reducing barriers in program guidelines that Indigenous businesses might face in accessing our programs, and improving cultural awareness/competence of program officers or grant assessment committee members.
- In addition, the department will establish a goal to consider Indigenous representation on the department's external Boards and Committees, where appropriately qualified candidates can be identified. We will also establish a commitment to only participate in speaking panels that have adequately considered Indigenous representation for business-related events.
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- 3 **Considering Indigenous business outcomes as part of program evaluation**
- The department is embedding consideration of Indigenous businesses during evaluation processes. Relevant indicators and metrics are being included in program evaluation frameworks, and evaluation questions on Indigenous business consideration are being included in evaluation terms of reference unless otherwise determined by the relevant evaluation Reference Group.
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Pillar 2: Improving Indigenous business outcomes through procurement

The Indigenous Procurement Policy (IPP) is now in its sixth year. Reporting results indicate that the Commonwealth – and the department – exceeded the IPP target last financial year. The contract target was 3 per cent of all contracts awarded to Indigenous businesses based on a three year average of all contracts for the portfolio awarded in previous years. However, despite this, contracts awarded to Indigenous businesses were generally smaller in dollar value and so only represented around 1 per cent of the total value of all new contracts awarded for the department. We have committed to improving on our prior year value-based target by 0.25 per cent. This puts the department's procurement from Indigenous businesses well above the 1 per cent value-based target for the portfolio set under the Commonwealth requirements for 2019–20 financial year.

ACTIONS UNDERWAY

- 1 **Ensuring staff make better use of the Indigenous Procurement Policy (IPP)**
- The department's Innovation Hub, BizLab, was brought in to apply human-centred design principles and techniques to help our officers make better use of the IPP. The project team conducted a staff survey and based on their research, recommended a number of initiatives to drive greater uptake of the IPP.
- This includes a departmental policy that staff approach an Indigenous supplier where possible for all procurements. Other initiatives include:
- guidance for staff about how to find and approach an Indigenous supplier;
 - guidance on how to raise the profile and priority of social impact in tender documentation and processes; and
 - support to build staff confidence to engage suppliers who have limited government experience and form relationships with Indigenous suppliers.
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- 2 **Using collaboration to drive better procurement outcomes:**
- The department will work with other government agencies to share and apply these learnings to help the Commonwealth achieve its new value targets.
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Pillar 3: Building the Indigenous engagement ecosystem

The department does not currently administer programs specific to Indigenous businesses, however, the department administers a range of mainstream business support programs which Indigenous businesses can apply for. Research has shown that it is not clear to the Indigenous businesses sector that mainstream support is an option. This lack of clarity causes difficulty in finding and navigating our support.

ACTIONS UNDERWAY

- 1 Establishing a Statement of Reconciliation with portfolio agencies**

The executive leadership of the Industry, Science, Energy, and Resources portfolio agencies have signed a Statement of Reconciliation to demonstrate an ongoing commitment to reconciliation. As agencies that drive Australia's economic productivity by supporting innovation, science, research, business and investment, we believe that we can achieve more by taking a collaborative and cohesive approach towards reconciliation across our portfolio. The Statement of Reconciliation includes guiding principles on cultural protocols, recruitment and leadership, mobility and skills and policy and program delivery.
- 2 Establishing linkages across Commonwealth agencies, State and Territory governments, and the private sector**

The department is working to understand how government can best work together and leverage our collective knowledge and networks to support Indigenous businesses. For example, ensuring that Indigenous businesses that are in contact with one agency, are directed to the appropriate support available across all government agencies. To help achieve this, the department is developing a Commonwealth Government ecosystem map, and is working with other agencies to ensure it is developed and utilised using insights from across government and the private sector.

Departmental officers are also encouraged to consider how to build and grow links between Indigenous businesses and mainstream businesses, industry bodies and education providers. This includes encouraging non-Indigenous business owners to do business with Indigenous business owners, like the Business Council of Australia's Raise the Bar initiative, which is working with Australia's leading corporations to increase Indigenous inclusion in their supply chains.
- 3 Engaging with Indigenous businesses and communities directly**

Research suggests that a lack of meaningful feedback restricts Indigenous businesses' ability to successfully engage in the department's programs and procurement activities. The department is undertaking work to equip staff to provide constructive and meaningful feedback every time they engage an Indigenous supplier or respond to an unsuccessful grant applicant.

Departmental officers are also encouraged to consider the best channels to maximise Indigenous stakeholders' awareness - including in remote areas - of their policies and programs, and use culturally appropriate language to promote and raise awareness. For instance, by engaging with: Indigenous Business Australia or Supply Nation; social or print media such as the Koori Mail; Indigenous community radio and television such as National Indigenous TV (NITV) and NITV Radio; the Torres Strait Regional Authority; Indigenous Peak Bodies such as Land Councils and the National Congress of Australia's First Peoples; the AusIndustry Regional Managers' network; or the National Indigenous Australians Agency. Which channels are used will depend on each specific program or policy.

What do we want to achieve?

The department is working on building a robust dataset detailing our engagement with Indigenous businesses. Until this dataset is available, we have set aspirational goals for the overall vision and for each of the three pillars.

STREAMS	OUTPUTS / OUTCOMES
Overall vision	<ul style="list-style-type: none"> • Our vision is to provide a cohesive approach that maximises our ability to support Aboriginal and Torres Strait Islander businesses to contribute to and benefit from Australia’s economic growth
Pillar 1: Improving Indigenous business access to programs through policy development, review and evaluation	<ul style="list-style-type: none"> • Improving Indigenous business access to programs through policy development • Improving Indigenous business access to programs through program review • Considering Indigenous business access to programs as part of evaluation
Pillar 2: Improving procurement	<ul style="list-style-type: none"> • Achieving a departmental target above the Commonwealth mandated IPP target
Pillar 3: Building the Indigenous engagement ecosystem	<ul style="list-style-type: none"> • Establishing a Statement of Reconciliation with portfolio agencies • Continuing to establish linkages across Commonwealth agencies, State and Territory governments, and the private sector • Continuing to engage with Indigenous communities directly



