



ENABLING PROSPERITY: SUCCESS FACTORS FOR INDIGENOUS ECONOMIC DEVELOPMENT

PREPARED FOR WESTPAC
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ACKNOWLEDGEMENT OF COUNTRY AND TRADITIONAL OWNERS

Westpac Group acknowledges the Traditional Owners as the Custodians of Australia, recognising their connection to land, waters and community. We pay our respects to Australia's First Peoples, and to their Elders, past, present and future.

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Stories and content related to our Reconciliation Action Plan can be found online at www.westpac.com.au/westpacweave

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ABOUT WESTPAC GROUP

Founded in 1817, Westpac Group was Australia's first bank and has contributed to the prosperity of Australia over the course of almost two centuries.

Snapshot

- Provides banking services, wealth management, wealth administration and insurance services
- Around 36,000 employees
- More than 12 million customers across Australia, New Zealand and the Asia Pacific region
- Around 580,000 shareholders
- One of the top five listed companies on the ASX by market capitalisation
- Recognised as one of the world's most sustainable companies.

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ENABLING PROSPERITY

A vibrant economy is fundamental to the sustainability of any community. By providing jobs and investment returns – from both business and home ownership – a strong private sector economy helps give people the opportunities they need to create the life they deserve.



And yet in Indigenous affairs, the focus on developing solutions to important social issues has seldom been complemented by a similar emphasis on how successful businesses are enabled in Indigenous communities.

The good news is that, right across Australia, hundreds of Indigenous enterprises are emerging to create opportunities for local people. Indeed, Australia's top 500 Aboriginal and Torres Strait Islander corporations generated a combined income of \$1.71B in 2012-2013—a 6.2% increase on the year before. And the impact of the resources boom and land reform means that Indigenous Australia is in an unprecedented position to build its economic base.

But there's a long way to go to make that good news great.

Encouraged by the fresh thinking being generated by the Empowered Communities Steering Committee, we at Westpac saw an opportunity to build economic sustainability into the program's agenda. With that in mind, we commissioned Urbis to study the factors that support economic development and entrepreneurship in Indigenous communities across Australia, New Zealand, the United States, and Canada.

The result is Enabling Prosperity, which identifies a number of critical success factors that need to be in place to create a vibrant local economy in Indigenous areas. While some of these factors—like the importance of education, access to capital and markets, and sound infrastructure are self-evident, there are also valuable insights about the role of land and title reform, leadership capacity, and cultural links. These will no doubt provide policy makers and Indigenous communities alike with important considerations as they look to empower their communities.

As Australia's First Bank—and oldest company—Westpac feels a particular obligation to help empower Australia's First People. I'd like to thank the Urbis team for their help in conducting this important study, and commend it to the attention of all who seek a brighter future for Indigenous communities.

With best wishes,

Brian Hartzler
Chief Executive
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KEY TERMS USED IN REPORT

<u>TERM</u>	<u>DEFINITION</u>
Access to capital	The ability to access cash to generate income.
Access to markets	The ability to market and sell goods and services in a given market.
Agglomeration	The economic efficiency gains from the spatial concentration of economic activity.
Community governance	The evolving processes, relationships, institutions and structures by which a group of people, community or society organise themselves collectively to negotiate their rights and interests.
Corporate governance	The processes whereby decisions important to the future of an organisation are taken, communicated, monitored and assessed.
Entrepreneur	Individual owner of a commercial business that is run for a profit.
Human capital	The knowledge, expertise and abilities of local workers.
Infrastructure	Physical facilities such as transport (mass and road), water, sewerage and communication lines.
Institutions	Organisational rules and routines, formal laws, and informal norms.
Nation building	The process of constructing or structuring a national identity using the power of the state, with the aim of unifying people within the state so that it remains politically stable and viable in the long run.
Social enterprise	An organisation driven by a public or community cause (eg social, environmental, cultural or economic) that derives most of its income from trade and uses the majority of its profits to work towards its social mission.
Social infrastructure	Assets that accommodate social services; examples of social infrastructure assets include schools, universities, hospitals, prisons and community housing.

EXECUTIVE SUMMARY

The last twenty years have seen Indigenous Australians play an increasing part in Australia's economy through education, employment and enterprise.

The number of Indigenous university graduates in Australia has risen to more than 25,000. Based on the steady growth in enrolments and completions, these numbers are projected to swell to more than 50,000 by 2020 and more than 100,000 by 2050.

A growing number of Indigenous Australians are now thriving in business and other sectors. In 2011, 12,500 Indigenous individuals were self-employed in a range of industries including agriculture, arts and tourism, hospitality and professional services, compared with only 4,600 in 1991.

Indigenous Australians own or control approximately 20 per cent of land in Australia and the resources associated with that land, including access to minerals, water and biodiversity. The combined income of the top 500 Aboriginal and Torres Strait Islander corporations for 2012 to 2013 was almost \$1.71 billion. An estimated \$40 billion is also held by 6,000 Indigenous organisations in trusts.

This is a promising story of increasing economic security and success. However, further opportunities remain to be realised.

Westpac commissioned Urbis to undertake research to understand the key drivers of economic development for Indigenous Australians. The aim of the research was to provide an evidence-base analysis of factors that support entrepreneurship and economic development, building on Australian and international literature and research. The overarching research question was:

What factors lead to successful economic development and job creation in Indigenous communities?

Recognising that remote locations face unique challenges, and that metropolitan locations have enhanced opportunities and networks, this research primarily focussed on economic development in rural and regional areas, interpreting that broadly to accommodate different definitions of rural and regional used in the four countries under discussion.

Many definitions of economic development exist; however, the term generally describes sustained and concerted actions to improve the standard of living and economic health of a locality to an acceptable level. Generally in Australia a community is considered to have an acceptable level of well-being when they meet certain social norms. The Empowered Communities project has defined these norms as: children attending school and being safe and cared for; capable adults participating in either training or work; people abiding by tenancy laws and maintaining their homes; and the creation of safer communities (with people not committing violent and alcohol and drug related offences).

A literature review was undertaken utilising a cross-jurisdictional analysis of four countries: Australia, New Zealand, Canada and the United States. These jurisdictions were chosen due to the presence of Indigenous populations within a dominant non-Indigenous society and their common historical experience of British colonisation and displacement from traditional lands.

This report has taken a success-orientated approach and, as a result, has not focussed in detail on the barriers facing Indigenous economic development.

To develop a framework for successful Indigenous economic development, the following three areas were examined:

- drivers of regional economic development in any context
- factors that may be unique to the Indigenous approach to economic development (for example, a strong emphasis on enterprises that provide economic and social returns to communities on Indigenous land)
- factors required for successful Indigenous enterprise (for the purposes of this report, an Indigenous-owned business is defined as one that has 51 per cent or more of the share capital owned by Indigenous people).

The economic literature provides clear evidence of five factors which support economic development in Indigenous communities and individual Indigenous entrepreneurship.



SOUNDS OF SILENCE – ENTERED INTO THE AUSTRALIAN TOURISM HALL OF FAME. SOURCE: VOYAGES INDIGENOUS TOURISM 2014

These are:

1. An authorising environment which includes:
 - governance and institutions which are culturally legitimate and sound
 - government policy and regulation which facilitates development
2. Human capital including leadership and social infrastructure (in the Indigenous context the role of culture as a resource is particularly important)
3. Access to capital and markets (the literature suggests that Indigenous people face more significant barriers than others in gaining access to loans and other financial assets)
4. Infrastructure
5. Geography and agglomeration (this includes the location and resources available to a community to enable economic development).

These factors are interconnected and do not necessarily fit neatly into discrete categories. For example, access to capital often relies on human capital and the development of successful partnerships, while ownership of land and resources requires human capital and leadership to realise its potential. In practice, Indigenous-owned businesses succeed because of more than one factor; there is also a synergistic effect of different factors working together. Assets and increased wealth alone are not enough to create sustainable outcomes. Knowledge, skills and leadership are also needed.

The diagram (overleaf) illustrates the relationship between Indigenous enterprises, community development and regional economic development. Individual and social enterprises are supported by community development initiatives and regional economic conditions. However, individual businesses and social enterprises also help to improve the social and economic conditions of communities and contribute to the economic development of regions. These three spheres are influenced by the five factors discussed above, which help to create an enabling climate for business and economic development.

Assets and increased wealth alone are not enough to create sustainable outcomes. Knowledge, skills and leadership are also needed.

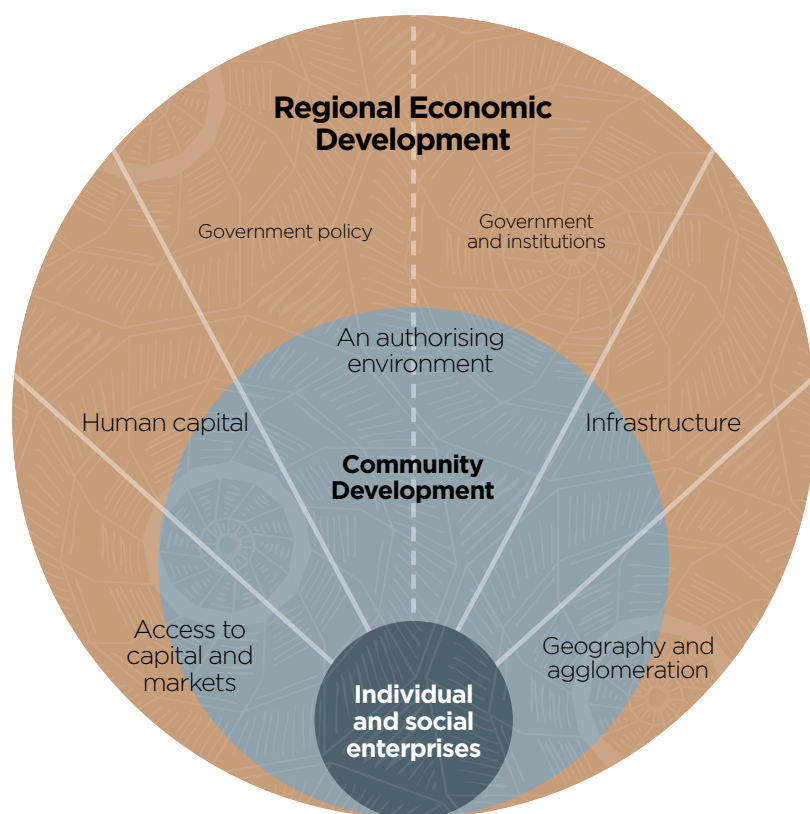


FIGURE 1 - THE THREE SPHERES OF ECONOMIC DEVELOPMENT AND CONTRIBUTING FACTORS

An authorising environment

Economic progress in communities is contingent on social stability and legitimate and effective governance structures, including: the maintenance of law and order; a clear and transparent judicial system and accountability to a local constituency.

Although the governance arrangements of successful communities vary immensely they all have one thing in common: cultural legitimacy in the eyes of the community. Furthermore, in Canada, the United States and New Zealand, community leaders have recognised that good governance and management requires a separation between community politics and business. One key mechanism for this is the establishment of an independent board of directors. Another is independent dispute resolution processes for resolving conflicts.

The 'nation building' approach outlined in Canada, the US, and New Zealand appears to have provided a greater authorising environment for self-determination and entrepreneurialism than the policy environment of the past decades in Australia. In this context, 'nation' refers to a particular Indigenous tribe or community. A level of political sovereignty and control over local decision making is required to allow communities to strengthen unification, including a shared identity, common understanding of issues and establishment of long-term goals and objectives.

The literature suggests that Indigenous economic development initiatives are more successful when led by, or involving, Indigenous communities. Government is most helpful by providing a policy environment that engages Indigenous communities in the policy process and enables locally-driven responses to regional challenges.

The literature suggests that Indigenous economic development initiatives are more successful when led by, or involving, Indigenous communities.

The success of Indigenous-led economic development appears to be due to Indigenous decision makers having better insight into the challenges unique to a particular community and location. Greater responsibility for decision making also means they are more likely to experience the consequence of decisions (thereby enhancing accountability).

Examples from the four countries, discussed in this report, demonstrate that Indigenous communities are most successful when they are provided with an opportunity for real empowerment, including management of resources and designing their own policies and institutions.

There are also opportunities for the government to contribute to Indigenous business success by examining the regulatory environment and the extent to which it is either enabling or disabling Indigenous business efforts.

Human capital

Any economic investment in Indigenous communities, including infrastructure, will have limited impact without a concurrent investment in human capital. Human capital embodies the range of capabilities that people possess, such as their leadership abilities, their attitude and their 'cultural capital'. Social infrastructure, including education services and social norms, contribute to the capabilities of individuals and their ability to make the most of their opportunities. Without the necessary human capital, the benefits of land ownership and access to resources may not be able to be realised.

Regional areas tend to have lower human capital than more metropolitan areas, which is a barrier to attracting investment and new business. Improving access to education is essential. In addition, businesses can play an increased role in mentoring, training and creating leadership pathways for Indigenous staff. All these elements are crucial in creating a labour force for Indigenous businesses to grow and be self-sustaining.

Where individuals or communities lack the capabilities themselves, partnerships and knowledge sharing can play a valuable role in providing the necessary human capital to drive economic development. The meat processing company, Fletcher International Exports (Fletcher), demonstrates the importance of partnerships between business and communities to create the conditions required for Indigenous economic development. For example, Fletcher supported Merriman Station which took in its first intake of Indigenous trainees in 2009. Currently Fletcher has over 300 Indigenous employees.

Capabilities are also related to individuals' attitudes and their approach to challenges. Across the literature certain characteristics of a 'winning attitude' are identified as important to the success of Indigenous businesses.

Strong leaders have played an important role in providing Indigenous business with a clear vision that aligns community needs with the market. Local leaders are uniquely placed to identify the community's strengths and weaknesses, as well as educate and guide the community stakeholders towards longer term, broader economic aims. The importance of good leadership based on strong, culturally legitimate relationships can therefore not be underestimated.

A strong cultural identity is often the motivation for Indigenous communities to explore and invest in business opportunities. Culture can provide a social infrastructure which acts as a foundation to drive business growth, provide employment, and leverage community strengths to meet family and community needs. It can also provide a number of different business opportunities, particularly in the arts and tourism, such as music and dance, visual arts and craft. Culture is an important asset; both as a personal support structure and as an artistic and knowledge asset that can be leveraged commercially.

Often the success of an Indigenous business is not only defined by the profit gained from the business, but also by its ability to preserve or affirm the culture of the community, clan or family group. There are many examples of successful Indigenous organisations that have embedded cultural values into the values and governance structures underpinning their business.

For example, the Gumatj Clan Corporation in East Arnhem Land has integrated clan structure and law into the operational practices of their executive council to enable participation in meetings by family Elders. This has facilitated broad community support for the pursuit of economic development opportunities, including timber, construction, housing and cattle station businesses.

The case studies in this report illustrate that many Indigenous Australians are establishing businesses that are both 'commercially viable and culturally affirming'. Culture is therefore not a barrier to economic development, but rather one of the keys to its success.

Indigenous economic development, as a particular model of economic development, has additional social, communal and cultural objectives. For example, Booderee National Park is jointly-managed by the Wreck Bay Aboriginal Community Council. The council has established a commercial entity which is delivering on long term plans for conservation goals and benefits for the community, including training and employment initiatives.

The creation of successful Indigenous businesses, particularly where a critical mass of an educated and capable workforce is located, can create a 'virtuous cycle' that in itself can foster further economic development and wealth creation. For example, Indigenous businesses can play an important role in increasing human capital by providing training and employment opportunities (particularly as they employ a high proportion of Indigenous employees). This in turn has a multiplier effect, leading to a greater culture of employment and social contribution, and an environment which can support further innovation and new opportunity.

A thriving Indigenous business sector can also lead to reduced reliance on external sources of funding, including government funding. For example, the top five Indigenous corporations received 83% of their revenue from self generated income.



INDIGENOUS DANCE AT THE 2005 WALKING WITH SPIRITS FESTIVAL ON JAWOYN LAND. SOURCE: PETER EVE 2008

The creation of successful Indigenous businesses can create a 'virtuous cycle' that in itself can foster further economic development and wealth creation.

Access to markets and capital

In addition to trade liberalisation, providing physical access to markets is an important driver of poverty reduction in agricultural communities.

Networks between Indigenous and non-Indigenous businesses and business support agencies will continue to be important to Indigenous entrepreneurialism. A key example is Supply Nation, Australia's minority business supplier development council.

Partnerships can facilitate access to new markets and diversification within a business through an increase in an enterprise's available resources, and help to foster cross-cultural understanding.

Access to capital is a particular challenge for Indigenous people, given that many Indigenous people are unable to use their land as collateral. The market-leading success of Indigenous businesses such as NANA in the US and Aotearoa Fisheries in New Zealand demonstrates the importance of land and asset ownership and an appropriate land titling system, in combination with strong governance, leadership and financial management skills.

For businesses that do not satisfy mainstream lending criteria there are other forms of support that exist, for example, loans and support available from Indigenous Business Australia and Westpac micro-finance loans available from Many Rivers in partnership with Westpac.

New ways of introducing Indigenous entrepreneurs to investors is also key to growing the Indigenous business sector. The development of the Indigenous Stock Exchange is an example of an innovative approach to increase access to capital for Indigenous entrepreneurs. The development of business partnerships between Aboriginal social enterprises and non-Indigenous investors is also essential, as ownership of land and resources often requires capital to realise its potential.

Geography, agglomeration and infrastructure

Geography has an impact on regional development. Although Indigenous Australians own or control approximately 20 per cent of land in Australia and the resources associated with that land, the vast majority of the land is located in remote and regional areas. The isolation and fragmentation of remote and regional areas mean there is less opportunity to diversify income and occupation, a smaller number of people with business and professional skills, and fewer opportunities to access education and training.

However, the literature indicates that with the appropriate legislative environment and support it is possible to establish successful Indigenous corporations in regional areas, and for these corporations to become fully or nearly self-funding. The economic literature also provides examples of the synergistic effects of agglomeration in creating the critical mass necessary for sustainable development.

International examples suggest that the Australian government and business community could do more to facilitate regional investment and to counteract the challenges posed by distance such as the greater cost of doing business and the lack of infrastructure compared to metropolitan areas. For Indigenous businesses to grow in regional Australia there needs to be continual investment in transport, information technology, infrastructure, and education to develop and attract the requisite labour force.

Other solutions to overcome the challenges posed by remoteness and distance to markets are tax exemptions on Indigenous land, such as those that exist in the United States and Canada.

Developing land-use plans can help to identify the strengths of locations. One of the factors critical to the success of Whitecap Dakota First Nation in Canada was hiring a professional land planner to do a land-use plan to identify the best use of the land on the reserve.

The economic literature also provides evidence of the synergistic effects of agglomeration in creating the critical mass necessary for sustainable development.



Conclusion

There is a synergistic effect arising from combining the success factors identified in this report. Internally, Indigenous business success can be achieved by having effective institutions of governance and management (both corporate and community) and sufficient community capacity (human capital). Where human capital is lacking, hiring outside staff or providing education, training and mentoring programs to enable knowledge transfer can assist.

Externally, there are opportunities for the government to contribute to Indigenous business success by examining the regulatory environment and the extent to which it is either enabling or disabling Indigenous business efforts.

Current government policy frameworks, such as the Indigenous Economic Development Strategy, are largely focused on the importance of education and training and generating opportunities for private sector employment and enterprise.

However, the international literature suggests that community or social enterprises can play a significant role in improving the social and economic conditions of communities.

In addition to employment, successful community enterprises also bring business investment interest into their community by networking and actively seeking partnerships. They also support small business owners in the community, with preferred supplier relationships, and by mentoring and providing financial assistance.

Businesses are the key driver for wealth creation, helping to provide job opportunities and improve the social and economic conditions of communities. The question facing Indigenous leaders and policy makers is how to ensure more Indigenous Australians are able to participate in Australia's economy. Initiatives that strengthen both individual and community business initiatives will, over time, ensure that all the building blocks are in place for sustainable economic development and wealth creation for all Indigenous Australians.

There is a synergistic effect arising from combining the success factors identified in this report.

SUMMARY OF CASE STUDIES

Six case studies were chosen to illustrate the range of factors that contribute to individual and community business success as well as the different ways in which Indigenous individuals and communities are creating new and innovative ways of doing business. These case studies are provided in detail in chapter 3 and summarised below.



Yaru Water: Indigenous-owned business and Indigenous/non-Indigenous partnership

Yaru Water is an Australian Indigenous-owned business producing bottled water from an aquifer at the base of Mount Warning, in the Tweed Heads-Byron Bay hinterland of north-eastern NSW. Yaru Water was established in 2011 as a partnership between Shaun Martin, his wife Tessa (owners of Mount Warning Spring Water Company) and local Indigenous men Kyle and Josh Slabb. Factors critical to the success of Yaru Water are the fact that the local Indigenous community has a majority share in the business and the partnership between the Martins and the Slabbs. The partnership has been mutually beneficial, not only increasing the percentage of sales under the Yaru Water label, but also strengthening the local Indigenous community through Indigenous leadership programs. As an Indigenous owned company, Yaru Water is eligible to be a member of Supply Nation, which has helped them secure significant distribution deals and provided them with networking opportunities.



Outback Global: Indigenous-owned business and international partnership

Outback Global Australia is an Australian Indigenous business specialising in uniforms, work wear, personal protective equipment, safety boots, apparel, luggage and promotional products. Jasmin Herro and her husband Slay launched Outback Global (originally known as Outback Apparel) in 2009. Since then the company has grown to become a global company, with offices in Shanghai and Denver, Colorado, in addition to their Sydney office. Critical to the success of Outback Global was the opportunity for Shay and Jasmin to access capital through a Fast Track Loan from Indigenous Business Australia and the Australian Indigenous Minority Supplier Council (now known as Supply Nation), which provided Slay and Jasmin with the finance to expand their business. Partnerships and networking opportunities also helped to grow the business. Outback Global is the first joint venture between an Australian Indigenous business and a USA minority business. In 2013 Outback Global obtained minority business certification in the USA which enables the company to access USA government contracts. Outback Global was the winner of the Supply Nation 'Supplier of the Year' and 'Supplier to Supplier of the Year' awards for 2013.



Fletcher International Exports: Australian non-Indigenous business having a positive impact on Indigenous communities

Roger Fletcher is a self-made success story who has moved from droving sheep to become the owner of one of Australia's largest meat processing companies, Fletcher International Exports. The company operates two meat processing facilities, one located in Dubbo, New South Wales, and the other near Albany in Western Australia. He also supported Merriman Station, a sheep station in North West New South Wales that was a venue for an innovative shearing school to train young Indigenous people in the wool industry. The company now supports a program to provide students with traineeships and jobs. Fundamental to Roger's success is his winning attitude and his focus on developing human capital. As a result of his entrepreneurial vision, local Indigenous people have access to vocational training and employment in the meat and wool industries. Hundreds of people have had employment opportunities that would not otherwise have been available to them.



Booderee National Park: Australian Indigenous community-owned natural resource

Booderee National Park is located on Bherwerre Peninsula in Jervis Bay Territory on the coast of south-eastern Australia, about 150km south of Sydney. The Park is owned by the Wreck Bay Aboriginal Community Council and jointly managed by the Council and Parks Australia. Located within the Park is Booderee Botanic Gardens, Australia's only Aboriginal-owned botanic garden. Involving the Wreck Bay Aboriginal Community in caring for Booderee has assisted the community in determining long-term conservation goals and benefits for the community and the park. Key success factors for the Wreck Bay Aboriginal community were the establishment of clear governance and management structures and the development of human capital. The community has established a commercial entity to deliver service contracts and to increase the Indigenous participation and employment in park management. A range of training initiatives also provide training opportunities to local Indigenous people and the extensive Indigenous knowledge of natural resources around the Jervis Bay area continues to grow with the Wreck Bay people using the bush as a natural classroom for young people.



NANA Regional Corporation (Alaska): International Indigenous community-owned social enterprise

NANA is a shareholder-managed corporation that is guided by a Board of Directors, composed of Iñupiat shareholders, and a senior management team. Most of NANA's approximately 12,000 shareholders are Alaska Natives of Iñupiat descent. As an Alaska Native Land Claims Settlement Act (ANCSA) corporation, NANA has no publicly traded stock and its shares cannot legally be sold, though some stocks can be inherited or gifted. NANA Australia Pty Ltd is the wholly-owned subsidiary of NANA Development Corporation. Critical to NANA's success is the ownership of land and resources; however NANA has also used its assets to develop human capital. NANA Australia partners with Australian traditional owner groups and Aboriginal companies to share lessons learnt from 40 years of business experience. NANA offers an internship program to its shareholders to provide them with on-the-job training, experience and skills. This training offers students career insights, exposure to the workplace and networking opportunities. NANA's mentoring program also pairs shareholder employees with mentors who are managers in professional fields and extends to developing 'teaming' relationships with Australian Indigenous corporations.



Osoyoos Indian Band Development Corporation (Canada): International Indigenous community-owned corporation

The Osoyoos band from the Okanagan Valley have built a thriving economy, based not on what the Chief terms 'rocking chair money' from natural resources, but on a series of agriculture, eco-tourism, commercial, industrial, and residential businesses, including Nk'Mip Cellars, the first aboriginal-owned winery in North America. The area attracts about 400,000 visitors per year, and at peak tourist season, there is essentially full employment among the more than 470 members of the Osoyoos reserve. The Osoyoos Indigenous Band Development Corporation's mission is to achieve self-reliance through economic development and to preserve their first nation culture through the creation of jobs on their lands for future generations. The Chief of the Osoyoos Band terms this approach 'community capitalism'. The Osoyoos Indian Band reserve has the distinction of owning the most businesses per capita of any first nation in Canada, so many businesses in fact that it has imported workers from 35 less-affluent bands. Nk'Mip Cellars has won awards as the top winery in British Columbia and proceeds from the winery go towards helping the reserve's desert ecosystem. Recently the Osoyoos Indian Band was successful in securing a contract to build a maximum security jail, which will bring in 240 full-time permanent jobs for families in the Okanagan region. Key to the success of the Osoyoos Indian Band Development Corporation is the leadership provided by the Chief and the decision to enact tax jurisdictions over reserve lands which enabled the community to borrow capital for infrastructure and social and economic development. Clear governance structures and partnerships have also assisted the community to grow their businesses and to provide social and employment opportunities for community members.



INTRODUCTION

Enabling Indigenous prosperity has been a key priority of Australian governments over the last decade, with bipartisan support at both the Federal and the state/territory levels. National investments across governments to close the gap in a range of health and well-being indicators have also focused attention not just on job creation but on Indigenous participation in influencing and shaping the Australian economic and business environments.

Westpac commissioned Urbis to undertake research to explore the key drivers of economic development for Indigenous Australians. The aim of the research was to provide an evidence-based analysis of factors that support entrepreneurship and economic development, building on Australian and international literature and research.

The overarching research question was:

What factors lead to successful economic development and job creation in Indigenous communities?

Additional sub-questions included:

- What conditions and institutional elements facilitate success in Indigenous economic development? (For example, special economic zones, proximity to infrastructure, availability of social services, local cultural institutions, access to education and training etc.)
- What are some examples of successful Australian regional, rural and remote Indigenous and non-Indigenous enterprises?
- What types of initiatives have contributed to improved social outcomes?
- What can be learned from the international literature regarding best practice in Indigenous business development and employment?
- How can these best practice examples be applied in the Australian context?

There is extensive literature on the economic development experiences of Indigenous peoples in other parts of the world, for instance Africa, Asia, and Latin America. However, this research has focused on the literature of four countries, Australia, New Zealand, Canada, and the United States. In general we felt that the experience of Indigenous peoples in these four countries was most relevant to the topic at hand, given the similar history of British colonisation.

As requested in the original brief, we have given more consideration to Indigenous enterprise in regional and rural geographic areas rather than either remote or urban areas, although we have included some examples from remote locations where we felt there were lessons to be learned. We have interpreted that broadly to accommodate different definitions of rural and regional used in the four countries under discussion. In addition, while prioritising Indigenous-owned enterprises, we have also considered non-Indigenous Australian enterprises that demonstrate a commitment to provide a range of economic and social benefits to Indigenous individuals and communities.

We began with a brief exploration of the general economic literature to provide a context for discussing regional and Indigenous specific economic development. From there we focused our analysis on Indigenous economic development more specifically, including Indigenous business development.

The research highlighted that there are two distinct forms of Indigenous businesses, social enterprises and Indigenous entrepreneurialism. In this research, the term Indigenous entrepreneurialism (or entrepreneur) has been used to refer to Indigenous-owned private and commercial businesses that are run for a profit. The term Indigenous social enterprise is used to refer to community-based enterprises that have a more communal purpose (these are sometimes also referred to as Indigenous economic development corporations in the literature and many are legally structured as corporations under Australian law).

A definition of a social enterprise is an organisation that:

- “is driven by a public or community cause, be it social, environmental, cultural or economic
- derive most of their income from trade, not donations
- use the majority of their profits to work towards their social mission” (Social Traders 2014).

In Australia, there are differing opinions on whether an Indigenous business is one that has 51 per cent or more of the share capital owned by Indigenous people or whether 50 per cent is sufficient (ATO 2009; Foley 2006; Commonwealth Government of Australia 2008). The Australian Bureau of Statistics has a broader understanding and defines small to medium privately owned Indigenous businesses as having at least one Indigenous owner (ABS 2012a:5). For the purposes of this report, an Indigenous-owned business, or enterprise, is defined as one that has 51 per cent or more of the share capital owned by Indigenous people.

Our methodology has included conversations with key stakeholders within Westpac, and a search of the Australian and international literature. We have used several databases including SocIndex, the Australian and New Zealand Reference Centre, Indigenous Infonet and Google Scholar as well as a range of government and non-government websites, including:

- Indigenous Business Australia – <http://www.iba.gov.au>
- Office of the Registrar of Indigenous Corporations (ORIC) – <http://www.oric.gov.au>
- Australian Government Department of Employment – <http://employment.gov.au/>
- Aboriginal Enterprises in Mining, Exploration and Energy Ltd (AEMEE) – <http://www.aemee.org.au/>
- Australian Indigenous Chamber of Commerce – <http://www.indigenousjobsaustralia.com.au/>
- Indigenous Stock Exchange – <http://www.isx.org.au/>
- The World Bank – <http://www.worldbank.org/>
- First Nations Property Ownership Initiative – <http://www.fnpo.ca>
- Native Investment and Trade Association – <http://www.native-invest-trade.com/>
- Aboriginal Affairs and Northern Development Canada – <http://www.aadnc-aandc.gc.ca/>
- The Banff Centre – <http://www.banffcentre.ca/>

This paper has taken a success-orientated approach and, as a result, has not focussed in detail on the barriers facing Indigenous economic development.

The following pages provide an analysis of those factors that encourage economic development and job creation in a regional development context as well as in Indigenous communities in Australia and internationally, including the conditions and institutional elements required for success. Selected case studies are included to illustrate Indigenous business ideas that have proven successful in Australia and other countries. This report concludes with a summary of drivers for Indigenous economic development.

For the purposes of this report, an Indigenous-owned business is defined as one that has 51 per cent or more of the share capital owned by Indigenous people.



A FRAMEWORK FOR REGIONAL ECONOMIC DEVELOPMENT

KEY POINTS

The economic literature provides clear evidence of factors to support effective regional economic development, such as stable government, an authorising policy and regulatory environment, access to markets, agglomeration, and location.

These factors are briefly defined and described, and a basic framework for drivers of economic development is proposed.

The factors affecting regional economic development have been the subject of extensive study by a number of academic and economic institutions. These studies have been conducted across a number of different environments including the European Union (EU), China, Latin America and the USA.

This chapter outlines a high-level framework for regional economic development drawn from empirical studies within the general economic development literature. It seeks to understand some of the key factors that influence economic development in rural and regional areas, and the extent to which they are able to attract economic development and jobs.

Broadly, the key factors identified include:

- governance and institutions
- government policy
- human capital
- infrastructure
- agglomeration and geography
- access to markets.

Some of these factors are more important than others, while others have limited impact if implemented in isolation to other factors. There are also potential risks associated with some factors; agglomeration, for instance, can be achieved in one location at the expense of other regional areas. In essence, a number of studies found that the impact of these drivers is contextual, and requires complementary economic development strategies.

The importance of economic development to regional areas is clear. Business attraction and creation has a multiplier effect, with additional workers creating demand for services, resulting in additional employment (Moretti 2012).

The importance of economic development to regional areas is clear. Business attraction and creation has a multiplier effect, with additional workers creating demand for services, resulting in additional employment.

MORETTI 2012

2.1 FACTORS IN ECONOMIC DEVELOPMENT

Governance and institutions refers to the impact of political, public and legal governance frameworks that influence economic activity and development. The World Bank (2000:xii) defines institutions as “organisational rules and routines, formal laws, and informal norms. Together they shape the incentives of public policymakers, overseers, and providers of public services.”

Using this definition, governance and institutions may influence regional economic development in a number of ways, as summarised below.

- The history of economic development illustrates a number of basic government functions that are required before economic progress can be made (Magingxa and Kamara 2003):
 - rule of law (eg land titling system)
 - anti-corruption / non-extractive forms of government
 - law and order
 - clear and transparent judicial system
 - accountable to a local constituency.
- A national government focused on the maintenance of a ‘level playing field’ between different regions is a key enabler of economic development (Shankar and Shah 2009).
- Regional and local governments that are accountable to a local constituency, ensuring that local priorities are understood at a national level, are needed to inform specialised assistance or intervention where required.

Government policy refers to the type and degree of government intervention into a market. Government intervention can occur at all levels of government; however, successful regional development policy relies on cooperation and partnership between all levels of government and with relevant non-government organisations (Department of Regional Australia, Local Government, Arts and Sport 2013).

In addition to policy alignment between different levels of government, the following principles were identified via a review of relevant empirical studies.

- National cross-subsidies of poorer regions did little to improve sub-national regional economic convergence. Case studies and reviews of funding models amongst EU countries found that regions (within nations) achieved varying levels of convergence despite national subsidies, and were influenced more by existing path-dependent geographic agglomeration (Shankar and Shah 2009).
- Central government investment was found to be most effective when regional governments were able to influence where and how funding was invested (Shankar and Shah 2009).
- Investment in human capital by the government has been an effective regional economic development strategy, improving the stock of human capital in a region (Department of Regional Australia, Local Government, Arts and Sport 2013).
- Without concurrent investment in human capital (i.e. education) and the involvement of local or regional government, investment in transport infrastructure had little impact on a region’s economic development (Shankar and Shah 2009).
- Preferential treatment of specific regions or cities through Special Economic Zones (SPEZ) has created uneven regional income distribution and economic growth in China (Jones, Li and Owen 2003). In this context the use of SPEZ resulted in a ‘zero-sum’ trade-off between regions.

Human capital refers to the ‘knowledge, expertise and abilities’ of local workers (Department of Regional Australia, Local Government, Arts and Sport 2013).

The key factor found to have an impact on regional economic development was investment in human capital (Shankar and Shah 2009; Izushi and Huggins 2004). Education and training tends to be lower in regional areas (compared to metropolitan areas), suggesting this is an important issue to address in facilitating regional economic development.

- Creation of knowledge and its conversion to commercial use plays a greater role in economic development now than it has historically. As such, the smaller population of regional areas presents a barrier to attracting investment and new business creation.
- Uneven distribution of skills and human capital development are noticeable amongst regions, both in advanced and developing economies.
- The attraction of workers in research and development (R&D) and tertiary education are important factors in developing a ‘knowledge sector’. Strong correlation was found between GDP growth and workers in information and communications technology (ICT) and R&D (‘knowledge-based’) sectors within the EU (higher than capital and labour factors in the study) (Izushi and Huggins 2004). In addition to this close association, a correlation was found between the number of students in tertiary education and business R&D staff (Izushi and Huggins 2004).
- Attracting these higher order jobs has significant multiplier affects. For example, the majority of jobs in Silicon Valley in the US are in service-based industries. Subsequently, different industry sectors were found to have varying job ‘multipliers’, which is important when considering the economic impact of different types of employment (Moretti 2012). Moretti (2012) argues that the potential multipliers for job creation vary widely and are linked to the level of skills and education that each job requires, in this manner:
 - 1 highly technical job may lead to 5 additional jobs
 - 1 skilled job may lead to 2.5 additional jobs
 - 1 un-skilled job may lead to 1 additional job.

- There are 'spill over' effects associated with 'knowledge-based' jobs. It was found that less educated workers in cities with a higher educated workforce earn more than comparable workers in other cities (Moretti 2012; Department of Regional Australia, Local Government, Arts and Sport 2013).

Infrastructure includes physical facilities, for example transport (mass and road), water, sewerage and communication lines.

Infrastructure can 'unlock' the productivity potential of regions. However, this has limited impact without concurrent investment in human capital (Shankar and Shah 2009).

- Infrastructure and basic services (eg running water and electricity) increase productivity (Patrinos and Skoufias 2007), and are important enablers for attracting industrial development.
- Land value (in Mexico for example) depends on access to roads, affecting the value of Indigenous land holdings in rural locations (Patrinos and Skoufias 2007), and reflecting demand for serviced land by the market.
- Infrastructure investment can reduce trade costs within poorer regions, increasing capital mobility and the ability to attract new business.
- While physical infrastructure is an important factor in the economic development of regions, in isolation it may not result in the desired convergence between poorer regional areas and wealthier metropolitan areas.

Access to markets is defined as 'the ability to market and sell goods and services in a given market' (Department of Regional Australia, Local Government, Arts and Sport 2013). Regional areas are typically more removed from end-user markets and the global supply chain that provides suppliers with access to markets.

- Market access is an important development barrier for regional areas to overcome. In addition to trade liberalisation, providing physical access to markets is an important driver of poverty reduction in agricultural communities. This can change with context. Magingxa and Kamara (2003) note that small-hold farmers in poorer rural communities in Africa, for instance, have a limited understanding of market pricing,

fluctuations or contract negotiation. This is a significant barrier in poverty stricken areas, and would likely inhibit participation in or entrance into markets by lower socio-economic workers or entrepreneurs.

- Access to information is another key market barrier for regional areas. Information is available, but may not be equally distributed, with factors such as education, ethnicity, gender and other social factors influencing a community's ability to access markets (Magingxa and Kamara 2003).

Agglomeration and geography refer to the economic efficiency gains from the spatial concentration of economic activity. Economic development and spatial agglomeration of economic activity are connected (Baldwin and Martin 2003).

The economics influencing the location of capital investment also underpin ongoing economic activity, creating economies of scale. As such, geography has an impact on regional development and influences the effectiveness of redistributive policy in the following ways.

- Spatial distribution affects the 'mobility' assumption in neoclassical economic growth models, and can exacerbate disparities between regions.
- Isolation and fragmentation can lead to fewer opportunities for Indigenous people in rural areas to diversify their income and occupations (eg away from agricultural and non-wage income, and reliance on private and public transfers).
- While capital inequality between regions can lead to income disparities, policies that reduce trade cost and transport costs can reduce barriers for firms locating into a particular region.
- Improvements in telecommunications infrastructure or education can also contribute to reducing barriers for firms to locate into a particular region.

2.2 SUMMARY

Some of the key findings of this chapter relate to the effectiveness of different forms of government intervention and economic development drivers. Regional development subsidies were found to be most effective when regional governments were able to influence and set the agenda. This indicates that central government intervention and subsidies have limited affect without a local or regional political institution's involvement.

At the same time, while national cross-subsidies from the EU Structural Fund improved a country's overall economic development, they did little to accelerate the economic convergence between poorer regions and more prosperous regions within a country (Shankar and Shah 2009). This suggests that subsidies alone will not promote convergence in the absence of more targeted local initiatives to grow economic activity.

A summary of the required drivers for a theoretical regional economic development framework is outlined opposite.

TABLE 1 – DRIVERS OF ECONOMIC DEVELOPMENT

Governance and institutions

- Basic government functions are required before economic progress can be made:
 - rule of law (eg land titling system)
 - anti-corruption and non-extractive forms of government
 - law and order
 - clear and transparent judicial system
 - accountable to a local constituency
- A national government focused on maintaining a 'level playing field' between different regions
- Regional and local governments that are accountable to a local constituency

Government policy

- Transport infrastructure projects alone had limited impact, with some success found when this agenda was influenced by local or regional government
- Investment in human capital by the national government was found to be a successful policy
- National cross-subsidies of poorer regions did little to improve economic convergence
- Preferential treatment of specific regions and cities can result in uneven regional income distribution and economic growth

Human capital

- Increasing independence and competition between regions for investment and businesses has made human capital an important factor in job creation
- Higher order jobs and workers have been found to have a higher multiplier effect than lower skilled jobs
- Uneven distribution of skills and human capital development are noticeable amongst regions, both in advanced and developing economies
- Strong correlation was found between tertiary education and jobs in ICT and R&D ('knowledge-based') sectors within the EU

Infrastructure

- While infrastructure and basic services (eg running water and electricity) increase productivity they have limited impact without concurrent investment in human capital
- Infrastructure investment can reduce trade costs within poorer regions, increasing capital mobility, and regional ability to attract new business

Access to markets

- In addition to trade liberalisation, providing physical access to markets is an important driver of poverty reduction in agricultural communities
- A number of other issues restrict market access in developing countries such as:
 - lack of understanding of the market and price fluctuations
 - limited access to market information
 - lack of collective organisation
 - limited experience in market negotiation
- These could be considered factors of education and human capital as well

Agglomeration and geography

- Geography has an impact on regional development, and the impact of redistributive policies
- Isolation and fragmentation can lead to fewer opportunities for Indigenous people in rural areas to diversify their income and occupations (eg away from agriculture and non-wage income, and reliance on private and public transfers)
- While capital inequality between regions can lead to income disparities, policies that reduce trade costs and transport costs can reduce barriers for firms moving into a particular region



ENABLING INDIGENOUS PROSPERITY

KEY POINTS

There are common success factors for both Indigenous and non-Indigenous business. However, Indigenous business commonly includes an additional factor of an Indigenous cultural approach to economic development and its contribution to the larger Indigenous community.

Indigenous business in Australia contributes substantially to the Australian economy, in excess of \$1.71 billion in 2012–13 for registered corporations alone, excluding sole traders and small business (ORIC 2014).

The structures of Indigenous businesses vary, and include community-owned corporations, individually-owned businesses, for profit and not-for-profit enterprises and partnerships with majority Indigenous ownership. There are also non-Indigenous businesses that demonstrate a commitment to supporting Indigenous people or communities. Indigenous ownership is considered a significant factor in ensuring Indigenous people are able to control decision-making for the benefit of the community.

Enabling Indigenous prosperity requires the establishment and growth of Indigenous businesses to

ensure wealth creation and financial self-reliance for Indigenous Australians. The underlying factors that enable Indigenous business success are the same as the factors that contribute to any successful business enterprise, including those mentioned in the previous chapter:

- an authorising environment including governance, institutions and government policy
- human capital
- infrastructure
- agglomeration and geography
- access to markets.

Similarly, a recent study on Australian entrepreneurship found that there are common success factors for both Indigenous and non-Indigenous small to medium sized enterprises (Rola-Rubzen 2011), including:

- good management skills
- good staff
- reliable suppliers

- proper financial management
- good economic conditions
- good location of the business.

An additional factor intrinsic to Indigenous enterprise is that of culture, which plays an important role in the success of Indigenous businesses (Cornell 2006a; Loizedies and Wuttunee 2005; Sisco and Nelson 2008; Canadian Council for Aboriginal Business 2012; Frederick and Foley 2006; Federation of Maori Authorities 2006).

The literature points to a uniquely Indigenous approach to economic development, incorporating a strong emphasis on enterprises that provide economic and social returns to communities on Indigenous land (Cornell 2006a; Loizedies and Wuttunee 2005; Sisco and Nelson 2008; Canadian Council for Aboriginal Business 2012; Federation of Maori Authorities 2006). While some argue that Indigenous culture is not compatible with mainstream business practices, there is evidence that culture can contribute

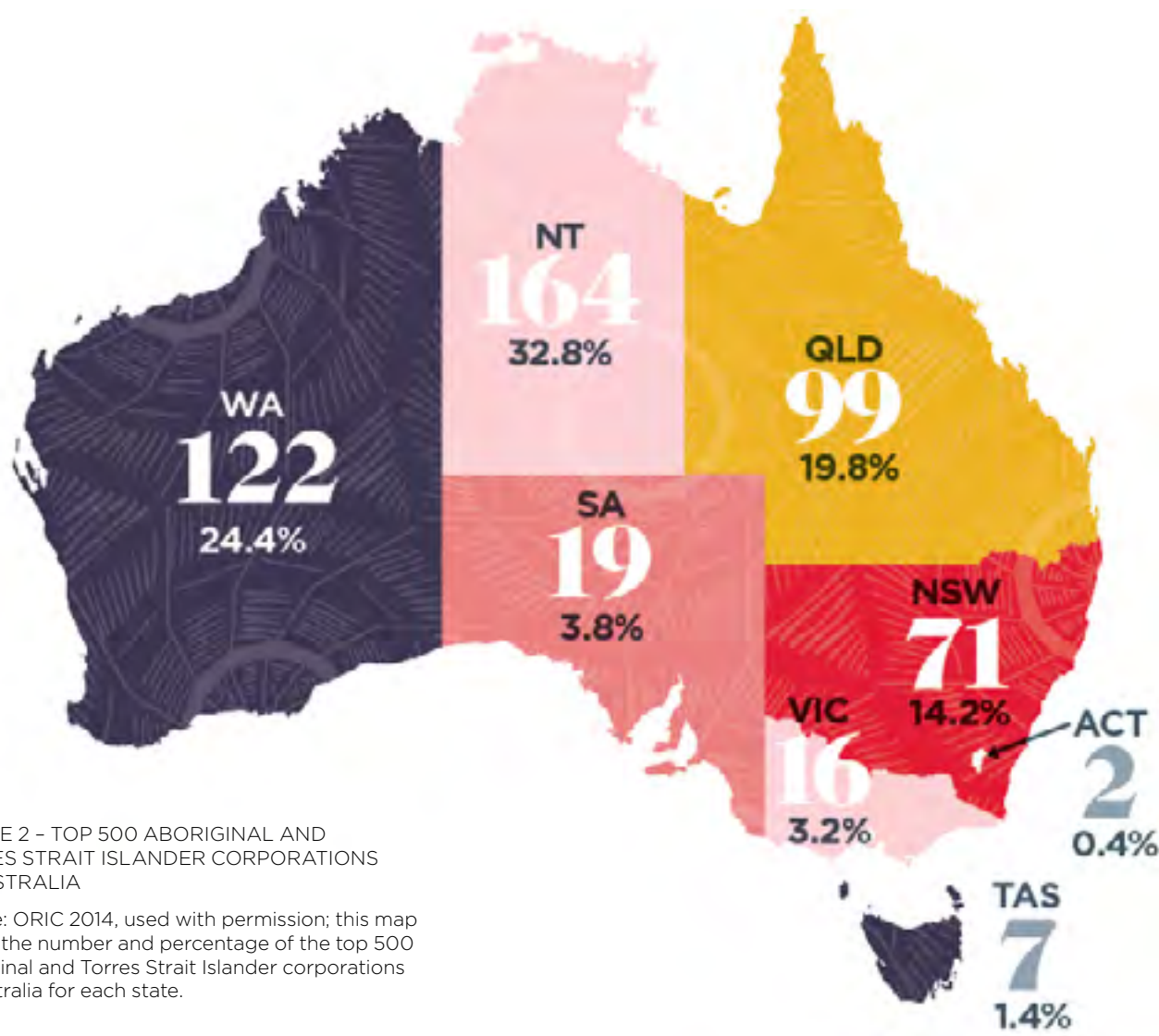


FIGURE 2 - TOP 500 ABORIGINAL AND TORRES STRAIT ISLANDER CORPORATIONS IN AUSTRALIA

Source: ORIC 2014, used with permission; this map shows the number and percentage of the top 500 Aboriginal and Torres Strait Islander corporations in Australia for each state.

to Indigenous business success by providing Indigenous people with a social and kinship support structure as well as artistic and knowledge assets that can be used commercially (Schaper 1999; Cornell and Kalt 2003; Altman 2001; Federation of Maori Authorities 2006; First Peoples Group 2009).

According to Hindle and Landsdowne (2005), while mainstream entrepreneurship focuses on the 'commercialisation' of innovation, the primary motives for Indigenous entrepreneurship are self-determination and the preservation of culture. A successful Indigenous business is not necessarily defined by the level of profit gained from the business, but rather by the benefits provided to the community, clan or family group (Commonwealth Government of Australia 2008).

Even for the individual Indigenous entrepreneur, family and community considerations are often taken into account when beginning a business (Roness and Collier 2010).

This does not mean Indigenous people are not concerned with profit, but that economic development has additional social, communal and cultural objectives (Roness and Collier 2010; Schaper 1999; Cornell and Kalt 2003). As the case studies in this report will illustrate, many Indigenous Australians are establishing businesses that are both 'commercially viable and culturally affirming' (Commonwealth Government of Australia 2008:10).

As the case studies in this report will illustrate, many Indigenous Australians are establishing businesses that are both 'commercially viable and culturally affirming'.

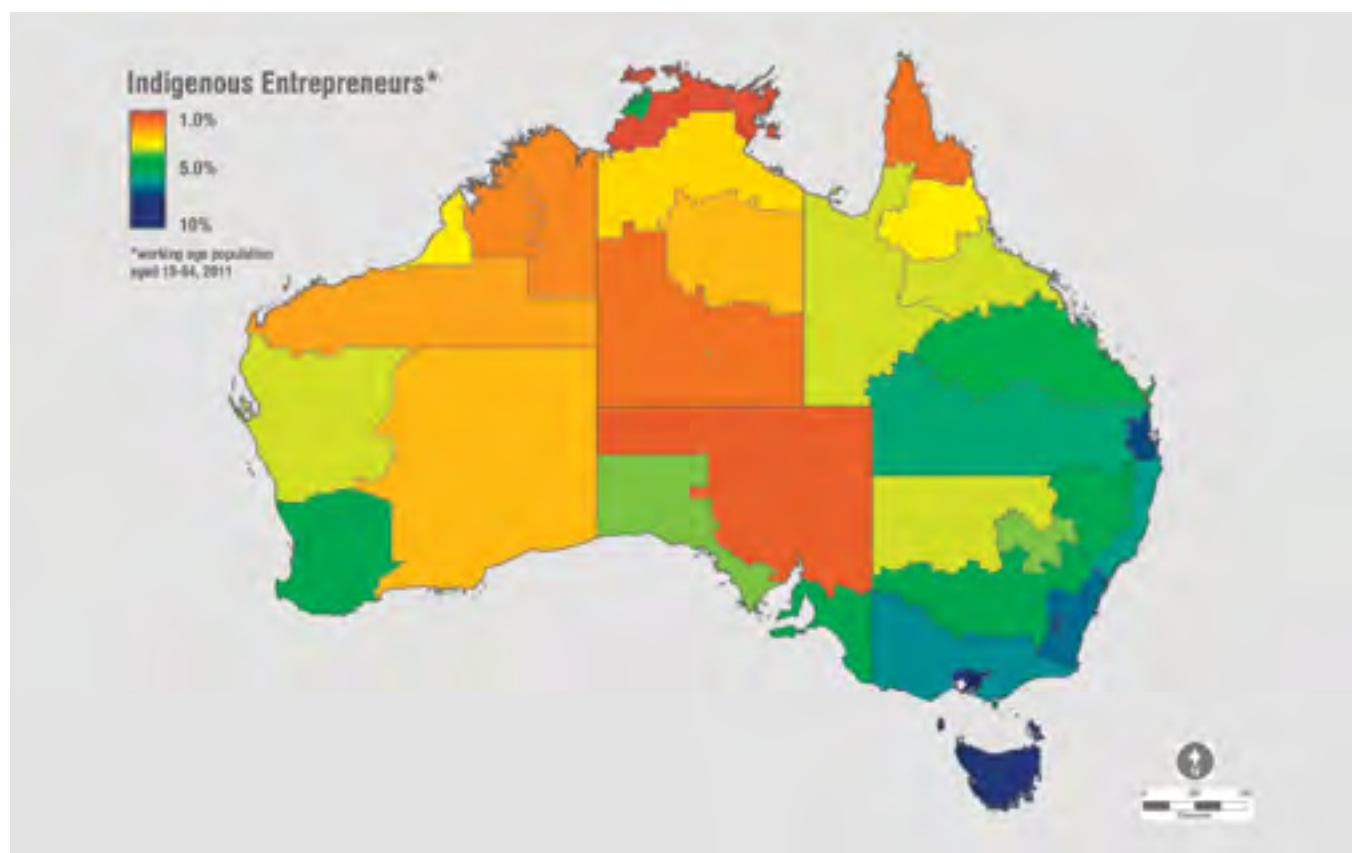


FIGURE 3 – INDIGENOUS ENTREPRENEURS BY INDIGENOUS REGION

Source: ABS 2012; Hunter 2013; this map shows the spread of Indigenous entrepreneurs across Australia as a percentage of local Indigenous population. The data for this graph are provided in Appendix A. Note that while Tasmania appears to have a high proportion of Indigenous self-employed and business owners, due to the small size of the local Indigenous population the number of entrepreneurs is small compared to other parts of the country.

3.1 WHAT DOES SUCCESS LOOK LIKE?

3.1.1 INDIGENOUS BUSINESS SUCCESS IN AUSTRALIA

A parliamentary inquiry into developing Indigenous enterprises in Australia noted that successful Indigenous businesses contribute financially to the community through profit and employment while also providing role models and a conducive environment for skills and ideas development (Commonwealth Government of Australia 2008). As the text box opposite illustrates, Indigenous corporations registered with the Office of the Registrar of Indigenous Corporations (ORIC) are having a positive impact on the economy of Indigenous communities, by providing economic development opportunities and creating and sustaining a significant number of Indigenous jobs (ORIC 2014).

Figure 2 illustrates that the majority of Aboriginal and Torres Strait Islander corporations are located in the north of Australia (where Indigenous land ownership is higher), with the Northern Territory having the largest percentage of corporations (32.8%),

followed by Western Australia (24.4%) and Queensland (19.8%) (ORIC 2014). These corporations have been established under The Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act) and are usually not-for-profit organisations with community development goals (Morley 2014).

Indigenous self-employment has more than doubled in the twenty years between 1991 and 2011 (Hunter 2013). Figure 3 shows that more Indigenous entrepreneurs live in the south east corner of Australia than in other locations, in areas where education outcomes are better, there is higher population density, and greater demand for goods and services (Hunter 2013). This is in contrast to overall business ownership in Australia, which according to the Australian Bureau of Statistics (ABS) is higher in regional Australia than in metropolitan areas. In regional Australia, approximately 20% of income earners own businesses; the figure drops to about 14% when metropolitan areas are included (Regional Australia Institute 2014).

The statistics indicate that Indigenous Australians (either as individuals or community based enterprises) are increasingly seeking out business opportunities and establishing their own businesses (Commonwealth Government of Australia 2008). However, the concentration of Indigenous businesses in the south east corner of Australia suggests that more work is needed to help Indigenous people in other parts of Australia to establish their own businesses. Likewise, Aboriginal and Torres Strait Islander corporations are predominately located in the north of Australia, despite the fact that Indigenous Australians in other states also have significant landholdings. This suggests that further work is needed to explore the opportunities that Indigenous corporations, including social enterprises, could provide Indigenous people in South Australia, Victoria and New South Wales.

KEY FACTS AND FIGURES ON INDIGENOUS ENTERPRISES AND ENTREPRENEURS IN AUSTRALIA

Indigenous Corporations

In 2012-13 the combined income of the top 500 Aboriginal and Torres Strait Islander corporations was almost \$1.71 billion, an increase of 6.2 per cent from 2011-2012 (ORIC 2014).

The average income of the top 500 corporations also increased in 2012-13 – from \$3.22 million in 2011-12 to \$3.42 million (ORIC 2014).

In 2012-13 the top 500 Aboriginal and Torres Strait Islander corporations employed 12,200 people, an increase of 8.5 per cent from 2011-12 (ORIC 2014).

The top 20 Indigenous corporations self-generated 40.1 per cent of their income, more than the 36.9 per cent they received from government funding (ORIC 2014). In 2011-12 the top five corporations acquired 83.1 per cent of their income from self-generated sources compared to 16.9 per cent from government funding (ORIC 2013).

The main categories of enterprise conducted by Aboriginal and Torres Strait Islander corporations (by number and percentage) include the following sectors:

- health and community services (n= 212 – 42%)
- employment and training (n=105 – 21%)
- land management (n=87 – 17%)
- art centres (n=77 – 15%)
- shops (n=73 – 15%)

- housing (n=70 – 14%)
- education (including child care) (n=66 – 13%)
- other (n=126 – 25%) (ORIC 2014).

Note: As corporations operate in a number of sectors, the percentages above add up to more than 100.

Indigenous Entrepreneurs

The number of Indigenous self-employed increased from 4,600 in 1991 to 12,500 in 2011 (Hunter 2013).

The main categories of Indigenous MSMEs (micro, small and medium sized enterprises) include:

- agriculture
- forestry and fishing
- arts and recreation (including tourism)
- cafes and restaurants (Rola-Rubzen 2011).

Indigenous businesses are a significant employer of Indigenous people. Research suggests Indigenous employment in Indigenous businesses is usually higher than 50 per cent, which is much higher than employment of Indigenous people in non-Indigenous businesses (Black Business Finder website 2014).

3.1.2 INDIGENOUS BUSINESS SUCCESS IN OTHER COUNTRIES

In Canada, when corporations work effectively and productively they help meet community needs by empowering communities (Cornell 2006a; Loizides and Wuttunee 2005; Sisco and Nelson 2008; Canadian Council for Aboriginal Business 2012; Aboriginal Affairs and Northern Development Canada 2013). Successful corporations have led to new business opportunities for Indigenous nations and their citizens. According to a recent survey of Indigenous economic development corporations in Canada, four out of ten (38%) are the main employers in their community and Indigenous people comprise (on average) 72 per cent of their employees (Canadian Council for Aboriginal Business 2012). In addition to employment, successful Indigenous businesses also bring

business investment interest into their community by networking and actively seeking partnerships. They also support small business owners in the community, through financial assistance and mentoring (Canadian Council for Aboriginal Business 2012).

In the United States, successful Native communities have institutions of governance (such as the laws and organisation of tribal government) that are stable, fair and legitimate in the eyes of the people (Cornell and Kalt 2003). The research findings of the Harvard Project and Native Nations Institute (Taylor 2008) also indicate that Native leaders make their nations more powerful by restricting their own power for the benefit of the group; that is, they ensure that governance is fair and equitable for all rather than subject to relational influences.

This builds confidence for both internal and external investors as well as community members. When formal governance structures are integrated with Indigenous culture in practical and meaningful ways, communities tend to be more successful; for example, constitutional reform reinvigorated the Osage tribe's economy, and changes to local governance by the Navajo improved social and economic indicators. In 2008 the average income of Native American Indians was reported to be rising faster than the American average (Taylor 2008). "To advance the goals they care about, successful Native nations account for the demands of the outside world without necessarily abandoning their own priorities" (Taylor 2008:4).

Within the New Zealand literature, success in Maori business is reported to include indicators of both cultural and commercial success, though how this is achieved and the weight given to tikanga (Maori culture, customs and tradition) varies (Federation of Maori Authorities 2009). Although making a profit is considered important, for many Maori the use of profits to support their cultural values is even more important (Federation of Maori Authorities 2009; Frederick and Foley 2006). A successful business not only provides income for the owner but increases their mana (status) in the community (Federation of Maori Authorities 2009). Successful Maori-owned businesses separate commercial activities from non-commercial activities to reduce risk. Many businesses have also established alternative corporate structures, such as wholly-owned subsidiaries, both for risk management and to dedicate resources for specific opportunities or partnerships (Federation of Maori Authorities 2009).

3.1.3 FEATURES OF SUCCESSFUL INDIGENOUS ENTERPRISE

Overall, the literature indicates that a successful Indigenous enterprise includes the following four features (Cornell 2006a; Loizides and Wuttunee 2005; Sisco and Nelson 2008; Federation of Maori Authorities 2009; Hindle and Lansdown 2005; Commonwealth Government of Australia 2008):

- Indigenous owned and operated (or majority Indigenous ownership) – there is general agreement that economic development in Indigenous communities requires meaningful control over decisions at the community level and that social enterprises contribute to the preservation and maintenance of culture
- demonstrated growth of profits over a substantial period of time – social enterprises that are economically sustainable
- created jobs in the Indigenous communities in which they are based and/or the Indigenous community at large
- improved the social conditions within the communities in which they are based and/or the Indigenous community at large.

However, while social enterprises have an important role to play in improving economic outcomes they are just one of several types of enterprise ownership that have an impact on Indigenous communities. Cornell (2006a) suggests that there are three types of enterprises:

- non-Indigenous ownership (business owned by outsiders although they may employ and serve Indigenous people)
- Indigenous ownership (business owned by the group – community, tribe, or nation)
- ‘citizen entrepreneurship’ (Indigenous individuals own the business themselves).

Each of the three types of ownership has advantages and disadvantages. For example, non-Indigenous ownership may provide access to resources not otherwise available to the Indigenous community, such as particular knowledge, skills or finance. Indigenous group ownership can bring empowerment and confidence to a community as well as increasing independence and autonomy through decreased welfare dependence. Individual entrepreneurship can help serve community needs (such as demand for a retail sector and other services), and also enables people to create new opportunities and increase their own wealth. However, there needs to be sufficient support for these types of enterprises to exist. In order for people to establish their own businesses they need to have access to both financial and human capital. Indigenous-owned social enterprises require institutions of governance and dispute resolution processes to be in place to avoid disagreements about how the profits from the enterprise will be used. Partnering with outsiders requires negotiation regarding each partner’s rights and responsibilities, dispute resolution processes, and methods for cooperation across ‘political and cultural boundaries’ (Cornell 2006a).

In addition to ownership structures, economic development models vary and can be classified into four general types. The First Peoples Group (2009) identifies three groups: public, public-private, and private; the latter can be further divided into private for profit and private not-for-profit.

- Public development models are driven through government and include public financing to provide business support such as project funding and job training, as well as sector support such as labour development, technology and infrastructure improvements.
- Public/private models include Indigenous corporations that receive government funding and also generate their own funds. Some community-based enterprises are strictly commercial and others operate as a form of social enterprise (non-profit model).
- Private models include Indigenous entrepreneurs who through a mixture of autonomy, competitiveness, and technological knowledge/skill help to create jobs and transform capital.
- Private not-for-profit models include private voluntary associations (such as the Koorie Women Mean Business Incorporated) who help to create the climate for business through networking and promotional activities.

3.2 FACTORS THAT ENABLE ECONOMIC SUCCESS

The following table outlines the key factors identified in the literature from Australia, Canada, USA, and New Zealand that contribute to business success and economic development in Indigenous communities. There are common success factors across each of the four countries. Yet, in each country different responses have emerged to facilitate economic achievement. Indigenous people are not homogeneous and approaches that are successful for one community may not necessarily work for another community in a different location with different political institutions, resources, infrastructure and community capabilities.

The factors that influence business development are varied and often beyond the control of entrepreneurs (Cornell 2006a). However, there are some factors that are more amenable to control than others (see Figure 4). Individuals have more influence over internal factors, such as their attitude, good business practices, and clarity about goals. While individuals have less influence over community factors, if strong leadership exists and community consensus can be reached, then it is possible to have a degree of control over some areas, such as the composition and power of corporate boards and dispute resolution processes. External economic conditions, including the cost of capital, the spending power of consumers, market behaviour, the number of

competitors, the regulatory environment and government policies, are generally less easily influenced by the actions of individuals; however, individuals are still able to respond to external factors in ways which can enhance their opportunities. Marketing and lobbying, for instance, are avenues for influencing the broader external context, although their outcomes are unpredictable and may not be evident in the short term (Cornell 2006a).

TABLE 2 – FACTORS THAT CONTRIBUTE TO INDIGENOUS BUSINESS SUCCESS

Authorising Environment	Access to Infrastructure and Capital	Human Capital and Social Infrastructure	Culture
<ul style="list-style-type: none"> • Political sovereignty – control over local decision-making • Effective institutions of governance with cultural legitimacy • Good leadership – leaders listen and respond to community needs • Management separates commercial activities from non-commercial activities or establishes subsidiary companies or trusts • High quality and committed management including boards of management • Proper financial management and annual strategic plans • Transparent reports and open communication • Leaders separate ‘politics’ from business 	<ul style="list-style-type: none"> • Good location of the business • Proximity to markets • Natural resources • A useable land base • Access to financial capital • Reliable supplier • Ownership and control of assets • Good economic conditions • Market opportunity – including some form of commercial concessions or competitive market niches • Collective wealth of members through long-term wealth programs and asset building 	<ul style="list-style-type: none"> • Sufficient community capacity with education and industry experience • Education and social programs • Knowledge transfer – through the hiring of outside staff where necessary • Mentorship programs • Networking and joint venture or business partnerships • Joint venture or business partnerships • Clear corporate vision • Winning attitude and the use of creativity to overcome obstacles 	<ul style="list-style-type: none"> • A resource and asset to leverage community and cultural strengths • Mix of commercial and cultural – business practices align with and affirm cultural values • Strong family and community links provide networking opportunities • Strengthening and preserving culture is a motivating factor in social enterprise initiatives

Sources, Cornell 2006a; Loizides and Wuttunee 2005; Sisco and Nelson 2008; Canadian Council for Aboriginal Business 2012; Aboriginal Affairs and Northern Development Canada 2013; Federation of Maori Authorities 2009; Frederick and Foley 2006; Hindle and Lansdown 2005; Commonwealth Government of Australia 2008; Altman 2001; First Peoples Group 2009; Rola-Rubzen 2011.

Internal factors

- Attitude – confidence to take risk & be innovative
- Purpose – clarity about enterprise objectives
- Good business practices/financial management arrangements

Community factors

- Separation of politics & business
- Community capacity – degree of education/skills in the community
- Networks & partnerships
- Independent dispute resolution processes
- Composition & power of corporate boards

External factors

- Location
- Access to markets
- Economic conditions
- Regulatory environment
- Government policies

FIGURE 4 – FACTORS AFFECTING ENTERPRISE DEVELOPMENT AND DEGREE OF PERSONAL CONTROL

Source: adapted from Cornell 2006a.

3.3 CASE STUDIES

In the following pages we provide a series of case studies to highlight the range of factors which contribute to business success as well as the different ways in which Indigenous individuals and communities are creating new and innovative ways of doing business. These case studies have been chosen from the many examples available in order to showcase the variety of sectors in which Indigenous businesses operate and the range of business models in use. Subsequent chapters of the report will discuss the factors which contribute to business success in more detail and provide examples of how individuals and communities have been enabled or constrained by the existence or absence of these factors.

Yaru Water

Indigenous-owned business, and Indigenous/non-Indigenous partnership

Yaru Water is an Australian Indigenous-owned business producing bottled water from an aquifer at the base of Mount Warning, in the Tweed Heads-Byron Bay hinterland of north-eastern NSW. Mount Warning holds deep significance to the Indigenous people of the area and across Australia, who call the mountain Wollumbin, which means 'cloud catcher', and have known it for thousands of years as a place of cultural law, initiation and spiritual education.

History

Yaru Water was established in 2011 as a partnership between Shaun Martin, his wife Tessa (owners of Mount Warning Spring Water Company) and local Indigenous men Kyle and Josh Slabb. Due to the unique offer of a majority share in the business by the Martins, Kyle Slabb and his brother control 51 per cent of the company. The Martin family have owned the property surrounding the aquifer since 1904 but it was not until 2004 that the bottling plant was established. The Martin family have a long history with the local Indigenous people (the Bundjalung) and wanted to do something to help the community. Initially the Martins had considered donating several cents of every bottle of Mount Warning Spring Water they produced to help with employment and training initiatives for local Indigenous youth; however, they decided instead to establish an Indigenous label (Yaru Water) and to direct some of the profits of that label into community development programs.

Achievements

In 2013, Yaru Water began supplying the Sofitel Hotel at Broadbeach on the Gold Coast. Sofitel is a luxury French hotel brand, and is part of the wider Accor Group. There are 130 Sofitel hotels located in 40 different countries worldwide. The partnership with Accor Group has had an enormous impact on the company and the Bundjalung community. According to Kyle Slabb it has given them credibility in the market and its success has inspired young Indigenous leaders and business people.

In September 2013 Coles supermarkets began stocking bottles of Yaru Water nationwide. As a result the plant production increased from 15,000 to 22,000 litres per week to meet demand.

The Yaru Water brand now accounts for 71 per cent of Mount Warning Spring Water production.

Proceeds from the sales of Yaru Water help support education and training programs for Indigenous youth. Profits from the venture have also funded the construction of an accommodation and training centre on the Martin family farm where Kyle Slabb teaches various groups, from Aboriginal children to corporate visitors, about Bundjalung culture.

Success Factors

- **Indigenous owned** – Shaun Martin decided to give Kyle Slabb and his brother the majority share in the company because he had seen that donations rarely led to sustainable change: "I wasn't real happy with how the system is and how it works for indigenous people, how it can lead to government dependency." (Allen 2008) As an Indigenous owned company, Yaru Water is eligible to be a member of Supply Nation, which has helped them secure significant distribution deals and provided them with networking opportunities. For example, the General Manager of Sofitel first came across Yaru Water at the Supply Nation Connect 2012 tradeshow.



SOURCE: YARU WATER

- **Indigenous culture** – Sofitel were looking for opportunities within the Indigenous community and, as a luxury brand, were after something unique for their guests that had a distinct Australian flavour. The Sofitel management felt that Yaru Water offered what they were looking for. Coles capitalised on the fact that Yaru Water was an Indigenous label by running a promotional campaign which focused on Yaru Water's contribution to the Indigenous community.
- **Partnerships** – The partnership between the Martins and the Slabbs has been mutually beneficial to both the Mount Warning Spring Company and the Bundjalung people, as evident by the percentage of sales under the Yaru Water label and in the Indigenous leadership programs that have been implemented from its proceeds.

Sources: Allen 2008; Yaru Water website 2014; Supply Nation website 2014.

CASE STUDIES



JASMIN HERRO (CHIEF EXECUTIVE OFFICER, OUTBACK GLOBAL) AND DONALD FAIRCONETURE (PRESIDENT, OUTBACK GLOBAL USA).
SOURCE: SUPPLY NATION

Outback Global

Indigenous-owned business, and international partnership

Outback Global Australia is an Australian Indigenous business specialising in uniforms, work wear, personal protective equipment, safety boots, apparel, luggage and promotional products.

History

Jasmin Herro and her husband Slay launched Outback Global (originally known as Outback Apparel) in 2009. Since then the company has grown to become a global company, with offices in Shanghai and Denver, Colorado, in addition to their Sydney office.

In 2013, Outback Apparel partnered with Donald Fairconeture, President and CEO of Unity Promotions in the United States, to form Outback Global.

Achievements

Outback Global is the first joint venture between an Australian Indigenous business and a USA minority business. It is hoped that Outback Global's trailblazing achievements will inspire other Australian Indigenous entrepreneurs to seek opportunities to partner with United States minority-owned businesses.

In 2013 Outback Global obtained minority business certification in the USA which enables Outback Global to access USA government contracts.

Outback Global was the winner of the Supply Nation 'Supplier of the Year' and 'Supplier of the Year' awards for 2013.

In 2014 Jasmin Herro was named as a Westpac 100 Women of Influence and became the first Indigenous Australian to receive a Melbourne Business school Alumni Award.

Success Factors

- **Leadership and attitude** – Jasmin attributes her success to having clarity about her business purpose and the companies with which she wanted to conduct business. According to Jasmin, 'doing your homework and having a plan' before approaching any potential business opportunities is very important.
- **Access to capital** – A Fast Track Loan from Indigenous Business Australia and the Australian Indigenous Minority Supplier Council (now known as Supply Nation) provided Slay and Jasmin with the capital to expand their business. According to Slay: "This...opened up a world full of opportunities and possibilities for us, whereas before while we had the expertise and the contacts to do it we never had the funds or the cash flow to do it" (Karvelas 2012).
- **Education and mentoring** – Slay and Jasmin Herro completed the Into Business Workshops run by IBA, which helped them to refine their ideas into a business proposal and provided mentoring and support. Jasmin is also a graduate of the Murra Indigenous Business Master Class offered by the University of Melbourne. As a result of her success Jasmin is now encouraging and supporting other Indigenous business owners to certify with Supply Nation and become a part of the growing Indigenous business sector of Australia.

• Partnerships and networking opportunities

– Donald and Jasmin became partners after being introduced to each other at the National Minority Supplier Development Council (NMSDC) Conference and Business Opportunity Fair held in Denver in October 2012. Since then Jasmin has continued to attend the annual National Minority Supplier Development Council Conference, and in 2013 led the largest delegation of Australian Indigenous entrepreneurs to San Antonio, Texas in the United States. Recently, Jasmin delivered a keynote address to attendees of the Procurement and Supply Australasia 2013 conference.

Sources: Karvelas 2012; Outback Global Australia website 2014; Supply Nation website 2014

Slay and Jasmin Herro completed the Into Business Workshops run by IBA, which helped them to refine their ideas into a business proposal and provided mentoring and support.

Fletcher International Exports

Australian non-Indigenous business having a positive impact on Indigenous communities

History

Roger Fletcher is a self-made success story who has moved from droving sheep to become the owner of one of Australia's largest meat processing companies, Fletcher International Exports. The company operates two meat processing facilities, one located in Dubbo, New South Wales, and the other near Albany in Western Australia. The company also exports sheep meats, wool and grain to more than 95 countries worldwide, and farms sheep, wheat and cotton. The two plants have a combined processing capacity in excess of 90,000 sheep and lambs per week which equates to over 4.5 million head per year. Fletcher International currently employs over 300 Indigenous employees (approximately 15 per cent of their workforce).

In the past Roger supported Merriman Station, a sheep station in North West New South Wales that became a venue for an innovative shearing school training young Indigenous people in the wool industry. The training program involved a two week pre-vocational course followed by a 13-week practical training program. Roger supported Merriman Station by providing the sheep and the cost of a resident stock manager. He also provided additional funding in the establishment phase for equipment and operating costs. Roger and his company Fletcher International also played a major role in helping graduates secure employment in the wool and associated industries.

Today Fletcher International participates in the Get Real program with students from Dubbo College (both Indigenous and non-Indigenous) which offers students traineeships and part-time employment while they are at school and full-time employment once they finish school. Students sign a pledge to either be in school or employment and Fletcher International supports them with their pledge. Some students work towards Certificate 2 in Meat Processing which counts towards 2 units in their HSC, while others work part-time after school in the meat processing factory. Fletcher International also supports other programs aimed at helping Indigenous youth and improving their employment opportunities, such as the Clontarf Foundation and NCAP (new careers for Aboriginal people).

Achievements

As a result of one man's entrepreneurial vision, local Indigenous people have access to vocational training and employment in the meat and wool industries. Hundreds of people have had employment opportunities which would not otherwise have been available to them.

The creation of a dedicated sheep station and training school provided vocational training tailored to be culturally appropriate for local Indigenous people. In the process, a culture of employment is being developed in the local region.

Success Factors

- **Winning attitude** – Roger Fletcher is known throughout the industry for his readiness to investigate new ideas and methods. According to Roger, successful entrepreneurs recognise the importance of continuous improvement: "Always look to improve and don't accept that if a thing is going well, it's right. You've always got to get that one step better" (Meat Trade News Daily 2013).
- **Developing human capital** – Roger has succeeded in providing jobs for over 300 Indigenous employees by actively seeking out new employees. In most cases, it's not enough to pledge jobs, advertise them, and then sit and wait for Indigenous people to apply and start working. Staff from Fletcher International Exports and the NSW Department of Housing go to Dubbo housing estates and talk directly with Indigenous people about working with Fletcher's and what it means to have a secure job. Potential employees are also helped to complete job application forms.

Sources: Meat Trade News Daily 2013; Fletcher International Exports website 2014; Victorian Economic Development Group 2010, Watson, personal communication 2014).

Fletcher International Exports demonstrates the importance of actively seeking out new employees.



SOURCE: FLETCHER INTERNATIONAL EXPORTS

CASE STUDIES

Booderee National Park

Australian Indigenous community-owned natural resource

Booderee National Park is located on Bherwerre Peninsula in Jervis Bay Territory on the coast of south-eastern Australia, about 150km south of Sydney. The Park, which includes Bowen Island and a portion of the Jervis Bay marine environment, is owned by the Wreck Bay Aboriginal Community Council and jointly managed by the Council and Parks Australia, the Australian government's protected area management agency. Located within the Park is Booderee Botanic Gardens, Australia's only Aboriginal-owned botanic garden.

Booderee means bay of plenty or plenty of fish in the local Dhurga language.

History

The Wreck Bay Aboriginal Community Council was formed with the enactment of the Aboriginal Land Grant (Jervis Bay Territory) Act 1986 (Commonwealth). The Council operates as a body corporate; in addition to holding the title to Aboriginal land and managing and maintaining the land. The Council provides a number of benefits to community members including the establishment of business enterprises for economic or social benefit, and assistance with housing, social welfare, education, training and health needs.

Members of the Wreck Bay Aboriginal Community fought a long political and legal battle for ownership of land within Jervis Bay Territory, including what became Booderee National Park (formerly Jervis Bay National Park). In 1995 the Aboriginal Land Grant (Jervis Bay Territory) Act 1986 and the National Parks and Wildlife Conservation Act 1975 were amended to transfer freehold title of the National Park to the Wreck Bay Aboriginal Community Council on condition that the Park was leased to the Australian Government's Director of National Parks for 99 years. At the same time, the Jervis Bay National Park Board of Management was established with the majority of members coming from the Wreck Bay Aboriginal Community. The Park was renamed Booderee National Park in 1998 and the first Plan of Management for the Park was published in 2002.

Achievements

Booderee National Park attracts large numbers of Australian and international visitors. There are about 500,000 day visitors and 75,000 people who camp overnight each year.

Success Factors

- **Indigenous ownership and management** – Involving the Wreck Bay Aboriginal Community in caring for Booderee has assisted the community in determining long-term conservation goals and benefits for the community and the park.
- **Clear governance and management structures** – The community established a commercial entity to deliver service contracts and to increase Indigenous participation and employment in park management.
- **Development of human capital** – The community has established a range of training initiatives that integrate training activities across all the joint management partner organisations, and provide training opportunities to local Indigenous people whether or not they are currently involved in park management.
- **Preservation and maintenance of culture for future generations** – The extensive Indigenous knowledge of natural resources around the Jervis Bay area continues to grow with the Wreck Bay people using the bush as a natural classroom for young people.

Sources: Agreements, Treaties, and Negotiated Settlements website 2014; Australian Government Department of Environment website 2014.

Wreck Bay Aboriginal Community provides training opportunities to local Indigenous people whether or not they are currently involved in park management.



JUNIOR RANGERS WITH RANGER BERNIE MCCLOUD. SOURCE: RENEE NOWYTARGER 2006

NANA Regional Corporation (Alaska)

International Indigenous community-owned social enterprise

NANA is a shareholder-managed corporation that is guided by a Board of Directors, composed of Iñupiat shareholders, and a senior management team. Most of NANA's approximately 12,000 shareholders are Alaska Natives of Iñupiat descent. As an Alaska Native Land Claims Settlement Act (ANCSA) corporation, NANA has no publicly traded stock and its shares cannot legally be sold, though some stocks can be inherited or gifted.

NANA's mission is to provide economic opportunities for its more than 13,500 Iñupiat shareholders and to protect and enhance NANA lands.

NANA Australia Pty Ltd is the wholly-owned subsidiary of NANA Development Corporation. NANA Australia partners with Australian traditional owner groups and Aboriginal companies to share lessons learnt from 40 years of business experience.

History

NANA Regional Corporation, Inc. (NANA) is a Regional Alaska Native corporation formed in 1971 under the Alaska Native Land Claims Settlement Act (ANCSA).

Until 1971, the issue of land ownership in Alaska was divisive. Oil was discovered on Alaska's North Slope and Alaska Native peoples, including the Iñupiat of Northwest Alaska, worried about maintaining rights to traditional lands and the ability to protect their valuable subsistence resources. The passage of the Alaska Native Claims Settlement Act (or ANCSA) helped resolve many of the issues surrounding land rights.

Today, NANA owns 2.28 million acres, or approximately 9.4 per cent of the 24.3 million acres that comprise the NANA region.

Founded in 1974, NANA Development Corporation is the business arm of NANA Regional Corporation, Inc. All of NANA's business operations are owned by NANA Development Corporation.

NANA Australia Pty Ltd. has built 'teaming' relationships with SMI (a Western Australian Aboriginal-owned company that is committed to developing Aboriginal people and the

protection of their heritage and culture) and the Karilka Nyiyaparli Aboriginal Corporation (which represents its people in matters associated with their native title claim).

Achievements

NANA Development Corporation employs 11,500 people around the world from the Arctic Circle to Australia and is recognised as a leader in engineering and construction; resource development; facilities management and logistics; real estate and hotel development; and information technology and telecommunications.

In 2012 NANA's annual revenue was \$1.8 billion.

NANA Australia Pty Ltd in partnership with Karilka Nyiyaparli Aboriginal Corporation, has been granted an award to proceed to tender to develop a Mixed Business Precinct in the Newman town centre.

Success Factors

- Ownership of land and resources – Under the ANCSA Alaska Natives relinquished claims to their ancestral home in exchange for a settlement of \$1 billion and about 44 million acres, little more than 10 per cent of the entire state. At the same time, the selection of lands was one of the most important decisions NANA made, because the land provides subsistence resources in the NANA region, as well as the opportunity for natural resource development.
- Development of human capital – NANA offers an internship program to its shareholders to provide them with on-the-job training, experience and skills. This training offers students career insights, exposure to the workplace and networking opportunities. NANA's mentoring program also pairs shareholder employees with mentors who are managers in professional fields and extends to developing 'teaming' relationships with Australian Indigenous corporations.

Sources: NANA website 2014; NANA Australia website 2014.

NANA's mission is to provide economic opportunities for its more than 13,500 Iñupiat shareholders and to protect and enhance NANA lands.



COMMERCIAL FISHING IN THE PRINCE WILLIAM SOUND, ALASKA. SOURCE: BRYTTA

CASE STUDIES

Osoyoos Indian Band Development Corporation (Canada)

International Indigenous community-owned corporation

The Osoyoos Band from the Okanagan Valley have built a thriving economy, based not on what the Chief terms 'rocking chair money' from natural resources, but on a series of agriculture, eco-tourism, commercial, industrial, and residential businesses, including Nk'Mip Cellars, the first aboriginal-owned winery in North America. The area attracts about 400,000 visitors per year, and at peak tourist season, there is essentially full employment among the more than 470 members of the Osoyoos reserve.

The Osoyoos Indigenous Band Development Corporation's mission is to achieve self-reliance through economic development to preserve the culture and create jobs on their lands for future generations.

History

Forty years ago, the Osoyoos Indian Band was bankrupt and most community members were reliant on government social assistance. Now the Band has become a flourishing corporation that employs hundreds of people with an annual budget of more than C\$17 million.

Achievements

The Osoyoos Indian Band reserve has the distinction of owning the most businesses per capita of any first nation in Canada, so many businesses in fact that it has imported workers from 35 less-affluent Bands.

Nk'Mip Cellars has won awards as the top winery in British Columbia and proceeds from the winery go towards helping the reserve's desert ecosystem.

Recently the Osoyoos Indian Band was successful in securing a contract to build a maximum security jail, which will bring in 240 full-time permanent jobs for families in the Okanagan region.

Success Factors

- **Leadership and attitude** – Location and community ownership in and of themselves would not have resulted in the successful businesses. Someone had to see the inherent opportunities in the circumstances and develop businesses to take advantage of these opportunities. The Chief of the Osoyoos Band has this entrepreneurial attitude. One of the first things he did when he was appointed was to remove signs that said "Keep out – no trespassing Osoyoos Indian Reserve" and replace them with a sign "We're open for business. Working with business to preserve our past and strengthen our future. Call with your business ideas." The Chief calls his approach 'community capitalism'.
- **Indigenous ownership and management** – In 2001 the Chief and Council of the Osoyoos Indian Band enacted tax jurisdictions over reserve lands to become the taxing authority for property on the reserve, which allowed them to borrow capital for infrastructure and social and economic development.
- **Clear governance and management structures** – The Chief restructured the businesses for reporting and accountability purposes, for instance, hiring outsiders as senior managers. This created some tensions with the Council but has contributed to the success of the enterprises.
- **Development of human capital** – The Osoyoos Indian Band is committed to being one of the major economic generators in the South Okanagan by increasing its self-generated revenue by 50% and using the profits from its enterprises to further focus on capacity building in the Development Corporation and in the Osoyoos community.
- **Partnerships** – Through joint ventures the Osoyoos Indian Band has built business relationships that have created social and employment opportunities for both aboriginal and non-aboriginal people in the South Okanagan. Vincor International owns 49 per cent of the Nk'Mip Cellars, while the Osoyoos Band owns 51 per cent. As a result of this partnership Vincor has invested C\$40 million in vineyards, equipment and plant operations on the Band's land.

Sources: Anderson et al 2007, Rose 2013, Osoyoos Indian Band website 2013.



SOURCE: NK'MIP CELLARS



SOURCE: IAN LINDSAY, VANCOUVER SUN

3.4 SUMMARY

In summary, Indigenous businesses are influenced by the same factors that contribute to any business success. As with all businesses, successful Indigenous businesses are well managed, with good staff and reliable suppliers. However, culture also plays an important role in Indigenous business. This is particularly the case for Indigenous corporations on Indigenous land where the goal is to improve the social and economic outcomes of the whole community. In this situation, it is important that there are institutions of governance and dispute resolution processes in place to avoid disagreements about how the profits from the enterprise will be used.

A number of key factors have been identified as essential to create a climate of success, including an authorising environment, human capital and social infrastructure, and access to infrastructure, capital and markets. The next chapters explore these factors in greater detail.



AN AUTHORISING ENVIRONMENT

KEY POINTS

Government policy and regulation, including tax law and special economic zones, can contribute to successful business development by creating an enabling environment.

In the US, Canada and New Zealand, a 'nation building' approach has created an authorising environment for self-determination and innovation, encouraging Indigenous communities to capitalise on their assets and resources. This approach has not been followed to the same extent in Australia, and the literature suggests that as a consequence Australia lags behind other countries in this regard.

Successful Indigenous businesses have sound governance and management structures and also, where required, structures that separate community obligations from the everyday management of the business in order to reduce risk.

Government policies and regulation can play a supportive or constraining role when it comes to economic development. Land legislation has prevented Indigenous people from capitalising on their land (see section 6.2). However, governments have also implemented policies and legislation that have had an enabling effect on Indigenous communities, such as the First Nations Land Management Act (FNLMA) 1999 in Canada, the Maori Fisheries Act 2004 in New Zealand, and The Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act) and the Native Title Act 1993 in Australia.

4.1 POLICIES AND PROGRAMS

In Australia a wide range of federal and state/territory government policies and programs offer support to Indigenous businesses. A number of statutory authorities have been established to assist Indigenous socio-economic outcomes and to administer these programs, for example Indigenous Business Australia and the Indigenous Land Corporation.

Examples of the types of services provided by government agencies include:

- grants and low cost loans (discussed in section 6.4)
- procurement policies and processes that encourage the use of Indigenous business

(such as the Australian Government's Opportunities Policy)

- business mentoring and business development assistance (see section 4.2 overleaf)
- connections to other businesses and markets (for example Supply Nation discussed in section 6.5)
- land acquisition and land management (see text box on the Indigenous Land Corporation overleaf).

Specific local policies that can make a difference to Indigenous regional economic development are regional plans which assess the strengths and weaknesses of regional economies. An example of a regional plan, profiled in the Australian Government's Regional Development Guide, is the tourism diversification project in Far North Queensland (FNQ).

A region long dependent on tourism, recent events such as global economic changes and changes in weather patterns had reduced income from tourism. A regional plan for FNQ focusing on diversification of the tourism sector is expected to build on natural, cultural and built environment assets while identifying opportunities to reach into new markets (Department of Regional Australia, Local Government, Arts and Sport 2013).



STOCKMAN AT HODGSON DOWNS STATION.
SOURCE: MICHAEL FRANCHI 2013

SNAPSHOT: HOW THE INDIGENOUS LAND CORPORATION IS BENEFITING COMMUNITIES

The Australian Government established the Indigenous Land Corporation (ILC) as an independent statutory authority in 1995. The aim of the ILC is to assist Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits. The ILC runs two programs, the Land Acquisition Program, which acquires and grants land to Indigenous corporations, and the Land Management Program which assists with the management and development of land.

The ILC operates 14 agricultural businesses on land it either owns or leases from Indigenous land owners and where Indigenous people have sought the ILC's assistance with enterprise development. The ILC Board has also established a wholly-owned subsidiary company, Voyages Indigenous Tourism Australia Pty Ltd (Voyages), to manage and operate the ILC's tourism business portfolio and to act as a vehicle to assist in the development of Indigenous tourism across the nation.

The tourism portfolio consists of three resorts, Home Valley Station, in the Kimberley, Ayers Rock Resort in Central Australia, and Mossman Gorge Centre at Mossman Gorge in Queensland. In 2012-13, these three resorts employed a total of 250 Indigenous employees, 19 Indigenous sub-contractors and provided training opportunities for 178 Indigenous people (Commonwealth Government of Australia 2008; Indigenous Land Corporation website 2014).

Business support networks and business incubators offer a range of services such as networking and promotions, access to training, mentoring, coaching and other development activities to support and grow a vibrant Indigenous business sector.

4.2 MENTORSHIP AND BUSINESS INCUBATORS

Business support networks and business incubators offer a range of services such as networking and promotions, access to training, mentoring, coaching and other development activities to support and grow a vibrant Indigenous business sector. The literature suggests that these types of services provide an important and necessary level of support for entrepreneurs, particularly in areas where they may not have a high level of experience such as marketing, legal matters and finance (Poutama Trust 2014; Canadian Council of Aboriginal Business 2012; Commonwealth Government of Australia 2008).

In Australia there are a number of organisations that support and encourage Indigenous businesses, ranging from government agencies to Indigenous chambers of commerce and business support networks more broadly.

- Indigenous Business Australia (IBA), "through its Business Development and Assistance Program, assists eligible Indigenous Australians to establish, acquire and grow viable small to medium businesses, by providing, or facilitating access to, business support services and business finance" (IBA 2014).
- Indigenous Business Council of Australia (IBCA) promotes the interests of Indigenous business through advocacy, leadership development, partnerships and research (IBCA 2014).
- Koorie Women Mean Business (KWMB) Incorporated, an organisation of and for Indigenous women living in regional, rural, and metropolitan Victoria, provides services to support Indigenous women in their business. The organisation is responsive to women's needs and assists in partnerships and business development (Commonwealth Government of Australia 2008; Koorie Women Mean Business website 2004).

- The Darebin Enterprise Centre established its Indigenous Business Incubator in 2006, and supports individual business owners and community organisations to build and strengthen Indigenous businesses (Commonwealth of Australia 2008; Darebin Enterprise Centre 2012).

In Australia the unique creation of an Indigenous Stock Exchange (ISX) website, with a free market for listing Indigenous business ideas, products, and investment opportunities, furthers Indigenous economic development through bringing together entrepreneurs and sources of funding (Frederick and Foley 2006). The ISX website has continued to produce new ideas and has led to the development of a number of regional 'trading floors' (ISX 2014).

4.3 TAX INCENTIVES

Governments also use a variety of tax incentives to encourage business development. Within the Australian tax system a range of incentives have been created to foster innovation and development in such sectors as farming, infrastructure development, mining, entertainment, and environmental protection. However, the Australian Government has not to date established tax incentives to encourage Indigenous land development (Stanley 2002).

Other countries, notably the United States and Canada, do use tax structures to encourage productive use of Indigenous land for business development. The United States federal government has established a program called the Empowerment Zone and Enterprise Community Program (EZ/EC Program) to encourage business development in low socioeconomic rural and urban areas. There are also tax exemptions for both individuals and businesses on lands of some Native American Nations, and some Nations have been able to impose their own taxes on businesses operating on the Nation's land (Stanley 2002). Canada has enacted some similar policies (see snapshot opposite).

SNAPSHOT: INDIGENOUS TAX LEGISLATION

Canada designed its Canadian First Nations Fiscal and Statistical Management Act, later named the First Nations Fiscal Management Act (FNFMA), to encourage economic development for Canadian First Nations. The Act allows First Nations to impose property taxes and make use of other revenue-generating mechanisms within their boundaries. This has increased the ability to access and invest capital. The Act is optional and Bands apply to participate; once a Band is accepted onto the Act's schedule, they have access to a number of statutory support organisations (Aboriginal Affairs and Northern Development Canada 2014). As an example, the Whitecap Dakota First Nation, a rural community, has been able to charge goods and services taxes on various items such as fuel and alcohol, and has used this revenue to invest in a number of social and physical infrastructure projects to benefit the whole community (Loizides and Wuttunee 2005).

While Australia has a number of policies and programs to assist Indigenous people it lags behind other countries, such as Canada, the United States and New Zealand in its overall approach towards Indigenous Australians.

4.4 A NATION BUILDING APPROACH

While Australia has a number of policies and programs to assist Indigenous people it lags behind other countries, such as Canada, the United States and New Zealand in its overall approach towards Indigenous Australians. These latter countries have adopted what has been termed a 'nation building' approach based on humanistic economic development theory, as the governments have shifted from assimilation to fostering self-directed Indigenous development (Wilkins 2007; Cornell and Jorgensen 2007). In the context discussed here, the word 'nation' refers to an Indigenous tribe or nation rather than to the larger nation-state, and is conceptualised as building Indigenous community and institutional structures to strengthen the self-determination of tribes or nations. Although Australia adopted self-determination policies in the 1970s these have not been as effective as they could have been for a number of reasons:

- many Indigenous people, particularly those in remote areas, lacked the knowledge and training for self-management within the mainstream Australian legal and regulatory environment
- land rights legislation has led to conflicts over who is a 'traditional owner' and factionalism which has inhibited decision making and prevented social cohesion and stability
- education policies, particularly in homeland communities, have prevented Indigenous children from receiving decent standards of education

- welfare policies and government programs have been overly paternalistic and have abrogated personal responsibility (Altman 2001; Hughes & Hughes 2012).

One of the factors that differentiates Canada and New Zealand from Australia is that both countries negotiated historical treaties allocating land and resource rights. As a result, Indigenous Australians have less bargaining power and capacity to create economic development policy than Indigenous people in Canada and New Zealand (First Peoples Group 2009; Durette 2007).

A key feature of the 'nation building' or community strengthening approach adopted internationally is Indigenous governance. This concept is much broader than corporate governance of Indigenous businesses, and relates to Indigenous community relationships (see section 4.5 overleaf).

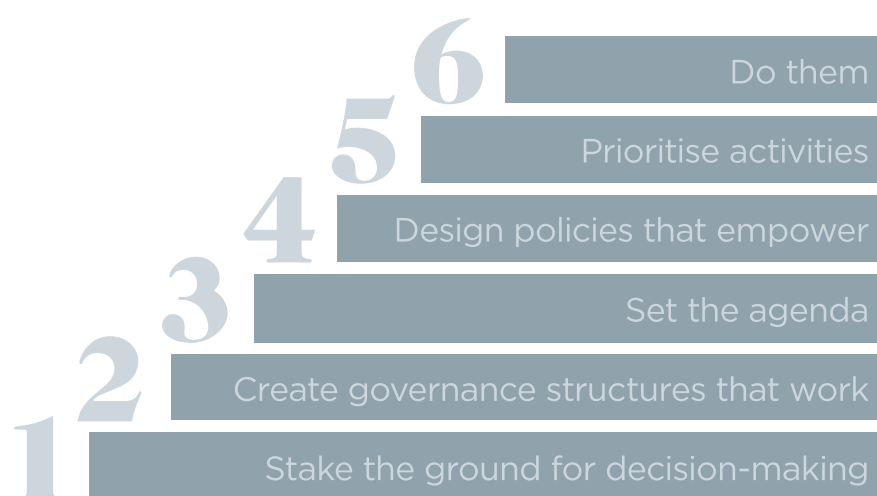
Nation-building in its broader definition refers to the process of constructing or structuring a national identity using the power of the state, with the aim of unifying people within the state so that it remains politically stable and viable in the long run. According to Cornell and Jorgensen (2007), there are six steps to a nation building approach to economic development (see figure 5 overleaf). The first step is to claim jurisdiction (decision-making power); the next step involves building capable governing institutions. This step underpins all other activities. Unless the nation (eg the Indigenous tribe or community) deals with its own governance infrastructure it is unlikely to attract skilled people or financial capital.

Physical infrastructure is important; however, beyond the basic structures of roads, water and power, infrastructure needs are determined by the community so that a strategic approach is essential (Cornell and Jorgensen 2007). An example of a 'nation-building' approach in the Indigenous community development context can be seen in the NANA Regional Corporation (Alaska) case study in chapter 3.

When economic development is driven by communities, rather than through government-imposed programs, it is usually more successful. Indigenous-driven development does not mean development has to occur without outside assistance, but it means that external support is sought as an enabler to assist communities to achieve their goals and is not imposed as a means of ensuring externally-devised goals are met (Hunt 2011). Likewise, Cornell (2006b:13) argues that "the most consistent predictors of sustainable economic development on Indian reservations [in the US] are not economic factors such as location, educational attainment or natural resource endowments but rather largely political ones". The extent to which structures of governance align with Indigenous social and political norms, what Cornell (2006b:14) calls "a congruence between formal governing institutions and Indigenous political culture", influences the sustainability and effectiveness of economic development activities.

FIGURE 5 – THE ‘NATION-BUILDING’ APPROACH IN AN INDIGENOUS COMMUNITY CONTEXT

Source: adapted from Cornell and Jorgensen 2007.



4.5 GOVERNANCE

Two types of governance are discussed in the literature: corporate governance and community governance. Corporate governance refers to the processes by which organisations ensure accountability and sound management.

Community governance, in contrast, refers to the evolving processes and structures by which a group of people, community or society organise themselves collectively to negotiate rights and interests, and determine:

- how they are constituted as a group (who are members and who are not)
- who has authority within the group, and about what
- agreed rules to ensure authority is exercised properly and their decision-makers are held accountable
- how decisions are enforced
- what arrangements will best help the group to achieve their goals (Hunt and Smith 2007).

The Australian and international literature provides evidence that those communities with successful economic development initiatives were those that had first developed strong, culturally legitimate, and effective governance (Hunt 2011; Taylor 2008; Cornell and Kalt 2003; Cornell 2003; Loizides and Wuttunee 2005; Sisco and Nelson 2008; Canadian Council for Aboriginal Business 2012; Aboriginal Affairs and Northern Development Canada 2013; Federation of Maori Authorities 2009; Hindle and Lansdowne 2005).

Although the governance arrangements of successful communities vary immensely they all have one thing in

common: cultural legitimacy in the eyes of the community. If people in the community do not support the governance arrangements, then leaders in the community will become objects of political opportunism and conflict (Cornell 2006a). In Canada, the United States and New Zealand, community leaders have recognised that good governance and management require separating community politics from business. Owners of successfully managed enterprises recognise the threat community politics and factionalism can have on the profitability of a business, and either isolate business managers from those forces or establish independent boards of directors (Cornell and Kalt 2003; Cornell 2006a).

While an ongoing commitment to Indigenous traditions and culture is often a key objective of Indigenous economic development initiatives, cultural measures must be balanced with sound management principles to prevent inefficiency and ensure the viability, legitimacy and sustainability of economic development strategies (Peredo and Chrisman 2006; Stevenson 2007; Loizides and Anderson 2006). Cultural and economic goals are not necessarily in opposition to one another; management structures and accountability mechanisms can ensure that any profits from the business are used appropriately while also meeting communities' cultural or social goals (Altman 2001).

While business always entails risk, Indigenous communities can improve the odds for success by managing their community governance arrangement and businesses effectively, as the snapshot opposite illustrates.

4.6 SUMMARY

There is clear evidence that governments can provide effective support for Indigenous business and economic development through various programs and services and, as the international literature indicates, the most effective way governments can contribute to Indigenous economic development is by creating an authorising environment which empowers rather than constrains individuals and communities. This can be achieved through policy, legislative and regulatory structures; through a philosophical approach to 'nation-building' to encourage self-determination and accountability; and through promotion of business incubators, mentoring and other business development mechanisms. All four countries have used these enablers to promote Indigenous business and economic growth, although Australia appears to have lagged behind New Zealand, Canada, and the US in creating an environment supportive of Indigenous entrepreneurship and economic development.

Having an external environment conducive to innovation and business development, however, is only part of the equation for success. The evidence is clear that human capital is the most significant factor in the success of economic enterprise, whether Indigenous or non-Indigenous. The next chapter discusses the role of human capital and social infrastructure in economic development.



JAWUN EMERGING LEADERS CHRIS INGREY AND JAMES FA'AOSO WITH DJAWA YUNUPINGU (DEPUTY CHAIRMAN, GUMATJ CORPORATION). SOURCE: DANIEL LINNET 2014

Although the governance arrangements of successful communities vary immensely they all have one thing in common: cultural legitimacy in the eyes of the community.

SNAPSHOT: GOVERNANCE REFORM

The Confederated Salish and Kootenai Tribes of the Flathead Reservation in Montana made changes to their governance structures in the 1980s which helped to improve their community's economic prospects. Key reforms included stabilising their tribal government, introducing the rule of law as well as separation of powers. These changes helped to establish the necessary political and social institutions for the tribe to manage their own affairs and to become independent of the United States government. The governance reforms introduced by the Confederated Salish and Kootenai Tribes, including judicial reforms, have helped them develop a thriving private economy and become one of United States most sustainable and economically successful communities (Cornell and Kalt 2003)



HUMAN CAPITAL AND SOCIAL INFRASTRUCTURE

KEY POINTS

Human capital is a fundamental necessity for successful economic development. Nurturing this resource through strong and stable social infrastructure, including access to education and training, contributes to and supports economic participation in communities.

The presence of leadership capabilities and positive attitudes within individuals and communities can be decisive in the success of a business and in fostering innovation and creative entrepreneurship.

Formal and informal networks and partnerships can play an important role in supporting Indigenous businesses and creating economic development opportunities. Successful Indigenous business owners have made use of a wide range of partnership models and business structures to meet their needs. It is important that the model fits the needs of the business and the community.

Many of the factors that contribute to economic development have limited impact if there is not the social structure to support them. For example, while investment in infrastructure can increase productivity it has limited impact without a concurrent investment in human capital. General education, vocational training, business management and leadership skill development are all crucial in creating a labour force to meet the demands of the 21st century and, specifically, creating an Indigenous business community which is growing and self-sustaining. In this regard, human capital is one of the most important factors influencing successful economic development initiatives.

5.1 HUMAN CAPITAL

Human capital refers to the 'knowledge, expertise and abilities' of local workers (Department of Regional Australia, Local Government, Arts and Sport 2013:4). Human capital is essential for establishing a positive environment for business development and entrepreneurship, including the extent of networks, constructive social norms, and strong community capacity (or capabilities). Labour mobility, workforce participation levels, and levels of education and training will all have an

While investment in infrastructure can increase productivity it has limited impact without a concurrent investment in human capital.

influence on the capacity of a community to foster and grow their economic potential (Department of Regional Australia, Local Government, Arts and Sport 2013).

'Capacity building', a term common in the literature of economic development, is defined as "the specific objective of developing competencies and employment skills that are directly related to the facilitation of economic growth" (Cairns 1996 cited in First People's Group 2009). Capabilities, the factors or qualities that give a person their capacity to take action, have been defined as including "a person's education, their health, their job status, their income, their security, and so forth" (Cape York Institute 2005). As the Cape York Institute notes, "the wellbeing of a community can then be defined to be the



THE FIRST APPRENTICES OF THE WARRIGAL PROGRAM – A HOSPITALITY BASED COURSE CREATED BY WESTPAC GROUP AND COMPASS GROUP. SOURCE: GARY COMPTON 2014

aggregate of the capabilities of its members” (Cape York Institute 2005:3). The ability to foster the capabilities of a community in order to build capacity within a local workforce is a key component of business success. It is a synergistic process; businesses need qualified and able workers to grow; likewise, workers need opportunities to contribute their skills and to grow their own potential (Department of Regional Australia, Local Government, Arts and Sport 2013).

In addition to benefiting local and regional economic development, building human capital allows a community to become sustainable without dependence on others – what the Cape York Institute refers to as ‘economically viable’ (Cape York Institute 2005:3).

Human capital does not exist in a vacuum, and the viability and social infrastructure of a community and region will enable or inhibit the development and strengthening of local human potential, as discussed further below.

5.2 SOCIAL INFRASTRUCTURE

The Cape York Institute (2005) argues that the assessment of viability needs to be made by the community, based on a balance between acceptable levels of wellbeing and acceptable levels of external support, with those levels being determined again by the community. Viability also depends on the level of outside support provided to the community by the government and whether this is considered acceptable. In other words, a community is economically sustainable when it has a sufficient mix of business activities and social services to support the well-being of the community without dependence on welfare (Cape York Institute 2005). These in turn contribute to the social infrastructure which supports or enhances a positive environment for economic development.

Social infrastructure typically includes the physical assets that are required to operate social services; examples of social infrastructure assets include schools, universities, hospitals, prisons and community housing (New Zealand Social Infrastructure Fund 2014). One of the reasons for the reduced capabilities of people in many remote, and even regional and rural communities, is the absence of an acceptable standard of mainstream services (or social infrastructure), for example: primary schools that teach numeracy and literacy skills, police services to maintain law and order, and health services (Hughes & Hughes 2012; Altman 2001; Cape York Institute 2005). Although government has a responsibility to provide a certain level of services to all its citizens, it is not usually economically viable to have the same access to services available to people living in rural parts of Australia as there are in urban areas due to issues of remoteness and scale. This can begin a cycle of decline over time as people move to access services and opportunities not available locally, making it harder to sustain local services (Department of Regional Australia, Local Government, Arts and Sport 2013).

Thus, the presence or absence of social infrastructure may have a significant impact on the ability of a community to develop economically. Educational attainment has been linked inversely to levels of poverty (Hughes & Hughes 2012; Vinje 1996). Vinje (1996) argues that, in the Native American context, increasing educational attainment does not necessarily lead to a loss of culture or community cohesiveness. Indeed, in Australia there are a number of examples of Indigenous people who have left their communities to receive an education, later returning to provide benefits to their community (either locally or more broadly); one example is Waverly Stanley from Cherbourg, founder of Yalari (First Peoples Group 2009; Yalari 2014), described overleaf.

5.3 EDUCATION AND SKILLS DEVELOPMENT

As noted above, education is a key capability in the development of human capital and, subsequently, of economic wellbeing. As a result, social infrastructure in the form of schools is necessary to provide educational opportunities for advancement. Increasing the educational attainment of Indigenous Australians is a key component of the nation’s Closing the Gap initiative to improve social and economic opportunities for Indigenous children and young people (Australian Government 2014). An individual’s ability to engage in the labour market is influenced by their level of education (see benefits of education on labour force participation in text box overleaf). The more educated a person is, the more likely they are to gain and maintain employment, and to contribute to new and growing business opportunities (Deloitte Access Economics 2013).

Although there is a gap between Indigenous and non-Indigenous education outcomes, there are positive signs that Indigenous education outcomes are improving (see text box overleaf). With a stronger foundation in basic education skills (such as literacy and numeracy skills) more Indigenous people will be able to take up post-school training and qualifications. Unfortunately, many of the training programs delivered to Indigenous people (especially those in rural and regional areas) have failed to provide a stepping stone to employment. The report by GenerationOne (2011), *Walk in My Shoes*, found that many Aboriginal people are trapped in a training cycle where they move from one training program to another without ever finding employment. The most successful training initiatives for Indigenous people without high school qualifications tend to be on-the-job programs which combine an element of pre-employment training and mentoring (GenerationOne 2011).

SNAPSHOT: YALARI – THE BENEFITS OF EDUCATION

Yalari is a not-for-profit organisation in Australia that offers Indigenous children from remote, rural and regional communities education scholarships at some of Australia's top boarding schools. Yalari was founded in 2005 by Waverley Stanley and his wife Llew Mullins. Waverley's life experiences inspired him to help improve the education opportunities for Indigenous children. Waverly was born in Cherbourg, a small town 300 kilometres north-west of Brisbane. While he was at primary school one of his teachers recognised his potential and helped him gain a scholarship to attend Toowoomba Grammar School for his high school education. Waverly realises that this opportunity helped to shape and determine his future success and wants other Indigenous children to receive the same opportunities he had. Yalari receives financial support from individuals, companies, philanthropic foundations and government departments and currently has more than 185 students across 32 schools. More than 60 students have also graduated from high school (Yalari 2014).

5.4 INDIGENOUS LEADERSHIP

The literature suggests that strong leadership is an important element of successful economic development in Indigenous communities and that capacity building initiatives are more likely to be successful when they are Indigenous-led (Cornell 2006; Loizides and Wuttunee 2005; Sisco and Nelson 2008; Federation of Maori Authorities 2009; Hindle and Lansdowne 2005). Strong leaders tend to have a clear vision that aligns market needs with community capacity. In communities where successful Indigenous enterprises have been developed, leaders have generally assessed the business possibilities available to the community in consultation with community stakeholders, taking into account the community's strengths and weaknesses and any identified capacity building needs. As a result, a large number of Indigenous tribes and social enterprises are successfully improving community well-being and economic outcomes, for their people and for society more broadly. Three examples are Primco Dene and Goodfish Lake Development Corporation in Canada and the Ngāi Tahu tribe in New Zealand.



ABORIGINAL AUSTRALIAN ACADEMY
DIRECT LEARNING PROGRAM.
SOURCE: ELISE DERWIN 2014

INDIGENOUS EDUCATION STATISTICS

In the 2011 Census:

- 61% of Aboriginal and Torres Strait Islander people aged 15 to 17 years were attending secondary school, up from 53% in 2006
- more than one in three (37%) Aboriginal and Torres Strait Islander people aged 15 years and over had attained Year 12 or equivalent and/or Certificate II or higher qualification, up from 30% in 2006.

Highest year of school completed

In the 2011 Census, one-quarter (25%) of Aboriginal and Torres Strait Islander people aged 15 years and over reported Year 12 or equivalent as the highest year of school completed, compared with about half (52%) of non-Indigenous people (ABS 2012).

Post school qualifications

In the 2011 Census, about one-quarter (26%) of Aboriginal and Torres Strait Islander people aged 15 years and over reported a post school qualification compared with about half (49%) of non-Indigenous people. The most common post-school qualification for Aboriginal and Torres Strait Islander people was at the Certificate level (65%). Of these, 77% were Certificate III or Certificate IV qualifications (ABS 2012).

University statistics

By the end of 2010, there were around 25,000 Indigenous graduates in Australia. According to Reconciliation Australia if the steady growth in enrolments and completions continues, these numbers could increase to more than 50,000 Indigenous graduates by 2020 and more than 100,000 by 2050 (Reconciliation Australia 2011).

Benefits of education on labour force participation (2011 Census)

- Indigenous persons with Year 12 or equivalent – 76 % in labour force
- Indigenous persons with a diploma or above – 84 % in labour force
- Indigenous persons without school qualifications or certificates – 45 % in labour force.

SOURCES: ABS 2012; ABS 2014; RECONCILIATION AUSTRALIA 2011.

- Primco Dene, the economic development corporation of Cold Lake First Nation in Canada, owns and operates a number of successful businesses that offer a range of services including logistical and business supports. The company has made a commitment to sustain a minimum of 80 per cent Indigenous employment. The approximately 300 Indigenous employees belong to the Cold Lake First Nation as well as 40 other Indigenous communities. Primco Dene invests in the training and development of its staff as well as the economic development of the community by working with other businesses owned by Cold Lake members (Canadian Council for Aboriginal Business 2012).
- Goodfish Lake Development Corporation in Canada was established in 1978 by the Chief and leaders of the Band to create self-reliance and employment for a rural First Nation community that was losing members to distant employment opportunities in the mining sector. In response, the Corporation created a dry cleaning business to support the oil and gas industry, and now manages four subsidiary businesses that provide a range of services to workers in the oil and gas industry. By keeping the businesses located on the reserve, the Corporation has reached its goal of providing employment for First Nations people and improving economic wellbeing. Good structures of governance and strong leadership have contributed to the Corporation's success (Sisco & Nelson 2008).
- The Ngāi Tahu tribe in New Zealand was the first tribe to reach a full and final settlement with the New Zealand government for Treaty of Waitangi injustices. Having campaigned for years prior to reaching settlement, they were careful to make wise investments and monitor the financial activity of the tribe closely to guarantee its future financial sustainability. For example, through purchasing considerable volumes of land soon after the settlement and then selling again very quickly at market price they were able to increase substantially the initial NZ\$170 million claim and today the tribe's assets exceed NZ\$809 million. Annually, the Ngāi Tahu tribe contributes over NZ\$200 million to New Zealand's South Island economy, through job creation, purchasing and spending profits locally. The tribe

has also separated its administration, financial and development responsibilities into three distinct entities. The Ngāi Tahu Development Corporation is responsible for the educational, social and cultural development of the Ngāi Tahu people. It aids in developing the Ngāi Tahu people's assets and wellbeing through educational scholarships and financial grants for special projects, health schemes and cultural ventures, all of which are funded by the surplus earnings of the commercial assets of the Ngāi Tahu. In 2012 the Ngāi Tahu tribe distributed NZ\$25 million in educational, social and cultural activities, NZ\$953,000 of which was provided to help with recovery efforts after the Christchurch earthquake. Since settlement the Ngāi Tahu tribe has allocated NZ\$254 million to iwi (tribe) members through development activities (Paul 2007; Ngāi Tahu 1996).

5.5 THE PLACE OF CULTURE IN BUSINESS

Human capital is also related to a group or communities' 'cultural capital'. Within the literature there are several ways in which culture is used and viewed in the context of Indigenous economic development. Culture may be "a resource, a goal or objective, a measurement of success and or part of a process" (First Peoples Group 2009:40).

Culture as a resource: having a strong cultural identity can be a useful asset and provide a number of different business opportunities, including arts such as music and dance, visual art and craft, and tourism activities, as well as providing leverage in the sharing of cultural knowledge and wisdom. An example of a successful Indigenous business in Australia using culture as a resource is Steel Art (see text box). A further example of using culture as resource is the Yaru Water case study in Chapter 3.

Culture as an objective and process: preservation of cultural heritage can be a motivating factor guiding Indigenous communities' economic development plans (Tapsell and Woods 2008; Wuttunee 2007; Warriner 2007). Culture can be embedded in Indigenous businesses in various ways including having an approval process for cultural issues, in the values underpinning the business and in the governance structures of the business, as discussed in section 4.5.

The Maori in New Zealand align business practices with Maori values and consider that this contributes to their success (Federation of Maori Authorities 2009). In Australia, the Gumatj Clan have embedded their cultural values into their business practices by developing pragmatic rules that enable Indigenous Elders to contribute to decision-making (see text box overleaf).

5.6 WINNING ATTITUDE

Capabilities are also related to the individuals' attitudes and their approach to challenges. Across the literature certain characteristics of a 'winning attitude' are identified as important to the success of Indigenous businesses (Cornell 2006; Loizides and Wuttunee 2005; Sisco and Nelson 2008; Canadian Council for Aboriginal Business 2012; Aboriginal Affairs and Northern Development Canada 2013; Federation of Maori Authorities 2009; Frederick and Foley 2006; Hindle and Lansdowne 2005; Commonwealth Government of Australia 2008; Altman 2001; First Peoples Group 2009; Rola-Rubzen 2011). These include confidence and strong self-presence, the ability to facilitate knowledge transfer, expert networking skills, community advocate skills, and calculated risk-taking abilities.

SNAPSHOT: BLENDING TRADITION WITH TECHNOLOGY

Wayne McGinness is the owner and operator of Aboriginal Steel Art or ASA, an art business located in a small town called Kuranda in the rainforest of North Queensland. His business is a contemporary art supplier which specialises in corporate gifts, fine art and awards and trophies. All of his artwork is created in marine grade stainless steel. Wayne draws on his family heritage of both Aboriginal Australian and Torres Strait Islander and his artwork 'blends tradition with technology.' Wayne's fine art pieces are supplied to galleries around Australia. Artworks range in size from a hand held frill necked lizard that travelled to London with the Australian Paralympians to a 3 metre steel crocodile for the Territory Wildlife Park located at the Top End of Australia (Aboriginal Steel Art website 2014).

SNAPSHOT: EMBEDDING CULTURAL VALUES INTO BUSINESS PRACTICES

The Gumatj Clan Corporation, established in 2007, aims to develop a sustainable economy for the local community. The corporation operates a timber and construction business on the Gove Peninsula in East Arnhem Land in the Northern Territory, and has initiated a number of additional activities to support its cattle station business and the community, such as using its timber to provide station and community housing. The corporation's success is attributed to its blending of modern and traditional decision-making and governance structures, incorporating Yolgnu cultural norms and establishing an executive council made up of Yolgnu elders (Morley 2014).

Once a successful business has been established, it also plays an important role in increasing human capital by providing training and employment opportunities.

Another hallmark of a successful Indigenous small business is their use of creativity and innovation (Sisco and Nelson 2008). In a Canadian Business survey, businesses that were successful had introduced new products or services, or new processes, in the past three years (Canadian Council for Aboriginal Business 2011). According to Sisco and Nelson (2008), the key to success is not to plan for perfection, but to address challenges, not only with well-considered and effective strategies but with creativity.

An example of the importance of a winning attitude and creativity is demonstrated by Kiwa films in New Zealand (see text box opposite).

5.7 STRONG NETWORKS AND PARTNERSHIPS

Human capital is also related to establishing networks and partnerships; if people do not have the capabilities within their own community then they have to seek them elsewhere. Indigenous businesses are using partnerships with other businesses – Indigenous and non-Indigenous – to build capacity in their enterprises and facilitate sustainable community development (Cornell 2006; Loizides and Wuttunee 2005; Sisco and Nelson 2008; Federation of Maori Authorities 2009; Hindle and Landsdowne 2005). According to Roness and Collier (2010:2), there are a wide variety of partnership arrangements, which are created to meet the needs of the partners.

Some example of partnership structures include:

- “shared ownership
- contractual partnerships
- joint management of a company
- strategic alliances among separate and distinct companies
- cooperative business agreements
- highly formalised arrangements supported by legal agreements



BRIAN HARTZER, CHIEF EXECUTIVE – AFS, WESTPAC GROUP AND IAN TRUST (EXECUTIVE DIRECTOR, WUNAN) IN EAST KIMBERLEY.

- informal 'verbal' agreements to work together
- the creation of new legal entities
- business-to-business partnerships
- public-private partnerships" (Roness and Collier 2010:2).

While the motivation for many business partnerships is increasing revenue, Indigenous people are often motivated to form partnerships because of a desire to improve the economic conditions of their community. Non-Indigenous business partners may also be motivated by a sense of social responsibility in contributing to enterprises which benefit Indigenous people. For Indigenous businesses, there can be many benefits to partnerships with non-Indigenous businesses, including:

- the potential to qualify for contracts otherwise not accessible
- the potential to access new markets, capital, technology or employment
- knowledge transfer and skills development (Roness and Collier 2010).

For non-Indigenous businesses the benefits of partnering with Indigenous businesses are that partnerships can:

- diversify their business and contribute to the regional economy
- enhance their reputation and chance for future land access and partnerships with Indigenous businesses
- create efficiencies through the local knowledge and expertise of Indigenous businesses
- increase Indigenous involvement in their company – as Indigenous businesses tend to employ more Indigenous people than non-Indigenous businesses
- provide new and innovative ideas, different approaches, and access to additional solutions that respond to customer needs
- provide 'accidental' or informal cultural diversity training by increasing knowledge of Indigenous culture
- provide an opportunity to learn 'soft skills' such as being a good listener and negotiator (BCA 2013; Yazbeck 2014).

In Australia there has been a notable increase in the number of non-Indigenous businesses wishing to help provide employment and economic development opportunities for Indigenous Australians. For example, in 2008 a national industry-led initiative called the Australian Employment Covenant (AEC) was launched, with the ambition of providing those Indigenous Australians who are able to work with the opportunity to do so (GenerationOne 2014). In the same year, the Business Council of Australia (BCA) established an Indigenous Engagement Taskforce comprising CEOs from some

SNAPSHOT: ANYTHING IS POSSIBLE WITH THE RIGHT ATTITUDE

The owner of Kiwa Films, Rhonda Kite, grew up in Otago, one of the poorest suburbs in Auckland, the largest city in New Zealand. Rhonda is the eldest of nine children, whose Maori mother died when she was young. She left school when she was 15 and became pregnant at 16. Yet, Rhonda has been able to overcome these challenges to become the only Maori businesswomen to own and manage a multimedia enterprise. Rhonda has co-produced an award winning television drama series and has also won awards for her documentaries. She is also known in the IT sector as the inventor of a software program that speeds up the process of ADR (automatic dialogue replacement), a central component of film production. Rhonda developed this process after winning a contract to convert American cartoons into Maori language to make it easier and more financially viable to dub the programs. Rhonda attributes her success to being Maori and having the right attitude: "With Maori, everything is wide open and anything's a possibility. We don't shut the door when someone says 'no' but are more likely to look for other ways of getting there and that's one of the roles of an entrepreneur". The company is now called Kiwa Digital Ltd and has expanded into other media forms including digital publishing. (Henry 2007; Kiwa website 2014).

SNAPSHOT: PARTNERSHIPS AS A STRATEGY FOR SOCIO-ECONOMIC SUCCESS

To improve economic development in their community, the Lac La Ronge Indian Band formed the Kitsaki Development Corporation (KDC) in 1981. From the beginning, the KDC's strategy for improving the socio-economic status of its people was to form sound, secure partnerships with other Indigenous groups and successful businesses, in order to generate income and employment for its community members. As a result KDC has created a number of business ventures, some that they wholly own and others as partnerships. As of 2004, these businesses employed almost 450 people and had an annual payroll of almost C\$6 million. In 1997 the Kitsaki Management Limited Partnership was named Aboriginal Economic Developer of the Year by the Council for the Advancement of Native Development Officers. In 2001 one of the Kitsaki companies, Kitsaki Meats, was the recipient of a Canada Export Award in recognition of the "spirit of innovation and the excellence of its goods and services." Only ten companies receive this award per year (Hindle et al 2005).

of Australia's largest companies, with the aim of identifying, promoting and sharing the experiences of member companies in supporting economic development among Aboriginal and Torres Strait Islander Australians. There is evidence of an increasing number of partnerships being established between companies and Indigenous-related organisations. Reconciliation Australia's Reconciliation Action Plan Program has been one way of creating effective engagement between Indigenous and non-Indigenous organisations (Constable et al 2013).

5.8 SUMMARY

Human capital embodies the range of capabilities that people possess, such as their leadership abilities, their attitude and their 'cultural capital'. Social infrastructure, including education services and social norms, contribute to the capabilities of individuals and their ability to make the most of their opportunities. Without the necessary

human capital, the benefits of land ownership and access to resources may not be able to be realised. Where individuals or communities lack the capabilities themselves, partnerships and knowledge sharing can play a valuable role in providing the necessary human capital to drive economic development. Once a successful business has been established, it also plays an important role in increasing human capital by providing training and employment opportunities. This in turn has a multiplier effect, leading to a greater culture of employment and social contribution, and an environment which can support further innovation and new opportunity. The next chapter discusses the roles that location, access to markets, infrastructure, capital and markets play in creating the conditions for successful enterprises.



ACCESS TO INFRASTRUCTURE, CAPITAL AND MARKETS

KEY POINTS

Factors such as location, access to markets, infrastructure and natural resources including land ownership have a major influence on the creation of a successful enterprise.

Indigenous ownership of land is a contested issue in Australia and overseas. However, a number of Indigenous communities have developed creative responses to the challenges of legal restrictions, access to capital and infrastructure requirements in order to build substantial businesses and institutions. For example, some Indigenous communities have initiated land codes to retain the notion of communal ownership while allowing individual access to the use of land as collateral, while others have established their own credit unions and banks.

Several fundamental external factors that act as enablers or barriers for economic development were identified in chapter 2, including geography (discussed here more specifically as location), and access to infrastructure, capital and markets. This chapter explores several of these factors in relation to their influence on Indigenous economic development, and provides examples of the ways in which individuals and communities have addressed challenges and overcome barriers.

6.1 LOCATION

Economic participation is influenced by a number of factors, including geographic location and associated proximity to employment, the size and stability of the employment market, services, infrastructure, attitude and education (Australian Government 2011).

As outlined in the Indigenous Economic Development Strategy (Australian Government 2011), three-quarters of Indigenous Australians live in urban and regional centres (32 per cent in major cities, 21 per cent in rural or inner regional areas and 22 per cent in outer regional areas), while 25 per cent live in remote Australia. This suggests that, while the majority of Indigenous Australians potentially have access to economic enablers, there is still a large minority who do not by virtue of their location.

Even in regional and rural areas, some Indigenous communities are advantageously located within proximity of mining operations or a big city, others are not. Yet, while community members or residents have little control over the location of their community or regional town, the decision to capitalise on the advantages of a location is up to individuals. There are numerous examples where Indigenous communities have used the location of their community to their advantage, and others where communities have not. For example, Whitecap Dakota First Nation have capitalised on their proximity to Saskatoon, a city with approximately 300,000 residents, to become one of Canada's Indigenous success stories. On the other hand, the Yarrabah community in Queensland (located approximately 30 minutes from Cairns) have struggled to take advantage of visiting cruise liners and tourists as they do not have access to the capital for development (ABC News 2013).

There are also successful Indigenous enterprises in seemingly inhospitable locations without easy access to infrastructure or resources. For example, as discussed in Chapter 3, one of Canada's most successful Indigenous reserves is located near the desert in the Okanagan Valley. The community

(the Osoyoos Band) and their Chief have built a thriving economy, based not on what the Chief terms 'rocking chair money' from extractive natural resources, but on a broad and diverse business base, including Nk'Mip Cellars, the first aboriginal-owned winery in North America (Anderson et al 2007, Rose 2013).

The choice of business location can be critical to success. Donna Cona Inc, a Canadian Indigenous corporation, decided to locate their business off reserve land to respond to the market for their information technology services (Sisco and Nelson 2008). If a community or individuals decide to establish a business on Indigenous land then developing a land-use plan can help them identify the strengths of their location. One of the factors critical to the success of Whitecap Dakota First Nation was hiring a professional land planner to do a land-use plan to identify the best use of the land on the reserve (Aboriginal Affairs and Northern Development Canada 2013). Likewise, in New Zealand many Maori have diversified their assets as a result of land use assessments and are moving away from traditional primary industries such as farming to establish wine and food companies, retirement villages and even thermal energy companies (Federation of Maori Authorities 2009).

6.2 LAND OWNERSHIP – CREATING A USEABLE LAND BASE

One-fifth of the land in Australia, and the resources associated with the land (including minerals, water and biological resources) is owned or controlled by Indigenous Australians (Australian Government 2011).

Land ownership influences the degree to which Indigenous people have access to resources, capital and markets (see following sections 6.3, 6.4. and 6.5). However, the opportunities available from land ownership vary due to the influence of the following three factors: land location, the nature of the land (discussed above in section 6.1), and the extent of ownership and control over the

One of the factors critical to the success of Whitecap Dakota First Nation was hiring a professional land planner to do a land-use plan to identify the best use of the land on the reserve.

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA 2013

land, in terms of title, decision making processes and zoning restrictions. The decision making processes of land ownership were outlined in chapter 4.

Due to the communal ownership of Indigenous land, people have been unable to capitalise the land and there are very few private businesses. Most of the enterprises on Indigenous land are communally owned and reliant on government funding (Hughes et al 2010). Recent legislative changes have attempted to address barriers to private ownership on Indigenous owned land in the Northern Territory and Queensland, but these legislative changes have not led to significant practical change. With the exception of a few isolated examples of private home ownership in the Tiwi Islands and Queensland, many people living on Indigenous land still find it difficult to own their own home or private business, insure their property, or leave it in their will to their children (Hughes et al 2010; Michael 2011).

Similar themes of 'inalienability', 'collective' and 'communal' ownership occur in North America (Stephenson 2010). Under the Indian Act, Canadian First Nations people cannot use land as collateral when applying for a loan, and are often categorised as higher risk borrowers by conventional banks and lending institutions (Aboriginal Affairs and Northern Development Canada 2013). However, some First Nations people have sought to overcome the restrictions of the Indian Act by allocating land as customary private property to families who have lived there for a period of time. Such land allocations give the person lawful possession of the land in the reserve but they cannot be sold or left as inheritance as neither the Indian Act or the Federal Government recognise such title.

This has not stopped people from operating farms, ranches and other businesses based on those customary rights. At the same time, because the customary property rights are not enshrined in law, the holders of customary rights have no legal recourse if the Band decides to re-possess lands (Stephenson 2010).

Indigenous communities are also overcoming the restrictions on private ownership on Indigenous land by developing their own Indigenous business prototype – the community development corporation. In many ways a community development corporation resembles a quasi-Crown corporation acting as the business arm of the local government by providing a range of services to its community members (Loizides and Wuttunee 2005).

In Australia, The Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act) allows Indigenous people to form Indigenous owned and controlled corporations on Indigenous land. For many corporations, the majority of their capital is secured through government grants available for the provision of key services (such as healthcare, education and land-management). However, the larger the corporation, the greater the capacity for self-generated income – with the top 20 splitting their funding allocation roughly 50/50 between self-generated and grant secured and the top five self-generating 83 per cent of their income (ORIC 2014; ORIC 2013).

SNAPSHOT: INDIGENOUS LAND MANAGEMENT

In Canada in the early 1990s a number of chiefs approached the Indian Affairs Minister about the possibility of developing their own land-management administrative regimes under a new legislative framework. In 1999 the federal government passed the First Nations Land Management Act (FNLMA) which enables First Nations to develop their own land codes for administering their lands according to their own rules and customs. Located 65km northeast of Toronto, the Mississaugas of Scugog Island First Nation was one of the original signatories to the FNLMA. The Band's land base is small (240 hectares) and its on-reserve population is only 65 members. However, the FNLMA has had a positive effect on the community's economic development. Under its land code the Band now has the authority to move more quickly on business proposals. For example, the code was crucial in the construction and management of a casino on the reserve. According to the former chief the land code helped them to secure a loan that they would not have been able to access under the Indian Act, and this enabled them to enter into a partnership arrangement for the construction of the casino (Flanagan et al 2011).

SNAPSHOT: THE DIFFERENCE OWNERSHIP OF RESOURCES CAN MAKE

The Maori of New Zealand have been particularly successful in capitalising on their rights to commercial fishing assets. Until 2004 Maori commercial fishing assets were owned and managed by the Treaty of Waitangi Fisheries Commission or Te Ohu Kaimoana. The Maori received the fishing assets in the late 1980s and early 1990s after an agreement with the Crown was reached to settle historical Treaty of Waitangi breaches by the Crown. After negotiation, Maori received a proportion of fishing quota in New Zealand's Quota Management System (QMS), shares in fishing companies and cash to settle all commercial fishing claims under the Treaty. This settlement was enshrined in the Maori Fisheries Act 1989. However, it was only an interim settlement and in 1992, all commercial fisheries claims under the Treaty were finalised when the Nelson-based Sealord Products was put up for sale. Maori were given NZ\$150 million, part of which was used to buy a half share in Sealord, as well as receiving a guarantee for future fishing quota through the QMS. The deal was given effect through the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992, which constituted the Treaty of Waitangi Fisheries Commission. The former Fisheries Commission then undertook a 12 year process to develop a process by which these fisheries assets were equitably shared among all iwi (tribes) in New Zealand. This process concluded with the passing of the Maori Fisheries Act 2004. This Act established Aotearoa Fisheries Limited to manage the commercial arm of certain settlement assets into the future and Te Ohu Kaimoana to act as a governance body for those Maori interests in the marine environment. Today, Aotearoa Fisheries business comprises Moana Pacific Fisheries, OPC Fish and Lobster, Prepared Foods, Pacific Marine Farms and Kia Ora Seafoods, as well as owning 50% of Sealord Group Limited. Through careful investments and business management, Maori control an estimated 40 per cent of the New Zealand seafood industry, including processing and aquaculture operations (Durette 2007; Aotearoa Fisheries Limited 2013).^{6.3}

6.3 OWNERSHIP OF RESOURCES

Natural resources such as minerals, water, timber, fish, and wildlife play an important role in Indigenous economic success. Examples include mining in Australia and North America, and fishing in New Zealand (Commonwealth Government of Australia 2008; Langton 2012; Argyle mine website 2014; Durette 2007; Aotearoa Fisheries Limited 2013).

In Australia, the formation of Indigenous Land Use Agreements under the Native Title Act 1993 enables communities to negotiate with industry (such as the mining sector) to receive financial or other associated benefits in return for access to land (Commonwealth Government of Australia 2008). As a result, in Australia the mining sector has played an important role in improving economic outcomes for Indigenous people. For example, in 2004 the Argyle Diamond Mine in the East Kimberley signed an Indigenous Land Use Agreement and Participation Agreement with the traditional owners. Under the agreements, the Argyle Diamond mine has committed to deliver not only long-term economic benefits to the East Kimberley communities, but to ensure that key cultural and environmental aspects of Indigenous culture and practice are maintained while mining operations continue. Currently, 25 per cent of the mine's total workforce is Indigenous (Langton 2013; Argyle mine website 2014).



OPENING OF THE RIO TINTO ARGYLE UNDERGROUND DIAMOND MINE.
SOURCE: COLIN MURTY 2013

6.4 ACCESS TO CAPITAL

Indigenous communities use a variety of strategies to gain access to capital. As discussed above, some Indigenous communities create development corporations to gain access to specific sources of government funding, while others enter into joint ventures with other businesses corporations for equity capital (see section 5.7); some have even established their own financial institutions (Loizides and Wuttunee 2005), as described in the text box.

In Australia, the Traditional Credit Union in the Northern Territory is Australia's only Indigenous-owned and operated credit union. "The idea was originally conceived by a group of Aboriginal Elders to provide financial services to residents of Arnhem Land communities who were disadvantaged by a lack of banking and other financial services... Through the tireless efforts of a number of Aboriginal Elders and the Arnhemland Progress Association we were incorporated as a credit union on the 5th December 1994" (The Traditional Credit Union 2014). The TCU was initially established with grant funding from the former Aboriginal and Torres Strait Islander Commission (ATSIC) and the Arnhemland Progress Association. The first branch opened in Milngimbi in 1995 and TCU now has fifteen branches (The Traditional Credit Union 2014).

There are also various government and non-government forms of support which provide Indigenous people in Australia with capital to establish their own businesses.

SNAPSHOT: A UNIQUE WAY TO ACCESS CAPITAL

Caisse Populaire Kahnawake in Quebec is an Indigenous operated financial institution with a unique trustee agreement that has enabled the community to access capital from their land. "To overcome the limitations imposed by the Indian Act, and to allow the institution to operate like any mainstream bank, a 'trustee agreement' was developed with the consultation of legal professionals and the support of Indian and Northern Affairs Canada, the Mohawk Council of Kahnawake, and Caisses Populaires Desjardins Federation (also known as the Movement Desjardins)" (Sisco and Nelson 2008:20). The 'trustee agreement' allows community members to act as third-party trustees when loans are granted. To secure a loan, the bank requires three community members to sign the agreement. If the loan recipient defaults, the trustees are able to sell the land to reimburse the bank. The trustees have an important role in ensuring the interests of the borrower and the bank are met. Since its creation, Caisse Populaire Kahnawake has grown to have over C\$130 million in assets. At the end of the 2013 fiscal year the Caisse Populaire of Kahnawake announced a surplus of C\$2,065,000; of that C\$874,347 was distributed to its owner-members. In addition, the members voted to contribute C\$60,000 to the Community Development Fund, C\$150,000 to future member dividend reserve and C\$782,154 to the General Reserve (Sisco and Nelson 2008; Kahnawake411 website 2014).

- **The Indigenous entrepreneur**
who does not satisfy mainstream bank lending criteria can access finance through Indigenous Business Australia (IBA), or through micro-finance schemes such as Many Rivers Microfinance Limited, a not-for-profit organisation that supports aspiring business owners with small repeat unsecured Westpac business loans that enable them to establish a small business; see text box overleaf for more information (Indigenous Business Australia 2014; Many Rivers n.d.).
- **For community-based enterprises**
there is Indigenous Social Enterprise Funding (operated through IBA), which provides grant funding on flexible terms of up to 5 years to Indigenous-owned non-profit organisations that are in start-up stage (SVA 2014).



SNAPSHOT: MANY RIVERS

Many Rivers was established in 2007 as a result of a series of pilot programs that were led by global microfinance leader Opportunity International Australia and has expanded to 14 offices across NSW, WA and QLD. In that time it has provided 590 loans totalling \$3.2 million and supported 650 business owners, of which 359 were Indigenous, to establish and or expand 563 businesses. Of these, 386 (69%) are still operating. Since 2009 all loans have been funded by Westpac.

Many Rivers success is attributed to the following four factors:

1. Local Enterprise Development – Unlike other economic stimulus packages that exist and are often fly-in –fly-out arrangements, Many Rivers field officers live and work in the communities in which they operate, enabling them to develop relationships with the local community.
2. Practical Business Support – Many Rivers field officers focus on what has to happen to get the business started. The business plans they develop are only one to two pages, not 100 page documents. Other practical support they provide is advising clients to have separate business and personal bank accounts.
3. Access to Finance – Many Rivers provides Westpac business loans based on mutual trust and no security is required. Their philosophy is to lend the least amount of money required to get the business started so clients are not burdened with large loan repayments.
4. Journey with People – Many Rivers approach is not just about providing seed funding but working with clients over a period of 3–5 years to help establish the business. The same field officer works with clients from the initial meeting and business planning stage until the business is fully operational.

Many Rivers has built a network of aligned organisations (philanthropic, corporate, and government), and each organisation brings its own capabilities and resources. Due to their transport networks Many Rivers are able to help client's access markets by transporting products to capital cities (Perth and Sydney). Recently at two pop-up stores in Perth and Sydney, over \$22,000 worth of product was sold (Many Rivers website 2014; Burn 2014).

6.5 ACCESS TO MARKETS

Indigenous businesses in Australia are able to gain access to markets through minority business supplier development councils (SDCs). SDCs are “not-for-profit organisations which open opportunities for small to medium-sized minority-owned businesses to compete to supply large corporate entities” (Commonwealth Government of Australia 2008:94). The SDCs provide an intermediary role between minority-owned business and corporations. The model benefits all three parties – the supplier, the supplier council, and the corporation – in different ways. The small business gains access to markets otherwise difficult to enter, as well as a legitimacy inferred through a process of certification or approval by the SDC, and access to business-building support. The supplier council gains strength as an organisation through the quality of its services and success in bringing businesses together. The corporation gain access to new suppliers they might not otherwise have known about, as well as risk protection in working with businesses certified by the SDC (Commonwealth Government of Australia 2008).

6.6 INFRASTRUCTURE

Infrastructure development contributes to investment and growth through increases in productivity and efficiency as it links resources to factories, people to jobs and products to markets. Investment in infrastructure can contribute a number of benefits, including:

- reducing transaction costs and facilitating trade flows within and across borders
- enabling individuals, businesses and governments to respond to new types of demand in different places
- lowering the costs of inputs for entrepreneurs, or making existing businesses more profitable
- creating employment
- enhancing human capital, for example by improving access to schools and health services
- improving environmental conditions, which link to improvements in social outcomes (Department of Regional Australia, Local Government, Arts and Sport 2013).

Infrastructure improvements such as the National Broadband Network (NBN) have the potential to contribute to economic development in Indigenous communities by connecting dispersed, small communities to business development support, although in itself it will not address some of the issues inhibiting low use of electronic technology in rural and remote areas

SNAPSHOT: BUILDING AN INDIGENOUS SUPPLY CHAIN

Supply Nation, formerly known as AIMSC (the Australian Indigenous Minority Supplier Council), is a business-to-business membership body committed to increasing diversity within the supply chain. Supply Nation's goal is to connect Australian corporate and government organisations with Indigenous business suppliers who are already achieving success or have the potential to develop into successful businesses (the body certifies Indigenous businesses with turnover of more than \$50,000 a year). Supply Nation provides small to medium Indigenous businesses with opportunities to be included in the supply chains of Australian companies and government agencies (Supply Nation 2014).

Supply Nation was established in 2009 with funding from the then Commonwealth Department of Education, Employment and Workplace Relations. However, since then it has moved to a fee for use service which has reportedly had a positive impact on the level of engagement of its members. Since its inception in 2009, Supply Nation has recorded more than \$78.8 million in purchases and more than \$45.6 million in contracts between member organisations and Indigenous businesses (Morley 2014; PwC 2011).

The Business Council of Australia's 2013 survey of its member companies found that there had been an increase in the number of non-Indigenous companies using an Indigenous business in their supply chain from 16 companies in 2009 to 49 companies in 2013. Overall, the Business Council stated that its members had spent more than \$2 billion on Indigenous business and joint ventures in the past 12 months (BCA 2013).

In February 2014 Supply Nation and the Business Council of Australia (BCA) signed a memorandum of understanding. The memorandum signals an intention for BCA and Supply Nation to work closely together and it is hoped that this will increase the number of BCA members linked to Supply Nation and the value of contracts awarded (Morton 2014).

An example of one of Supply Nation's success stories is Yaru Water (discussed in chapter 3).



ABORIGINAL OWNED AND RUN COMPANY IMAN OPERATION WHICH HAS WON A CONTRACT TO CLEAN AT THEISS COAL SEAM GAS CONSTRUCTION SITES.
SOURCE: LYNDON MECHELSEN 2014

SNAPSHOT: COMMUNITY DRIVEN INFRASTRUCTURE IMPROVEMENTS

The Gumala Aboriginal Corporation (GAC) is an Indigenous corporation, serving the Bnyjima, Innawonga and Nyiyaparli people of the Pilbara region in Western Australia. GAC was created in 1996 to represent the traditional owners of the Pilbara region of Western Australia in their negotiations with Hammersley Iron Pty Ltd (a subsidiary company owned by Rio Tinto). A large number of transformative programs are being implemented by GAC for the benefit of its people, including a capital works and maintenance program. The focus of Gumala's capital works and community maintenance projects is to maintain and improve existing facilities and install new facilities in the region's remote communities, which include Wakuthuni, Bellary Springs, Youngaleena, Wirrilimarra and Peedamulla. Projects include: community housing maintenance, community capital works and liaison with government for service and infrastructure improvements. As part of its liaison with government GAC hired a consultancy firm to undertake a scoping and costing exercise of government-related services and infrastructure in remote Indigenous communities in the Pilbara. The subsequent report has been submitted to government and GAC is working closely with government to ensure it adopts its recommendations (Gumala website 2014).

(ARC Centre of Excellence for Creative Industries and Innovation 2011). At the same time, a 2006 survey of Indigenous-owned small arts enterprises suggested that tools such as email, digital video and photography have offered improved efficiency to Indigenous arts organisations, especially those outside metropolitan areas (Cardamone and Rentschler 2008).

Some Indigenous community-owned enterprises are capitalising on their assets to build new infrastructure for the benefit of the wider community. In Nova Scotia, Canada, the Millbrook Mi'kmaq First Nation has harnessed the synergies of strong leadership and good location to create a portfolio of businesses with the aim of achieving financial independence and sustainability for the Nation.

The Truro Power Centre, a 68-acre business park on a major arterial road, has been able to attract new business into the area due to its proximity to major infrastructure such as airports and highways. Millbrook is using the profits of its enterprise successes to improve its own infrastructure, building a new administration building and health centre, and also distributing profits to Nation members (Loizides and Wuttunee 2005; Truro Power Centre 2014).

Improvements in infrastructure can contribute to Indigenous economic development not only by providing people with jobs, but also by increasing pride within a community. Community-driven development enables communities to identify their own infrastructure needs and promotes greater community leadership and social cohesion.

6.7 SUMMARY

While the location of a business or community and its access to infrastructure can determine the economic opportunities available, there are some Indigenous communities who have managed to access capital and develop thriving businesses in isolated and fragmented regions. The key to success appears to be the ability to access capital, whether this is through land ownership or ownership of resources, so that even if the community is not in a favourable location they can make infrastructure improvements to increase their access to markets or, as in the case of Donna Cona Inc, establish a business where the market is located.

Access to capital is a key feature in the Indigenous business literature, although not so highly profiled in the general economic literature. This may suggest that access to capital is more difficult for Indigenous businesses; addressing this barrier is a key factor in supporting business development.

Access to markets is an increasing focus of business support agencies, such as Supply Nation, which are assisting Indigenous businesses to position themselves within a larger sector of Indigenous-identified business.

As the visibility of the Indigenous-identified business sector grows, the collective power of the sector to access and influence markets will also grow, increasing further opportunities to gain market share.

Investments in resource management and infrastructure provide a number of benefits for entire communities, establishing systems and structures for future enterprise, as shown by the example of the Gumala community.



Former Sydney bar and restaurant owner Toby Osmond, pictured with his indigenous staff at Café Gali, which he now runs in the western NSW town of Moree. Source: Tim Hunter 2011



CONCLUSION

7.1 CREATING THE CONDITIONS FOR SUCCESS

This report has explored a number of factors that contribute to business success. These factors are interconnected and do not necessarily fit neatly in the discrete categories outlined here. For example, access to capital often relies on the development of successful partnerships, while ownership of land and resources requires human capital to realise its potential.

In practice, businesses succeed because of more than one factor; there is also a synergistic effect of success factors working together. However, fundamentally the literature clearly suggests that creating an enabling climate for business through constructive policy, legislation, and regulatory environments assists in Indigenous business development, providing a foundation for other essential factors such as human capital development, leadership, governance, and culture.

The framework discussed in chapter 2 identifies critical elements to support regional economic development and subsequent chapters affirm the need to address issues of geography and agglomeration, the nurturing of human capital, and access to markets. The Indigenous business literature supports the importance of investing in human capital, and also adds an additional essential factor of access to capital, a factor less prominent in the mainstream economic literature, perhaps demonstrating the significant barriers that Indigenous people face, more than others, in gaining access to loans and other financial assets.

There is evidence of a burgeoning Indigenous business sector in Australia and this can be further supported by ensuring that the external environment is as flexible and open as possible to enhance entrepreneurial creativity and innovation.

7.2 KEY DRIVERS OF CHANGE

As noted in chapter 2, there are a number of factors driving regional economic development. The evidence demonstrates that these drivers are equally applicable to Indigenous economic development, and that two additional essential factors for Indigenous economic development are access to capital and culture. To illustrate this, we have combined the factors outlined in chapter 2 with the evidence of succeeding chapters to identify key drivers for Indigenous economic development. These are discussed below.

7.2.1 AN AUTHORISING environment

Chapter 2 states that having a degree of law and order is important for creating the environment for successful business, as well as anti-corruption and non-extractive forms of government and a clear and transparent judicial system.

Communities where there are stable and secure social institutions are more likely to create the conditions where successful economic development initiatives can occur. Separating the 'politics' from business is one way Indigenous social enterprises are minimising the risks of nepotism and corruption. Communities are also ensuring that there are independent dispute resolution processes to resolve conflicts.

A land titling system is an important component of economic development. One of the barriers of economic development on Indigenous land, both in Australia and internationally, is the absence of a land titling system that enables Indigenous people to capitalise their land. Without the ability to use their land as collateral many Indigenous people have been prevented from establishing private businesses and improving their social and economic circumstances.

A key finding of chapter 2 is the effect of different forms of government intervention on regional development. For instance, development subsidies were found to be most effective when regional or local governments were able to influence and set the agenda. This suggests that central government intervention and subsidies have limited effect without the involvement of local or regional political institutions.

Similarly, Indigenous economic development initiatives were found to be more successful when they were led by or involved Indigenous communities. The evidence suggests that government is most helpful by providing a policy environment that enables locally-driven responses to regional challenges.

Encouraging partnerships and cooperation within the business community (between businesses and with government) to foster regional development activities appears to be advantageous in sustaining and increasing regional growth. This has implications for the Indigenous business community, which could benefit from and contribute to a shared vision for local and regional development.

7.2.2 HUMAN CAPITAL AND SOCIAL INFRASTRUCTURE (INCLUDING CULTURE)

As chapter 2 identified, knowledge and its conversion to commercial use play an increasing role in economic development. Regional areas tend to have lower human capital than more metropolitan areas, which is a barrier to attracting investment and new business. This is reflected in the fact that most Indigenous entrepreneurs live in areas with good education outcomes, a higher population density, and greater demand for goods and services.

The evidence strongly indicates that access to education and other opportunities to develop knowledge, skills and aptitudes is an essential criterion for participation in the economic life of Australia, and the national efforts to close the gap in educational attainment may improve, over time, access to education and training for Indigenous Australians. However, in addition to these large-scale policy movements there is a specific need for business management and leadership training for Indigenous people seeking success in business.

There are a number of networks and business support agencies created by and available to Indigenous people seeking to develop their skills and contacts. In addition, a focus on partnerships has allowed a number of businesses to venture into new markets or new lines of business by increasing the available resources within an enterprise. Partnerships between Indigenous and non-Indigenous businesses also seem to provide mutual benefits by increasing market opportunities, increasing internal resources, and fostering cross-cultural understanding.

The importance of culture to Indigenous business cannot be ignored. Culture provides both a value proposition and an asset to leverage. An emphasis on social benefits appears to be fundamental in an Indigenous approach to business, with a focus on meeting family and community need, providing employment opportunities for family and community members, and affirming cultural values, above and beyond any financial rewards. Policy or structural mechanisms to support Indigenous business must take into account this priority on the social, non-financial benefits of business.

7.2.3 ACCESS TO CAPITAL AND MARKETS

Indigenous entrepreneurs have innovative and creative ideas, but are often prevented from realising their business aspirations because of a lack of capital. There is a need to develop new and innovative ways of assisting established businesses and emerging entrepreneurs to access capital, such as the ISX, the Traditional Credit Union in Arnhem Land, or the Canadian Caisse Populaire Kahnawake.

Supply Nation is still growing as an organisation, however the evidence suggests that it is having a positive impact on Indigenous Australians by introducing Indigenous entrepreneurs to corporate partners and providing access to capital and markets (as evident in the statistics and in the Yaru Water case study). There is a need for further growth of entities that provide business support and assist Indigenous businesses to grow through sound business planning to gain market share and enter new markets.

7.2.4 AGGLOMERATION AND GEOGRAPHY

While isolation and fragmentation may have led to fewer opportunities for Indigenous people in rural areas there is evidence to suggest that with the appropriate legislative environment and support it is possible to establish successful Indigenous corporations on Indigenous land, and for these corporations to become fully or nearly self-funding. The economic literature also provides evidence of the synergistic effects of agglomeration in creating the critical mass necessary for a sustainable economic environment.

Even given the extreme distances across regional Australia, there are numerous examples of successful and thriving Indigenous-run businesses despite their location. The evidence from the international literature suggests that the Australian government and business community could do more to facilitate regional investment through creative solutions to the challenges posed by distance such as the greater cost of doing business and the lack of infrastructure compared to metropolitan areas. Investment in transport and information technology infrastructure will assist, as will continued investment in education in order to develop the requisite labour force in regional locations.

Some examples have been provided of such solutions, for instance the use of land codes in Canada (eg the Mississaugas of Scugog Island First Nation, see section 6.2) and the partnerships with non-Indigenous resource companies in Australia (eg the Gumala Aboriginal Corporation, see section 6.6).

The factors described above have emerged from an examination of the economic and Indigenous business literature. The table overleaf is refined from the table provided in Chapter 2 to summarise the drivers for Indigenous economic development as identified through the literature.

Individual capabilities and organisational capacity are strongly linked. Increasing the human capital of a community or region through education and training will improve community outcomes which will in turn lead to increased business opportunities. Once a domestic business increases and grows to become an export business the benefit for individuals and communities is compounded, as made evident by the Ngāi Tahu tribe in New Zealand and the Iñupiat in Alaska. This has a multiplier effect, leading to further job creation and business development for the community and the region as a whole. As highlighted in chapter 3, Indigenous businesses employ a high proportion of Indigenous employees.

The creation of Indigenous businesses, particularly where a critical mass of an educated and capable workforce is located, can create a 'virtuous cycle' that in itself can foster further economic development and wealth creation, as illustrated in Figure 6 overleaf.

TABLE 3 – DRIVERS OF INDIGENOUS ECONOMIC DEVELOPMENT

Authorising environment	Governance and institutions	<ul style="list-style-type: none"> • Basic government functions are required before economic progress can be made <ul style="list-style-type: none"> – rule of law (eg land titling system) – anti-corruption and non-extractive forms of government – law and order – clear and transparent judicial system – accountable to a local constituency • A national government focused on maintaining a 'level playing field' between different regions • Political sovereignty – control over local decision-making • Strong and transparent governance and management
	Government policy	<ul style="list-style-type: none"> • Success is more likely when the agenda is influenced by local or regional government • Investment in human capital by the national government is a successful policy for economic development
Human capital		<ul style="list-style-type: none"> • The use of networking and professional associations has been noted to strengthen business capability • Investment in education and training supports local job creation • The use of partnerships, including joint ventures and business partnerships between Indigenous and non-Indigenous businesses, has facilitated knowledge transfer and capacity building • Culture is a social infrastructure which can drive business growth to meet family and community needs, provide employment, affirm values, and leverage community strengths
Access to capital and markets		<ul style="list-style-type: none"> • In addition to trade liberalisation, providing physical access to markets is an important driver of poverty reduction in agricultural communities • Access to capital is crucial, including use of land and natural resources • The ownership and control of assets is a contested issue and impedes economic development
Agglomeration and geography		<ul style="list-style-type: none"> • Geography has an impact on regional development, and influences the effectiveness of redistributive policy • Isolation and fragmentation can lead to fewer opportunities for Indigenous people in rural areas to diversify their income and occupations (eg away from agriculture and non-wage income, and reliance on private and public transfers) • While capital inequality between regions can lead to income disparities, policies that reduce trade costs and transport costs can reduce barriers for firms moving into a particular region

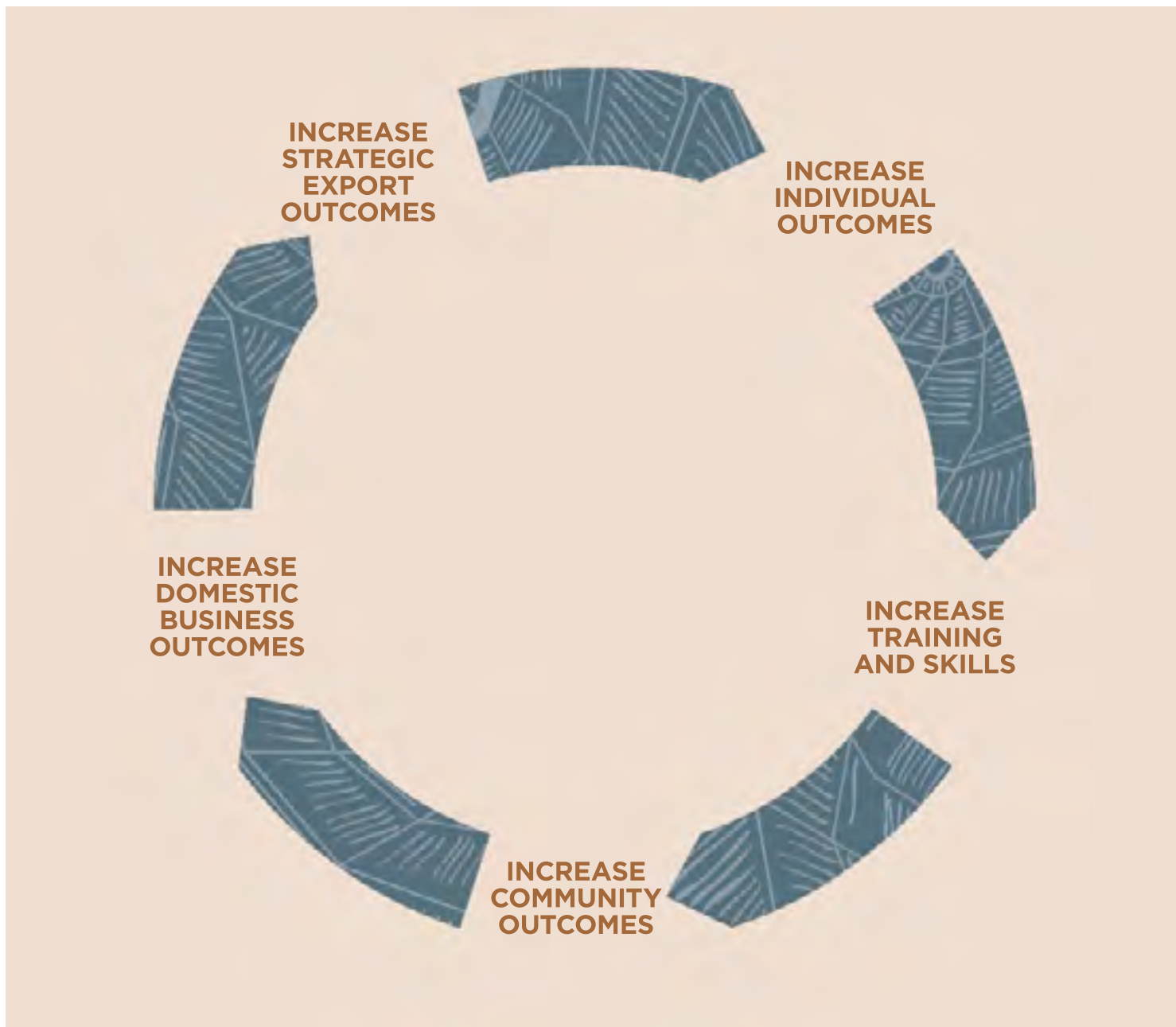


FIGURE 6 – A VIRTUOUS CYCLE OF ECONOMIC DEVELOPMENT

Source: Adapted from the Federation of Maori Authorities 2006

7.3 CREATING THE CLIMATE FOR BUSINESS

The literature identifies a number of models for investment in Indigenous business, including Indigenous individual ownership, Indigenous and non-Indigenous partnerships, public-private partnerships, and Indigenous-owned social enterprises.

In some sectors Indigenous businesses have been recognised as market leaders, for instance NANA and Aotearoa Fisheries. These businesses have achieved their success through combinations of land and asset ownership, good governance, sound financial management, and strong leadership.

This report has explored the factors identified in the literature to foster success in business and job creation. A number of internal and external factors have been identified, and these will influence the choice of business model and structure for economic development. Figure 7 below summarises the ways in which these interrelate, with both internal and external factors exerting continual and fluid pressure on the way a business develops and responds to new challenges.

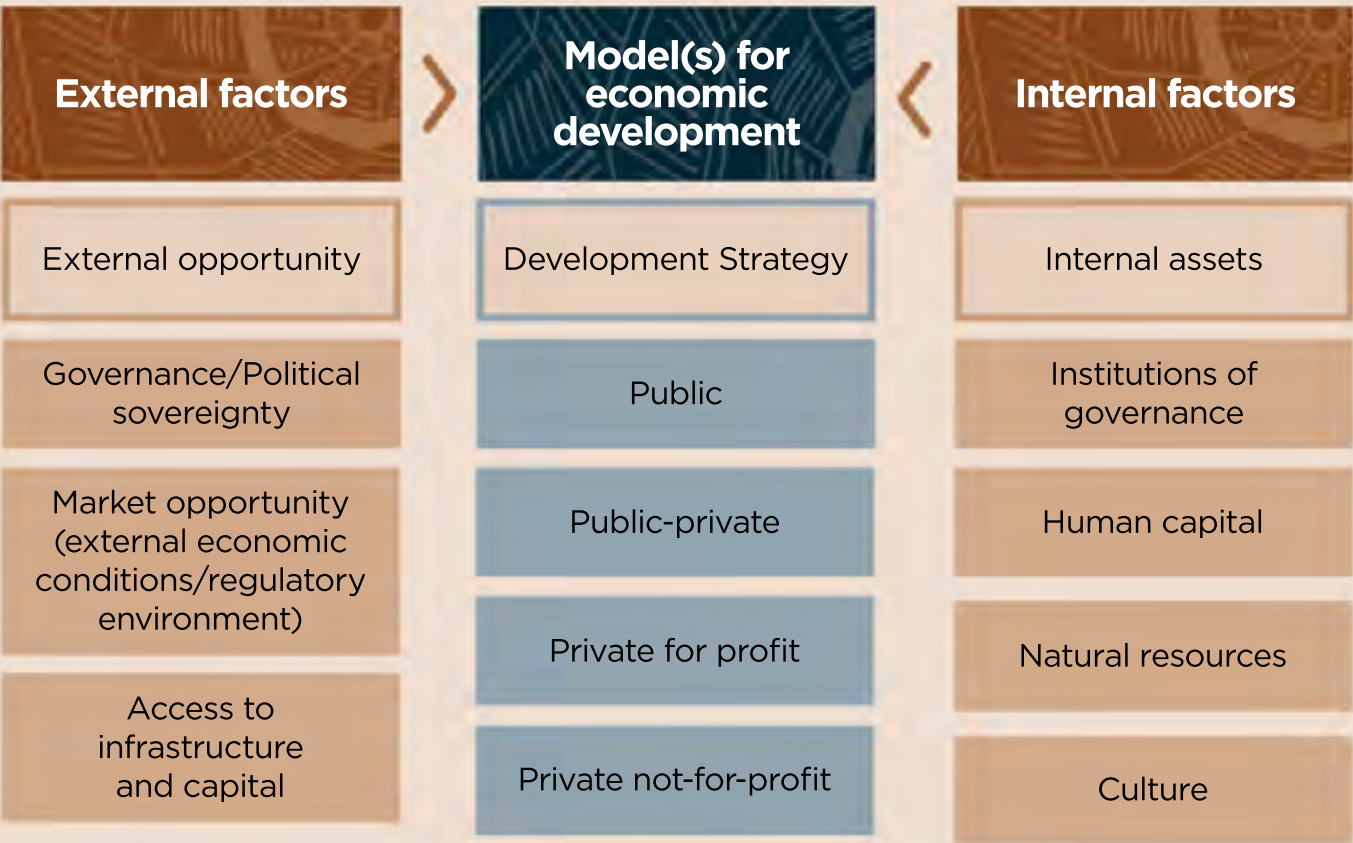


FIGURE 7 - FACTORS AND MODELS OF ECONOMIC DEVELOPMENT

7.4 CONCLUSION

There is considerable evidence of a growing Indigenous business sector in Australia. There are many success stories which could be showcased to demonstrate Indigenous business success. Contrary to a continuing strain in Australian media and public discourse representing all Indigenous Australians as socially and economically disadvantaged, there are a growing number of educated and professional Indigenous Australians who are thriving in business and in other sectors.

Indigenous companies, in Australia and overseas, have generated considerable wealth and distributed economic benefits to individuals and communities. In addition to the factors which provide a framework for economic development for all businesses (both Indigenous and non-Indigenous), the literature suggests that maintaining and nurturing culture and community are important drivers for economic development among Indigenous individuals and communities.

The evidence suggests that land ownership and access to capital continue to be barriers to economic development both in Australia and in the three other countries profiled here. There is clear evidence, highlighted in the examples provided in this report, that returning

ownership of and responsibility for land and natural resources to Indigenous owners can provide significant economic benefits as well as social, spiritual and other benefits for the local community.

Likewise, constructive policy and regulatory structures that enable business innovation will also create an authorising environment for the development of new business ideas and initiatives. The 'nation building' approach outlined in Canada, the US, and New Zealand appears to have provided a greater authorising environment for self-determination and entrepreneurialism than the policy environment of the past decades in Australia.

It is important to recognise, as with any business initiative, that the capabilities and characteristics of individuals will have a deciding influence on the success or failure of a new enterprise. For that reason, investment in human capital development including education and training, vocational and business mentoring, and leadership training, are as important for Indigenous individuals and communities as for anyone else. Specific business development supports such as Indigenous business councils, training and networks for new business owners, and supply chain organisations will continue to strengthen the Indigenous business sector.

This report is not exhaustive and there is much more that could be said about the way in which Indigenous individuals and communities are creating social and communal wellbeing and prosperity through economic activity. What we have tried to do is to provide a glimpse of what factors contribute to successful Indigenous business development and job creation. Each of the four countries we have examined have utilised similar approaches at the national and regional level to create an environment conducive to productive economic activity. Much can still be learned about the way in which governments, communities and individuals are creating a more prosperous future for Indigenous peoples.

Finally, there is a synergistic effect arising from combining the success factors identified in this report. Initiatives that strengthen innate individual capabilities through education and training, that create a positive policy and regulatory environment, that build capacity in governance and management, and that promote access to capital and markets will, over time, ensure that all the building blocks are in place for sustainable economic development and wealth creation for all Indigenous Australians.



DRINKING BOTTLES OF THE FIRST ABORIGINAL OWNED BRAND OF BOTTLED WATER 'YARU'. SOURCE: LYNDON MECHIELSEN 2014

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This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

APPENDIX A

DATA ON INDIGENOUS ENTREPRENEURS BY INDIGENOUS REGION

STATE	REGION	INDIGENOUS MALE EMPLOYER (%)	INDIGENOUS MALE SELF EMPLOYED (%)	INDIGENOUS FEMALE EMPLOYER (%)	INDIGENOUS FEMALE SELF EMPLOYED (%)	TOTAL OF INDIGENOUS SELF EMPLOYED/ EMPLOYERS
NSW	Dubbo	1.2	1.4	0.7	0.8	4.1
	North-Eastern NSW	1.4	2	0.8	0.5	4.7
	North-Western NSW	0.9	1.4	0.8	0.5	3.6
	NSW Central and North	2	2.4	0.9	1.2	6.5
	Riverina-Orange	1.5	1.9	0.8	0.8	5
	South-Eastern NSW	2.2	3.2	1.2	0.9	7.5
	Sydney-Wollongong	2.9	2.3	1.3	0.9	7.4
Vic	Melbourne	3.5	3.2	1.2	1.5	9.4
	Victoria – excluding Melbourne	2.2	2.6	1	1	6.8
Qld	Brisbane	2.6	2.9	1.2	1.3	8
	Cairns-Atherton	0.9	1.2	0.6	0.5	3.2
	Cape York	0.3	1.1	0	0.4	1.8
	Mount Isa	1	1.1	0.7	0.8	3.6
	Rockhampton	1.3	1.3	0.9	0.8	4.3
	Toowoomba-Roma	2.2	2	0.9	1	6.1
	Torres Strait	0.7	2.8	0.2	0.6	4.3
	Townsville-Mackay	1.2	1.1	0.7	0.7	3.7
SA	Adelaide	1.6	2.2	0.7	1.1	5.6
	Port Augusta	0.5	0.6	0	0.2	1.3
	Port Lincoln-Ceduna	0.7	2	1	0.4	4.1
WA	Broome	0.9	1.4	0.5	0.5	3.3
	Geraldton	1.7	1.1	0.3	0.7	3.8
	Kalgoorlie	1.1	0.7	0.5	0.3	2.6
	Kununurra	0.8	0.8	0	0.4	2
	Perth	1.8	1.7	0.9	0.9	5.3
	South Hedland	1	0.5	0.8	0.2	2.5
	South-Western WA	2	1.6	0.7	0.8	5.1
	West Kimberley	1	0.3	0.6	0.3	2.2
NT	Alice Springs	1	1.9	0.6	0.2	3.7
	Apatula	0.2	0.5	0	1	1.7
	Darwin	1.5	1.8	0.7	0.9	4.9
	Jabiru-Tiwi	0.1	0.3	0	0.6	1
	Katherine	0.5	1.2	0.4	0.8	2.9
	Nhulunbuy	0.1	0.3	0	0.6	1
	Tennant Creek	0.6	1	0.3	0.7	2.6
ACT	ACT	3.2	3.4	0.9	1.1	8.6
TAS	Tasmania	3.6	3.8	1.6	1.4	10.4

SOURCE: ABS 2012; HUNTER 2013 V

