

**Discussion  
paper  
response -  
Submission  
No 40**

## **INQUIRY INTO ECONOMIC DEVELOPMENT IN ABORIGINAL COMMUNITIES**

**Organisation:** Supply Nation

**Date received:** 5/08/2016

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## **Economic Development in Aboriginal Communities**

Discussion Paper Response - 5 August 2016

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## An overview of Supply Nation

Supply Nation is the Australian leader in supplier diversity, established in 2009 to connect our membership of Australia's leading brands and government with Aboriginal businesses across the country. Supply Nation currently works with 230 member organisations in a range of business and industry sectors to integrate the Aboriginal businesses into their supply chain.

In addition, Supply Nation's rigorous registration and certification processes ensure our members can be confident of Aboriginal ownership in our supplier base. With Aboriginal businesses active in every state and territory, in every industry sector, Supply Nation has been central to the growth of a new Aboriginal economic force.

Supply Nation's directory, Indigenous Business Direct (IBD), is a publicly available directory which provides searchable access to a comprehensive list of its registered and certified Aboriginal-owned businesses. Since the launch of IBD on 1 July 2015, Supply Nation has seen a 250% increase in the number of businesses listed with the directory which now lists over 1000 businesses across all industry sectors.

Supply Nation is a key stakeholder of the Australian Government in the delivery of the Indigenous Procurement Policy (IPP). We work with the government towards a common objective of building a strong and vibrant Indigenous business sector that will create wealth, financial independence and opportunities for Aboriginal and Torres Strait Islander people across the country.

Over the last year, Supply Nation has worked on a number of initiatives to transform the organisation. One of the key platforms to embed supplier diversity in our membership has been the launching of the Australian Supplier Diversity Index (ASDI). Individual member organisations use ASDI to measure and report on their supplier diversity performance. ASDI then generates an action plan with qualitative and quantitative goals to help the organisation progress their supplier diversity practice.

Supply Nation commends this discussion paper. We believe we can play an integral role in the Aboriginal economic development in NSW, as we have demonstrated with our partnership with the Australian Government.

Yours sincerely

Laura Berry  
**Chief Executive Officer**

## Response to the summary of questions of the discussion paper.

Supply Nation would like to respond to selected questions from the discussion paper.

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### Chapter 1: The need to drive reform

#### Question 1

*Is there an urgent need for the NSW Government to adopt a whole of government approach to ensure a coordinated and targeted response to address the critical issues within Aboriginal communities?*

Supply Nation believes that there should be more strategic leadership from the NSW Government to adopt a whole-of-government approach. Key areas of focus should be the economic development of Aboriginal communities, empowerment of Aboriginal people, and creation of wealth and business capacity building. Outcomes in these areas have a significant impact on Aboriginal communities and individuals.

An audit of all NSW Government portfolios should be undertaken to investigate how government departments and agencies may be able to make their services and programs more inclusive and accessible to Aboriginal people and communities.

There is an opportunity for the NSW Government to show leadership by ensuring Aboriginal businesses are included in the government's supply chain. This will in turn advance and build government procurement capability. This approach is already working effectively in the Australian Government's Indigenous Procurement Policy which has seen close to \$200m spend with Aboriginal businesses in its first year. The NSW Government should follow this successful lead and establish mandatory targets and set asides for Aboriginal businesses.

Current initiatives (such as the NSW Procurement Board Direction that allows for preferential procurement from Aboriginal businesses of up to \$150,000 based on a single quotation) have not had significant success or impact on the engagement between NSW agencies and Aboriginal businesses. This is partially due to a lack of monitoring by NSW agencies. This lack of consistent oversight of the previous NSW Aboriginal Participation in Construction (APIC) Guidelines meant that it is not clear if key suppliers actually delivered on the Aboriginal business and employment KPIs and outcomes that were required. However, we note that there does seem to be more accountability, transparency and credibility in the newly strengthened APIC effective from 1 July 2016.

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#### Question 3

*What can the NSW Government do to improve coordination in the area of economic development in Aboriginal communities?*

Business ownership is a key driver in the economic development of Aboriginal people and communities. Aboriginal business owners are more likely to employ Aboriginal staff than non-Aboriginal businesses and their provision of a cultural safe space also supports the generation of employment, training and mentoring services.

To enable access not only to business support, finance and capital, but also to the business networks and partnerships required to grow Aboriginal business will require better coordination and communication from government programs.

## Chapter 5: Building the capacity of Aboriginal organisations

### Question 9

*Should there be targeted, centralised investment to stabilise and enhance capacity building and development for Aboriginal organisations? If so, what would this entail?*

Supply Nation recommends dedicated, targeted and centralised investment to stabilise and enhance capacity building for Aboriginal organisations. The NSW Department of Industry should become the proactive lead agency administering this investment to deliver this capacity building and development. Additional support should come from divisions such as the NSW Office of Small Business Commissioner, and Business Enterprise Centres, and Business Advisory Services.

There are also other business development agencies with which to partner to deliver a more comprehensive program. These could include agencies such as Indigenous Business Australia and the Federal Department of Industry. Additionally, with appropriate funding, the NSW Aboriginal Chamber of Commerce could provide culturally appropriate and sensitive business capability services and programs to Aboriginal businesses.

The NSW Government and Supply Nation should partner to facilitate more business networking opportunities for Aboriginal businesses and government buyers, including meet the supplier events and industry-specific forums.

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### Question 14

*What action can the NSW Government take to incorporate more 'wrap around services' to support the establishment of Aboriginal enterprises such as initial feasibility assessments, business planning, mentoring and access to capital, marketing, training and infrastructure?*

Key contributing factors to the success of Aboriginal enterprises are:

- access to capital
- access to financial and business advice and support
- testing and commercialisation of business ideas
- financial literacy training
- networks and partnerships.

Many organisations already work with Indigenous businesses. However, a lack of knowledge about where to access appropriate business support and services is a key inhibitor for Indigenous business owners and entrepreneurs. Supply Nation recommends that the NSW Government Agencies work collaboratively with the NSW Indigenous Business Chamber, Supply Nation, Many Rivers and local governments to audit current services, identify gaps in current offerings and collaborate to deliver appropriate services as part of a collective approach to these 'wrap around services'.

It is also important to review all the existing local, state and federal government programs and services, in order that they may be streamlined to specific stages of business growth and to make them more inclusive, welcoming and specific to Aboriginal businesses.

Supply Nation's core service is to facilitate connections between Aboriginal businesses and Supply Nation members through various activities and platforms. Supply Nation is recognised as a peak organisation and is an important organisation to partner with in this space. By stimulating significant commercial activity between Aboriginal businesses and government and corporate buyers, Supply Nation can support business growth for these organisations.

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#### Question 15

*Should enterprise assistance centres for Aboriginal-owned businesses be established?*

Before creating new assistance centres the existing enterprise assistance centres should be assessed to determine how they could be more culturally sensitive and appropriate for Aboriginal and Torres Strait Islander clients in order that they can access the services they require.

Where gaps exist in such centres (by location and industry), a strategy to create specific enterprise assistance centres for Aboriginal owned businesses should be developed. The networks and community connections of existing organisations, such as Aboriginal corporations, Aboriginal Land Councils, and such other organisations, could be leveraged as delivery agencies or partners for such enterprise assistance. This would fast-track community acceptance, and utilise the established entity's influence.

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#### Question 16

*How can the NSW Government encourage Aboriginal Business Australia, the NSW Aboriginal Chamber of Commerce and the Aboriginal Land Corporation to facilitate capacity development for Aboriginal organisations and better support Aboriginal economic enterprise?*

Supply Nation should be included along with these organisations to facilitate capacity development for Aboriginal organisations. Through supplier and member introductions and business matching services, Supply Nation is in a position to provide support for Aboriginal economic enterprises. Supply Nation could be a significant strategic partner with the potential of adding value to the credibility and implementation of the recommendations of this discussion paper.

Finally, Supply Nation recommends that the NSW Government should develop and implement a well-articulated supplier diversity policy for all its agencies, and explore a whole-of-government membership with Supply Nation to drive and embed supplier diversity in all its agencies.

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