



**GENERATION
ONE**

BACKING BLACK BUSINESS

Greater financial inclusion
for Australia's Indigenous
business sector



FOREWORD

We, as Indigenous Australians, are resilient, strong and adaptable. It's therefore unsurprising that our businesses are too.

Despite all the hurdles, Australia's Indigenous entrepreneurs continue to defy the odds, contribute billions of dollars to our economy and employ thousands of Indigenous Australians.

What if those hurdles facing our businesses were removed? What if, instead of making it harder for Indigenous Australians to build a business, we could make it simpler, quicker, easier? The goodwill and intent to support Indigenous businesses abounds; it now comes down to action and, specifically, inclusion.

Backing Black Business, written by PwC's Indigenous Consulting, gives visibility to the lived experiences of Indigenous Australian entrepreneurs, who battle financial exclusion on both an individual and business level.

Let this report, and the recommendations contained within, be a reminder of the work still to be done, a catalyst for action, and a spotlight on the solutions within our reach.

Shelley Cable

Shelley Cable, CEO
Generation One

MINDEROO FOUNDATION ACKNOWLEDGEMENT OF COUNTRY

Minderoo Foundation acknowledges the Traditional Custodians of the lands on which we live and work, and their Elders past, present and emerging. We recognise their continuing connection to land, waters and community, and the ongoing contributions they make to our country.

*Front Cover Image:
Jaynaya Winmar
from Blakbone
Sistahood pitching
at the Indigenous
Entrepreneur
Masterclasses 2020.*

PROJECT PARTNERS



Minderoo Foundation is a modern philanthropic organisation seeking to break down barriers, innovate and drive positive, lasting change. Minderoo Foundation is independent, forward thinking and seeks effective, scalable solutions to take on tough, persistent issues with the potential to drive massive change.

Established in 2001 by Andrew and Nicola Forrest, Minderoo Foundation is proudly Australian, and one of Asia's largest philanthropic organisations with over \$2 billion committed to a range of global initiatives.

GENERATION ONE

Generation One is an initiative of Minderoo Foundation, with a mission to create employment parity with and for Aboriginal and Torres Strait Islander people, within one generation. Generation One works to help close the employment gap through its work in employment, self-employment (Indigenous entrepreneurship) and social policy reform.



PwC's Indigenous Consulting

PwC's Indigenous Consulting (PIC) is a national Indigenous consulting business. It's the result of a unique partnership between a group of Aboriginal and Torres Strait Islander people and PwC, one of the world's largest professional services firms. The unique power of PIC is the combination of Indigenous expertise and experience, with PwC's world-leading consulting capability.

PIC is majority owned, led and staffed by Aboriginal and Torres Strait Islander people. PIC has a passionate belief that Aboriginal and Torres Strait Islander people should have the opportunity to fulfil their aspirations. PIC uses its collective professional expertise to assist communities, governments, and businesses achieve the outcomes they are looking for.

PIC specialises in providing advice and developing strategies to help realise the commercial and community potential of Indigenous policies, programs, projects, organisations and businesses.

PIC's culture is firmly grounded in its values and is guided by the following principles:

- PIC respects those who have walked this earth before;
- PIC is accountable to its clients, its communities and its people;
- PIC strives for excellence in Indigenous consulting and operate with integrity; and
- PIC respects diversity and different points of view.



Carnarvon Gorge is an oasis in the semi-arid heart of Central Queensland outback.

DISCLAIMER

PricewaterhouseCoopers Indigenous Consulting Pty Limited (PIC) prepared this report solely for the Minderoo Foundation's use and benefit. In doing so, PIC acted exclusively for Minderoo Foundation and considered no-one else's interests. PIC accepts no responsibility, duty or liability to anyone other than Minderoo Foundation in connection with this report for the consequences of using or relying on it.

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ACKNOWLEDGEMENT OF COUNTRY

PIC respectfully and proudly acknowledges Australia's Aboriginal and Torres Strait Islander communities and their rich cultures. We acknowledge Aboriginal and Torres Strait Islander people as Australia's first people and as the Traditional Owners and custodians of the land and water on which we rely. We pay our respects to Elders past, present and emerging.

We acknowledge, recognise and value the ongoing contributions of Aboriginal and Torres Strait Islander people and communities to Australian life and how this enriches us. We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice. We honour the resilience and continuing connection to country, culture and community by all Aboriginal and Torres Strait Islander people across Australia.

TERMINOLOGY USED IN THIS REPORT

PIC recognises that there is a general preference for the term '**Aboriginal and Torres Strait Islander**' as a collective descriptor of the first peoples and Traditional Owners and custodians of this land and many of the stakeholders engaged in this study. We have used this phrase throughout when referring to people.

We have used the phrase '**Indigenous businesses**' to refer to enterprises owned (wholly or partially) by Aboriginal and Torres Strait Islander people consistent with the Australian Government approach. The phrase '**Indigenous business owner**' has been used to refer to an Aboriginal or Torres Strait Islander person who owns a business.

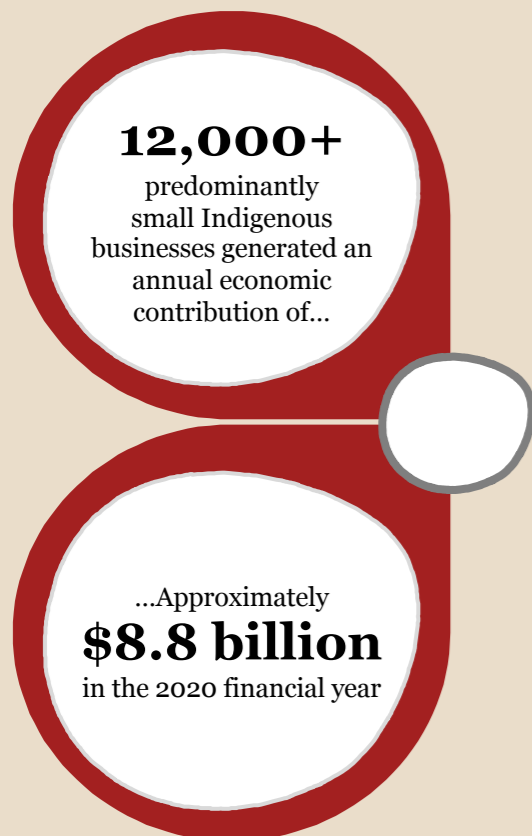
We refer to Australia's extended population – both Aboriginal and Torres Strait Islander and non-Indigenous – as '**broader Australia**'.

References to the '**Australian Government**' are to the federal government of Australia.

EXECUTIVE SUMMARY

Australia has a healthy Indigenous business sector with strong growth in demand...

The Australian Indigenous business sector has grown significantly in the past two decades, with conservative estimates suggesting there are currently more than 12,000 predominantly small Indigenous businesses generating an annual economic contribution of approximately \$8.8 billion in the 2020 financial year. These businesses employ thousands of Aboriginal and Torres Strait Islander people, with at least 30% of the workforce of Indigenous businesses being Aboriginal and Torres Strait Islander people - compared to 2% in the broader economy. This creates opportunities and pathways to economic participation that might not otherwise exist and is as, if not more, important than the overall economic contribution of these businesses.



While 12,000 Indigenous businesses is positive, there is still a long way to go to achieve parity. Based on 2019 data, business ownership parity with broader Australia would translate into approximately 78,000 Indigenous businesses.

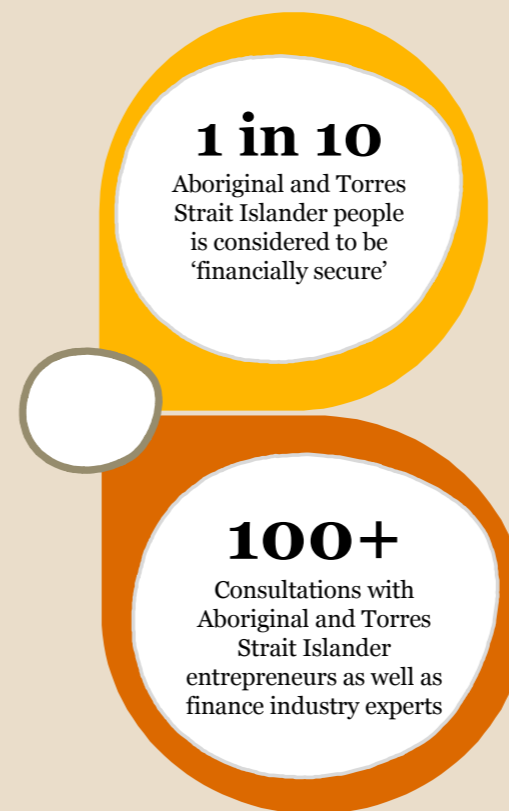
The Indigenous business sector is well supported by both the government and corporate sectors, with key policies that encourage procurement of goods and services from Indigenous businesses. The Australian Government's Indigenous Procurement Policy, as well as similar state and territory government policies, has resulted in significant growth in government spend, and many entities - corporate, government, and philanthropic - have made public commitments to Indigenous procurement through their Reconciliation Action Plans. There is also a perceptible shift in the direction of Indigenous affairs across Australia, with revitalised Closing the Gap targets agreed in 2020, various treaty discussions underway and a design process in train for an Indigenous Voice to Parliament, all of which should underpin greater opportunities for Aboriginal and Torres Strait Islander people.

...yet the growth is curtailed by the continued impact of financial exclusion

Despite this, Aboriginal and Torres Strait Islander people continue to be financially excluded. The extent of, and reasons for, financial exclusion at an individual level has been well documented. As a consequence of a number of social, cultural and economic factors, 50% of Aboriginal and Torres Strait Islander people live with regular 'severe financial stress' compared to 10% of the broader Australian population, and only one in ten Aboriginal and Torres Strait Islander people is considered to be 'financially secure'.

This, in turn, results in a greater degree of financial exclusion of Indigenous businesses, curtailing the ability of Aboriginal and Torres Strait Islander:

- entrepreneurs to establish businesses;
- businesses to take advantage of market opportunities; and
- successful entrepreneurs to sell their businesses for their true value, and create personal wealth.



This project has been undertaken by PwC's Indigenous Consulting for Minderoo Foundation to identify the factors that limit the ability of Indigenous businesses and Aboriginal and Torres Strait Islander entrepreneurs to access the financial products and services they need across the business lifecycle, with the objective of contributing to the ongoing discourse and efforts to better support Indigenous businesses.

Extensive stakeholder consultation, which captured the experiences and perspectives of over 100 Aboriginal and Torres Strait Islander entrepreneurs, as well as finance industry experts, combined with desktop research, has identified why Indigenous businesses are being financially excluded. The reasons include the ongoing impact of financial exclusion on a personal level - for example, limited access to collateral to support a traditional bank loan and a smaller (or non-existent) pool of family and friends who have their own savings to lend to an entrepreneur. In addition, almost 40% of Indigenous business owners consulted felt that the process of applying for financial products and support was overwhelmingly complex, slow and onerous, and 48% of this group shared that they had been unsuccessful in at least one of their applications. Others pointed to a lack of understanding of Aboriginal and Torres

Strait Islander cultures and ways of doing amongst the providers of financial products and support, and the complexity of the products and services available to assist. Another obstacle to business growth are the policy setting that seek to prevent 'black cladding'.

Financial products and services available are extensive but not coordinated...

The existing offering of financial products that could be suitable for Indigenous businesses is extensive and includes microfinance products, neo-banks, traditional financial institutions, lease finance products, venture capital, financial advisory and brokerage services and insurance. However, the market is difficult to navigate and there is a lack of coordination which creates confusion and frustration among Indigenous businesses.

In contrast, Canada has developed an expansive Indigenous-owned, Indigenous-led finance sector that supports Indigenous business, thus creating opportunities through improved financial inclusion. Examples cited include Aboriginal Financial Institutions (AFIs) (currently approximately 60 across Canada with loans totalling C\$2.75 billion), a National Aboriginal Capital Corporations Association to support the AFIs, a First Nations Bank of Canada and multiple Indigenous Venture Capital Funds.



Financial investment is required at all stages in the life-cycle of a business. Equity-based finance is also critical at the exit stage when business owners seek to sell their businesses to create personal wealth

We propose seven concepts to address some key gaps

Reflecting on these results, as well as input by the stakeholders consulted as part of this study, seven concepts are proposed to address key gaps and dramatically increase financial inclusion among Indigenous businesses.

These concepts, ranked in order of their potential to boost financial inclusion are:

1. A \$20K - \$200K low or no-interest loan product with non-traditional lending criteria

This product would fill a gap that currently exists between micro-finance and mainstream business lending. It would support Indigenous businesses to grow from micro-businesses to small businesses without the burden of exorbitant interest rates or risking hard-earned assets. Such a product could be delivered through investment into existing micro-finance providers to broaden their existing lending capabilities and increase the pool of capital available, or alternatively, by introducing a new lender in this space.

2. Establish an Indigenous-owned and led capital investment fund

A fund of this kind would enable long-term equity investment in growing Indigenous businesses without jeopardising the certification of 'Indigenous business' and the associated commercial advantages. Seed capital for such a fund could be provided by the government,

philanthropic interests or Aboriginal and Torres Strait Islander organisations or individuals, or a combination of these. Existing fund managers may also play a supporting role in the establishment of such a fund.

3. Establish a First Nations Bank of Australia

A First Nations Bank would have as its sole focus supporting Aboriginal and Torres Strait Islander people and communities, and their enterprises. This institution could serve to centralise and coordinate a range of products for both Aboriginal and Torres Strait Islander people and their businesses (including debt finance, equity investment and advisory services). Seed funding for an institution of this kind could come from government, philanthropic interests, Aboriginal and Torres Strait Islander organisations or individuals. By partnering with an existing major banking institution or neo-bank, the establishment of a First Nations Bank could be accelerated.

4. Host Australia's biggest gathering of Aboriginal and Torres Strait Islander business leaders

This would create a chance for Aboriginal and Torres Strait Islander business leaders to strengthen networks and connections within the sector, provide a forum to discuss the issues they face and empower Indigenous business owners to create their own solutions. A financially supported, multi-day opportunity

to celebrate the entrepreneurial successes of Aboriginal and Torres Strait Islander people and discuss the concerns of the day supports self-determination and is consistent with the principles of the United Nations Declaration of the Rights of Indigenous Peoples.

5. Establish an Indigenous Investment Market

A stock exchange or marketplace to facilitate the sale and purchase of shares in Indigenous businesses would better connect Indigenous businesses seeking equity-based investment with potential investors. The marketplace would democratise investment by Aboriginal and Torres Strait Islander people and organisations in Indigenous businesses and serve as a platform to coordinate investment. This concept would also address a current gap in the ecosystem enabling business owners to realise personal wealth that they have created through their entrepreneurial skills without jeopardising the business' ability to qualify for Indigenous procurement opportunities.

6. Establish a business advisory and support service for mature, and maturing, Indigenous businesses

The complex and dynamic landscape of financial products available to businesses poses a significant barrier to businesses trying to access the right products. Coupled with this complexity is the need to access high-quality advisory services that provide more experienced business owners with the options to make informed, educated decisions.

7. Invest in cultural awareness education for mainstream finance providers

Further investment in cultural awareness education for mainstream finance providers is necessary to break down some of the barriers that result in the financial exclusion of Indigenous businesses. This training should enable non-Indigenous businesses to improve their cultural capability and better engage with Aboriginal and Torres Strait Islander people and businesses.

It is important to note that there is a range of roles for key stakeholders to play in progressing these concepts and creating greater financial inclusion for Indigenous businesses. Working within their various constraints, these stakeholders – governments and their agencies, financial institutions, philanthropic organisations, Indigenous businesses, Aboriginal and Torres Strait Islander people and communities and non-Indigenous investors – can adopt more inclusive practices, provide additional capital and resources, and advocate for change. It is critical, though, that these stakeholders work in a coordinated manner that is informed by Aboriginal and Torres Strait Islander business leaders to ensure that their voice, and their needs, are prioritised in development of solutions, products and service delivery.

Key principles that should be considered in developing and delivering any of these concepts (or other products or solutions marketed to Aboriginal and Torres Strait Islander entrepreneurs or Indigenous businesses) include that initiatives are:

- Aboriginal and Torres Strait Islander-led;
- underpinned by a human rights' framework;
- relationship based;
- responsive (in terms of processing and approval times);
- flexible; and
- culturally appropriate.



Current State



Future State

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INTRODUCTION

Minderoo Foundation initiated this project to identify what helps, and what gets in the way of, Aboriginal and Torres Strait Islander entrepreneurs accessing the financial products they need to start and grow a successful business, with the objective of contributing to the ongoing discourse and efforts to better support Indigenous businesses.

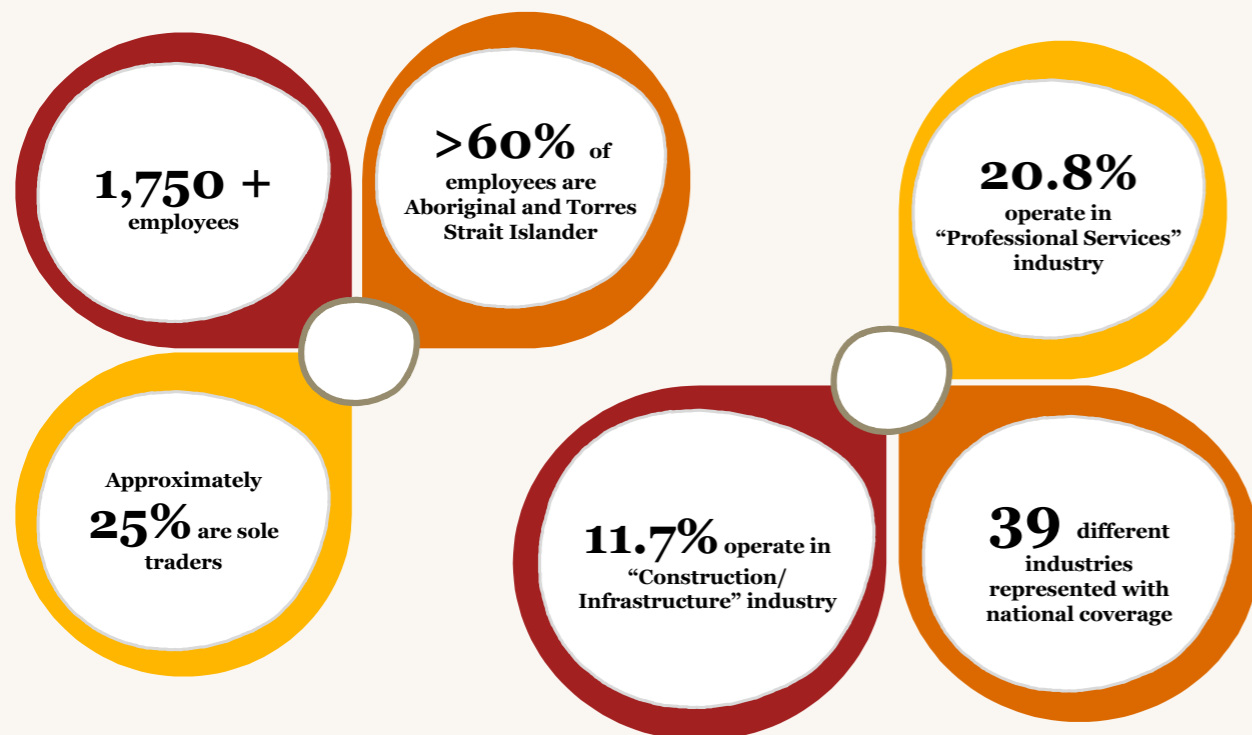
A combination of desktop research and stakeholder engagement was employed to test the ongoing validity of historic studies, with PIC connecting with over 100 Aboriginal and Torres Strait Islanders through a combination of surveys and focus groups, as well as subject matter experts from the financial services sector, including representatives from major banks, Indigenous Business Australia (IBA) and impact investors. A more detailed description of the project methodology can be found in **Appendix A**.

A glossary of terms used in this report is contained in **Appendix B**.



Celebrating Indigenous Business Month 2020 (L to R Josie Alec of Jummi Factory winner of dream summit first prize, Blaze Kwaymullina of North West Alliance and Kim Collard of Kulbardi)

Demographics of Indigenous businesses engaged through the project



THE INDIGENOUS BUSINESS SECTOR: A STORY OF GROWTH AND OPPORTUNITY

The current state of the Indigenous Business Sector in Australia

How many?

The Indigenous business sector has grown and matured significantly over the past two decades. In 2016, the size of the sector was estimated at between 8,600 and 11,900 businesses when taking into account sole traders; privately owned businesses including partnerships and majority-owned joint ventures; and trusts established with the purpose of benefiting Aboriginal and Torres Strait Islander communities.¹ In 2018 the Australian Government placed the size of the sector at somewhere between 12,000 and 16,000

businesses,² and more recent research published by Supply Nation estimates that the number of businesses is 11,635.³ These differences of opinion are attributable to the lack of exact data and the application of different definitions of what is (and is not) an Indigenous business. It is also noted that these estimates are based on the 2016 Census data so may not truly reflect the impact of the various government initiatives to increase spending with Indigenous businesses or the Australian Government's Indigenous Business Sector Strategy 2018-2028 (IBSS).

Taking a conservative approach to these numbers and adopting 12,000 as an approximate sector size, Indigenous businesses only represent approximately 0.5% of all small to medium sized businesses in Australia at a time when Aboriginal and Torres Strait Islander people account for 3.3% of the Australia population.⁴ This under-representation suggests structural, social and economic barriers, such as societal prejudice and the continued impact of historical policies that resulted in limited economic participation have restricted the proportion of Aboriginal and Torres

Strait Islander people choosing to establish their own businesses. While there is still a long way to go to achieve 'parity' (based on 2019 data, business ownership parity with broader Australia would translate into approximately 78,000 Indigenous businesses),^{5,6} the future looks bright. The number of Aboriginal and Torres Strait Islander people who identified as being self-employed tripled between 1991 and 2016, indicating a strong pipeline for the future, as this is a common first step in entrepreneurship.⁷

How big?

Indigenous small to medium sized businesses (SMEs) are typically smaller than non-Indigenous SMEs, with an average revenue for an Indigenous SME of \$0.8 million compared to \$1.5 million for the entire SME sector.⁸ Consistent with this trend, almost 25% of the businesses PIC surveyed were sole traders and only 23% employed 10 or more people. However, to assume that all Indigenous businesses are small in scale is a mistake. There are also a number of large Aboriginal and Torres Strait Islander owned businesses employing many hundreds of people and generating revenue well above this average. For example, PIC met with a group of six businesses that are part of Fortescue's Billion Opportunities program, which has awarded \$2.7 billion of contracts and sub-contracts to Indigenous businesses over the past 10 years.

In what industries?

Barriers to entry impact not only the number of Aboriginal and Torres Strait Islander people who become business owners, but also the types of businesses they establish. In 2020, Supply Nation observed that when compared to the broader Australian economy, the industry distribution of its registered suppliers showed over-representation in two key sectors – administration and support services (including human resources services and facilities management); and education. At the same time, there was under-representation in the wholesale and retail trade, agricultural, forestry

and fishing, transport and logistics, rental and real estate services and finance sectors. Respondents to PIC's survey self-categorised, with just over 20% nominating professional services as their industry, 11% construction and infrastructure and 8% arts and culture, painting a similar picture.

Although neither data set is necessarily representative of the entire Indigenous business sector, when viewed together it does indicate that there may be lower barriers to entry in industries that are not capital intensive and can be scaled incrementally without significant third-party financing in place. In the words of one professional services business owner, "I was a start-up business and I worked alone until I got enough clients to employ staff".

What's the contribution to the economy?

Notwithstanding the size of the Indigenous business sector, it makes a significant economic contribution. PwC Australia and PIC valued this contribution as being somewhere between \$2.2 billion and \$6.6 billion in 2016.⁹ Four years later, Supply Nation placed it at approximately \$8.8 billion.¹⁰

The Indigenous business sector is also a significant employer of Aboriginal and Torres Strait Islander people. At least 30% of the workforce of Indigenous businesses is made of up Aboriginal and Torres Strait Islander people compared to 2% in the broader economy.¹¹ Businesses engaged through this project were even more impactful, with more than 60% of their combined workforces being Aboriginal and/or Torres Strait Islander people.

Recent research has shown that if the Indigenous share of procurement spend could be lifted to just 1% across the key sectors nationally, it would result in a 90% increase in the revenue generated by the Indigenous business sector, lifting it to circa-\$16.4 billion.¹² Supply Nation goes on to surmise that this would result in around 52,000 additional jobs being created within Indigenous businesses of which 19,000 would be for Aboriginal and Torres Strait Islander people.¹³



Stimulation and support of the Indigenous Business Sector

Over the past decade or so, several key policies, strategies, organisations and initiatives have been designed and implemented to stimulate and strengthen the Indigenous business sector. They do so by focusing on increasing the volume and value of goods and services produced by, and purchased from, Indigenous businesses and supporting Indigenous businesses as they form and grow to take advantage of this increased demand. Some of these initiatives include:

- the Indigenous Business Sector Strategy 2018 - 2028 – a 10-year Australian Government strategy to stimulate growth in the sector;
- various government Indigenous procurement policies – designed to increase the demand for goods and services produced and supplied by Indigenous businesses, with governments as buyers and influencers;
- Indigenous Business Australia – a statutory body charged with making running a business as accessible and viable for Aboriginal and Torres Strait Islander people as it is for broader Australia;
- Supply Nation – a member-based organisation working to increase supplier diversity and overall procurement spend with Indigenous businesses;

- Reconciliation Action Plans (RAPs) – promoted by Reconciliation Australia, RAPs often include Indigenous procurement spend targets for the RAP signatory;
- Business Council of Australia's Raising the Bar project – also using publicly stated Indigenous procurement targets to drive greater economic participation for Aboriginal and Torres Strait Islander people;
- Closing the Gap – a partnership between the Australian governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations focused on reducing social, health and economic outcome disparity between Aboriginal and Torres Strait Islander people and the broader Australian population;
- various government and privately funded incubators, accelerators and business support hubs that stimulate and support business development and activities at various points in the business lifecycle;
- state and regional Chambers of Commerce that advocate for, and promote, Indigenous businesses; and
- Indigenous business sector-led networks.

A more detailed summary of these initiatives is provided at **Appendix C**.



Role of philanthropy

Philanthropic organisations also play an important role in supporting the Indigenous business sector, often as enthusiastic consumers of the products and services provided by Indigenous businesses and as advocates and catalysts for change.

Philanthropic organisations hold a unique position within the ecosystem as they have the potential to accelerate social change by using non-conventional and innovative methods to drive it. They also often have greater freedom in terms of what they are able to do and who they decide to partner with, with a clear mandate to change the status quo. In contrast, major financial institutions are primarily answerable to their shareholders who are motivated by financial returns. Philanthropic organisations can also play a critical role in fostering private-public partnerships to address a common goal.

Some examples of philanthropic-based support of the Indigenous business sector include:

- the partial funding of First Australians Capital provides a range of resources to Indigenous businesses, including professional business support and services, networking and access to financial capital. First Australians Capital is funded through philanthropic donations, grants and investment from partners who are committed to building the capacity of Aboriginal and Torres Strait Islander people to create and drive their own economic prosperity, and in turn, contribute to the nation's economic growth;¹⁴
- CAGES Foundation which supports Indigenous businesses that organisations committed to ensuring Aboriginal and Torres Strait Islander children have the opportunity to reach their full potential. The Foundation has an allocation of funds available to invest in Indigenous businesses;¹⁵
- Minderoo Foundation, which through Generation One has a mission to end the disparity between Aboriginal and Torres Strait Islander people and non-Indigenous Australians in our generation and supports Aboriginal and Torres Strait Islander entrepreneurs and Indigenous businesses with a range of programs and opportunities.¹⁶

More stimulation to come

Treaty

Treaty discussions are now actively being pursued in Victoria, Queensland and the Northern Territory, and some recognise the native title settlement reached between the Western Australian government and the Noongar people in 2015 as Australia's first treaty.¹⁷ They have also been on the agenda in South Australia in the past decade. It is likely that one element of any treaty negotiated on behalf of an Australian state or territory will be a transfer of assets or financial compensation in recognition of the historical impacts of colonisation on Aboriginal and Torres Strait Islander people. For example, the Advancing the Treaty Process with Aboriginal Victorians Act 2018 (Vic) specifically provides for the creation of a self-determination fund to empower the building of capacity, wealth and prosperity by and for Aboriginal Victorians and Traditional Custodians.¹⁸

The New Zealand experience of the Crown negotiating settlements for historical breaches of the Treaty of Waitangi has resulted in a significant transfer of a mixture of money, land and rights to control natural resources which has supported the strengthening of iwi and a resurgence of the Māori economy.¹⁹ The GDP contribution from Māori economy producers totalled NZ\$11 billion in 2013,²⁰ and in 2017, the estimated value of the Māori asset base was over NZ\$50 billion.²¹ Similarly, in Canada the modern treaty era has seen 26 modern treaties or comprehensive land claim agreements signed with Indigenous groups which have provided for (among other things) capital transfers of over \$3.2 billion as well as access to resource development opportunities,²² supporting the growth of the Canadian First Nations' economies.

Although the treaty negotiation process is likely to be complex and take many years, once signed treaties at a State and Territory level are anticipated to create new opportunities, and potentially access to capital and assets, for Aboriginal and Torres Strait Islander nations and peoples. In time, this may start to redress some of the historical reasons for financial exclusion outlined in Section 4 and result in an increase in the average size and total number of Indigenous businesses.

Voice to Parliament

In October 2019, the Hon Ken Wyatt AM, MP announced the start of the Indigenous Voice co-design process in response to calls over many decades for an Indigenous Voice to Australian Parliament and Government. The Indigenous Voice will be a way for Aboriginal and Torres Strait Islander people to share their views with governments at all levels (national, regional and local), and ensure that their voices are heard on matters that impact them.²³ This could include an opportunity for capturing “the voice” of Indigenous businesses as a collective.

Although the exact nature of the Indigenous Voice is yet to be determined, its intent – to result in real changes on the ground and create a shared responsibility where Aboriginal and Torres Strait Islander people can work in partnership with governments – is clear. Outcomes of realising an Indigenous Voice of this nature could be to design policies and supports to assist Aboriginal and Torres Strait Islander people overcome some of the existing barriers to economic participation and financial inclusion. This, in turn, would likely stimulate and support the continued growth and vibrancy of the Indigenous business sector.

FINANCIAL EXCLUSION REMAINS THE REALITY FOR MANY

What is financial exclusion?

Financial exclusion is defined as suffering from a lack of access to banking and financial services.²⁴ Financial exclusion can be a causal factor leading to unemployment, low incomes, poor housing and health outcomes, poverty and further social exclusion of an individual, and can have community-wide and intergenerational impacts.

This section of the report considers financial exclusion from two different lenses:

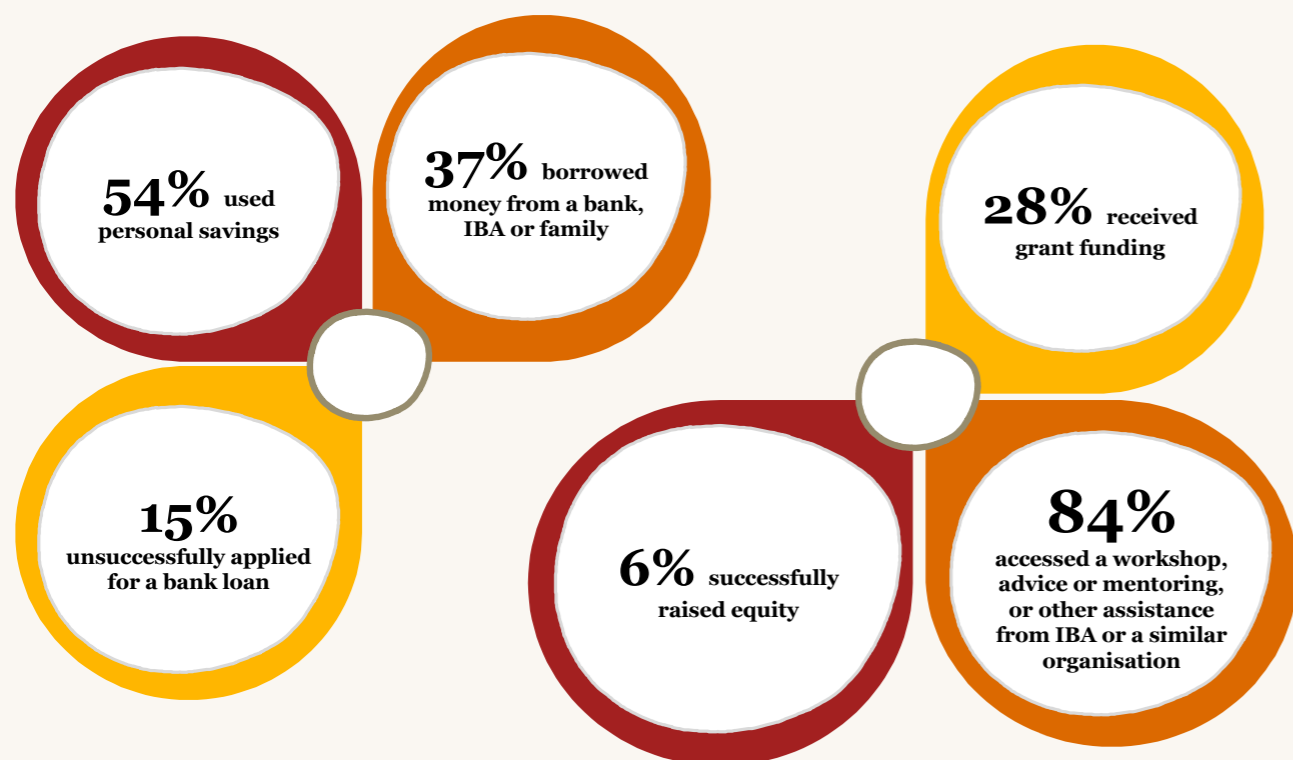
- First, financial exclusion in an Aboriginal and Torres Strait Islander context at an individual-level. Understanding exclusion at an individual-level is critical to understanding financial exclusion for Indigenous business.
- Second, financial exclusion for Indigenous businesses.

Financial exclusion in an Aboriginal and Torres Strait Islander context (Individual-level)

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry identified that there is little known about the number of Aboriginal and Torres Strait Islander people who hold financial products such as bank accounts, insurance products or superannuation. This information would require self-identification which is not sought by many financial institutions.²⁵ However, the Royal Commission surmised that Aboriginal and Torres Strait Islander people are more likely to experience financial exclusion than the rest of community based on prior research findings that:

- in 2012, Aboriginal and Torres Strait Islander people were much more likely to be either severely or fully financially excluded (43.1%) compared to the national average (17.2%); and²⁶
- in 2008, Aboriginal and Torres Strait Islander people were the predominant group of people consistently associated with financial exclusion in Australia.²⁷

Financial support establishing a business



A number of social, cultural and economic factors have been identified which contribute to the financial exclusion of Aboriginal and Torres Strait Islander people at an individual-level:

Geographic location

Aboriginal and Torres Strait Islander people have demographic characteristics that affect their access to financial products and services. Around 37% of Aboriginal and Torres Strait Islander people lived in major cities in 2016 (~240,000 people), compared to around 73% of non-Indigenous Australians. Almost one in five Aboriginal and Torres Strait Islander people lived in remote and very remote areas, compared to around one in 100 non-Indigenous Australians.²⁸ The removal of banking and financial services from rural and remote parts of Australia has had a significant impact on the large and increasing population of Aboriginal and Torres Strait Islander people in these regions,²⁹ particularly impacting on communities that prefer the connection achieved through traditional face-to-face, relationship-based banking services.

Access to Services

A range of factors beyond geographical factors can present barriers to Aboriginal and Torres Strait Islander people accessing financial services. Some specific examples of these factors include:

- access to suitable technology and technological literacy (e.g. the relative recent transition to electronic banking systems and products without sufficient support and education to enable access to services);
- financial products and services being delivered in a manner that does not take into consideration language barriers; and
- sub-standard supporting infrastructure such as unreliable phone and internet access.

Lack of identification documents

Some Aboriginal and Torres Strait Islander people do not have the proof of identity documents ordinarily required to access banking products and services.³⁰ As an example, in a survey completed by the Centre for Social Impact, 17.9% of Aboriginal and Torres Strait Islander people had difficulties opening a bank account because they were unable to provide identity documents, compared with 8.7%

of non-Indigenous people surveyed.³¹ Financial institutions have only recently started to develop their own internal processes to assist Aboriginal and Torres Strait Islander consumers to better access products and services in the absence of supporting identification documents.

Unemployment

In the 2016 Census, there was a significant difference in employment outcomes for Aboriginal and Torres Strait Islander people compared to non-Indigenous Australians.³² 47% of Aboriginal and Torres Strait Islander people aged 15 to 64 years were employed, compared with 72% for non-Indigenous Australians, with more employed Aboriginal and Torres Strait Islander people in urban areas (49%) compared with those in rural areas (39%). Commensurate with these observations, a recent research report prepared by Bankwest Curtin Economics Centre (BCEC) and UniSuper³³ highlighted that modelling outcomes using key parameters of the current superannuation system provides estimated superannuation balances at age 65 as:

- \$308,000 for an average Indigenous male (in comparison to \$483,000 for an average non-Indigenous male); and
- \$205,000 for an average Indigenous female (in comparison to \$313,000 for an average non-Indigenous female).

Unemployment can also affect a person's ability to access debt from mainstream financial institutions. In 2012, Aboriginal and Torres Strait Islander people were twice as likely as other Australians to have difficulty getting credit from a mainstream provider and 25.6% of Aboriginal and Torres Strait Islander people used fringe credit (e.g. payday lending and micro lending) in the previous 12 months, three times higher than the remainder of the Australian population.³⁴ This has a direct impact on savings ultimately resulting in lower financial resources.

Lower Incomes

In 2016, the median adjusted weekly household income among all Aboriginal and Torres Strait Islander people aged 15 and over was \$623 compared with \$935 for non-Indigenous Australians (ABS 2019). This indicates that the Aboriginal and Torres Strait Islander median weekly income was 33% lower than non-Indigenous Australians,³⁵ restricting their ability to save and create their own financial resources.

Lower financial literacy

Lower levels of literacy and numeracy are present among Aboriginal and Torres Strait Islander adults, particularly those from regional and remote communities where children have only participated in Western education in relatively recent generations.³⁶ Collectively, this disparity in education, in conjunction with other exclusionary practices, result in lower financial literacy in Aboriginal and Torres Strait Islander populations. Financial literacy is defined by Shagen and Lines as “the ability to make informed judgements and to take effective decisions regarding the use and management of money”.³⁷ Lower financial literacy may also discourage Aboriginal and Torres Strait Islander people from accessing credit (including home loans), or may result in inappropriate credit products being provided to consumers.

Family structure

Aboriginal and Torres Strait Islander family structures are often ‘larger, non-nuclear and more fluid’ than those found in other Australian families.³⁸ As a result, access by beneficiaries to life insurance and superannuation benefits may be complicated as a result of ‘overlapping and extensive kinship networks, with both adults and children commonly moving between different households’.³⁹ Additionally, it was also noted that “where they do have superannuation savings, or insurance cover with their super fund, Aboriginal and Torres Strait Islander people experience greater difficulties than non-Indigenous Australians in accessing their benefits” (e.g. experiencing difficulty in identifying members and their beneficiaries due to inconsistent names and dates of birth on documentation).

Lower age and life expectancy

The Australian Institute of Health and Welfare notes that for ‘the Aboriginal and Torres Strait Islander population born in 2010–2012, life expectancy was estimated to be 10.6 years lower than that of the non-Indigenous population for males (69.1 years compared with 79.7 [years]) and 9.5 years for females (73.7 years compared with 83.1 [years])’.⁴⁰ As a result of this lower life expectancy, Aboriginal and Torres Strait Islander people may have less opportunity to benefit from their compulsory superannuation savings highlighting another systemic factor contributing to financial exclusion.

Risk management processes of financial institutions

The risk management and risk assessment processes of financial institutions can inherently exclude Aboriginal and Torres Strait Islander people and Indigenous businesses. Examples of exclusionary factors include the lack of (or poor) credit history and the lack of collateral required by financial institutions.⁴¹

A lack of cultural capability in financial institutions

Financial institutions may not provide, or have insufficient resources to provide, culturally capable staff. Although the four major Australian banks do provide cultural awareness training for some of their staff, only a small proportion (between 3 and 12%) of staff complete this training.^{42, 43, 44, 45}

Self-exclusion

Aboriginal and Torres Strait Islander people may decide that there is little point applying for a financial product because they believe they will be refused.⁴⁶

Lower financial resources

For reasons mentioned above, Aboriginal and Torres Strait Islander people tend to have low financial resources, which limits access to safer financial products and services and pushes them towards high-cost credit products.⁴⁷



Local business in Kununurra promoting Indigenous products, Minderoo Foundation.

Impacts of history

The adversities that Aboriginal and Torres Strait Islander people have endured and continue to endure have impacts today including a lack of trust in governments and institutions. These historical factors may reduce the likelihood of Indigenous business owners to engage with these organisations. Furthermore, Aboriginal and Torres Strait Islander people continue to face significant economic disparity compared to broader Australia as a result of colonisation and discriminatory economic policies.⁴⁸

The outcomes that manifest as a result of the barriers that Aboriginal and Torres Strait Islander people face are summarised in the Money Matters Report (refer to Box 1).⁴⁹

BOX 1 KEY FINDINGS FROM 2019 MONEY MATTERS REPORT

- Only one in ten Aboriginal and Torres Strait Islander people are financially secure.
- Fewer than two in five Aboriginal and Torres Strait Islander people can access \$2,000 for an emergency, compared with four in five in the broader Australian population.
- Severe financial stress is present for half of the Aboriginal and Torres Strait Islander population, compared with one in ten in the broader Australian population.
- Financial stress is occurring in urban, regional and remote locations.
- Aboriginal and Torres Strait Islander people are using high-cost and unregulated forms of credit rather than credit cards or other forms of mainstream credit.
- Over half (54.5%) of the Aboriginal and Torres Strait Islander people sampled said that they found it difficult to meet living expenses and over half (52.5%) reported that they did not have any savings. In the broader Australian survey, 13.5% of respondents said they did not have any savings.
- Over half of the sample of Aboriginal and Torres Strait Islander people had moderate to high levels of access to financial products and services; however, one in ten had very low levels of access.
- Aboriginal and Torres Strait Islander respondents were ten times more likely than other respondents to have low and very low levels of access and use of financial products and services. This highlights the need to understand the access barriers that are experienced by Aboriginal and Torres Strait Islander people.
- Barriers to financial products or services were generally structural (e.g. waiting times for appointments, expense of services or lack of trust) or knowledge dependent (e.g. participants not knowing what products and services are available).

Financial exclusion for Indigenous Business

In Australia, it has long been acknowledged that financial exclusion has been an impediment for Indigenous businesses,⁵⁰ but there has been limited research to quantify the key trends, barriers and enablers affecting Indigenous businesses in Australia. Of the Indigenous businesses surveyed for this report, 79% of respondents indicated that they needed additional financial support for their businesses but only 52% of those business owners had been successful in accessing it.

Building upon the research highlighting some of the causal factors of financial exclusion at an individual-level in the context of Aboriginal and Torres Strait Islander people, this section looks at how these and other factors result in the financial exclusion of Indigenous businesses.

Lower financial resources and wealth

As noted previously, only one in ten Aboriginal and Torres Strait Islander people are financially secure and fewer than 40% of Aboriginal and Torres Strait Islander people can access \$2,000 for an emergency, compared with 80% in the broader Australian population. Collectively, the lower financial resources and wealth of Aboriginal and Torres Strait Islander people contribute to the financial exclusion of Indigenous businesses through two mechanisms:

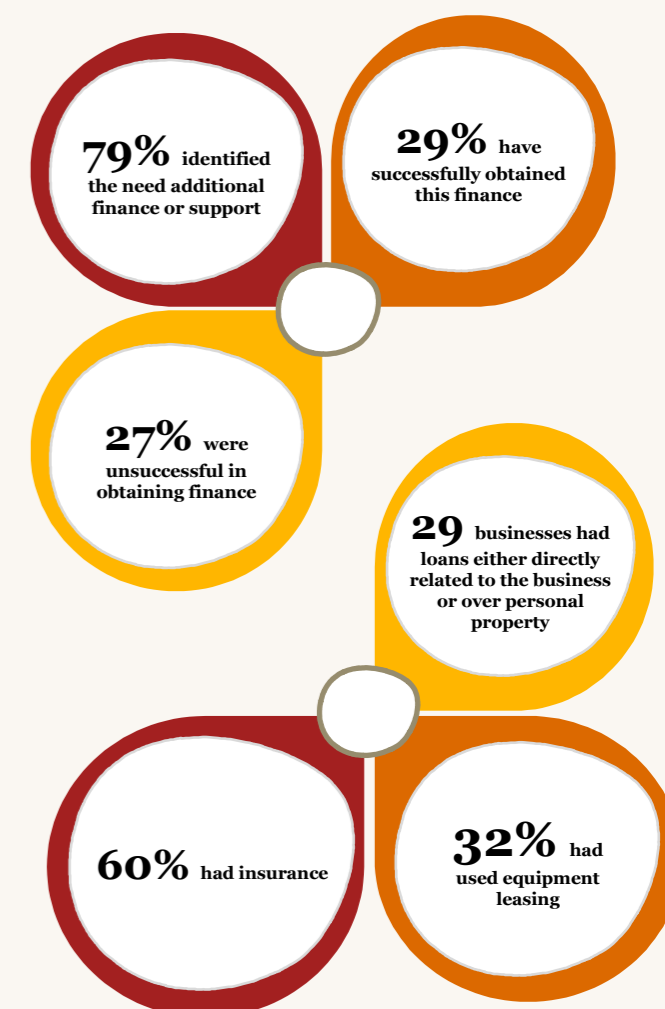
- **Establishment (Start-up)**
Establishing a new business usually required more than just a good idea. Stakeholders estimated that start-up costs could exceed \$25,000. Many of the stakeholders consulted leveraged their existing savings, mortgaged houses and borrowed from family to fund the establishment of their businesses (54.5% of survey respondents used personal savings; 7.8% mortgaged a house or other property; and 7.8% borrowed from family). This is consistent with the findings from research undertaken by IBA in 2014 which highlighted 55.2% of survey respondents used personal savings; 4.9% mortgaged a house or other property; and 4.5% borrowed money from family or friends to source finance to establish a business.⁵¹ Combined with the observations above about financial stress, this places additional risks and potential burdens

and hardships on individuals in establishing businesses and serves as a barrier to other potential business owners. The inability to access funds (either as a loan or equity investment) from family, friends or networks who similarly have lower financial resources and wealth can also present a barrier to establishing a business.

- **Sustainability and scale-up of established businesses**

In a position of financial stress and with no unallocated savings, Indigenous business owners face challenges in both maintaining a sustainable business and scaling-up for business growth. Indigenous businesses frequently cited an inability (or assumed inability) to fund higher wages or purchase inventory or stock while waiting for payment as a barrier to business growth.

Snapshot of lived experience of survey respondents when establishing their businesses



Lending criteria and the risk aversion of major financial institutions

The relatively smaller financial resources and wealth that Aboriginal and Torres Strait Islander people have can also adversely impact Indigenous businesses' ability to access financial products and services provided by major financial institutions. Specifically, a key barrier reported by Indigenous business owners was a lack of a credit history, business trading history and/or lack of collateral to pledge as security to satisfy the requirements of traditional lenders. 23.1% of survey respondents with established businesses didn't apply for financial assistance because of inadequate collateral to use as security for a loan and a further 36.5% had inadequate cash flows to service a

loan. It should be noted, however, that some major financial institutions have sought to develop more tailored financial products and services to address some of these barriers with two such examples summarised in Box 2.

Funding for capital expenditure and not operating expenditure

A key need identified through the stakeholder consultations was for commercial lending or equity investments to support both the capital and operational expenditure requirements of Indigenous businesses. Although numerous grants and financial products exist to support capital investment, there is little available to assist businesses with cash flow and operational

BOX 2

EXAMPLES OF NON-CONVENTIONAL FINANCIAL PRODUCTS AND SERVICES BY MAJOR FINANCIAL INSTITUTIONS

Many Rivers Finance with Westpac

Many Rivers assist Australians, particularly those in remote and regional areas who are experiencing hardship or are financially excluded, to establish their own micro businesses. Clients are provided with intensive business mentoring and coaching from Many Rivers' Micro Enterprise Development Managers (MEDMs), access to Westpac's Davidson Institute and unsecured microfinance business loans, to help set them up for long term success. Established in 2009, the service has continued to expand and grow into new regions. Many Rivers has direct access to loan funds. MEDMs recommend the approval of business loans following an evidence-based assessment that takes into account the individual's character, capacity and cash flow.

ANZ Limited Partnership with Fortescue Metals Group (Fortescue)

Consultation with communities in the Pilbara revealed that a key impediment to the growth of Indigenous businesses was access to funding as result of a lack of a credit history and/or business history to satisfy the requirements of traditional lenders. The inability to access finance through traditional lenders resulted in Indigenous businesses having to hire equipment at higher interest rates. ANZ Limited partnered with Fortescue to establish a \$50 million leasing facility for Indigenous-owned businesses that have contracts with Fortescue. This involves a commitment by Fortescue to provide a loan guarantee.

expenses. Managing cash flow is a challenge for many Indigenous businesses facing fluctuating demand for products and services, step-change 'scaling-up,' and unfavourable payment terms in commercial contracts. The cash flow conundrum is difficult and can affect the survival and sustainability of many Indigenous businesses particularly given the lower levels of personal savings and thus non-existent safety net to endure through uncertain business and economic cycles.

Gap in the market for zero or low interest finance

Another key finding from discussions with business owners was a clear gap in the market for zero, or low, interest loans for amounts up to \$100,000. Positive stories were shared about Many Rivers' unsecured business loans that are typically written for between \$500 to \$5,000 in value with a loan term of 12 months. Larger loans of up to \$50,000 can also be obtained as clients build a track record of business performance and loan repayment.⁵² However, beyond this amount there is a gap in the market, particularly for businesses seeking larger amounts that are unable to demonstrate a proven track record of loan repayments.

Overwhelming, slow and onerous application processes

A consistent theme identified by the Indigenous business owners consulted was the overwhelming, slow and onerous nature of the application processes for grant assistance, loans and other products and support from commercial, philanthropic and government sources alike. 36.5% of survey respondents with established businesses didn't apply for financial assistance because the process was too complicated or difficult. Stakeholders highlighted the overly thorough and complex details requested to satisfy application requirements, often needing costly specialist accountancy or legal services to prepare documentation at their expense. A high degree of duplication was also discussed, with businesses often needing to resubmit the same information to the same institutions over multiple applications and some business owners speculating that the application assessors were unclear of what information was required or how long it would take. It was highlighted that Indigenous businesses face additional hurdles in the application process by

being asked to prove their 'Indigeneity' despite being certified through key industry organisations such as Supply Nation. This all amounted to a slow application and approval process which impacted on the businesses' ability to respond quickly to business opportunities or concerns.

A suggested remedy for this was an early, simple up-front assessment to provide a preliminary indication of the likelihood of success based on some critical parameters – something not currently available through the most common funding channels.

Cultural capability of funders

As outlined earlier, institutions (regardless of their sector) providing financial support to Indigenous businesses may not provide, or have insufficient resources to provide, culturally capable staff.

Low levels of literacy, numeracy and business readiness skills

Adding to the low levels of financial literacy identified as a causal factor at an individual-level, Indigenous businesses face further challenges in possessing the appropriate skills to prevent financial exclusion. As noted above, more than one-third of survey respondents with established businesses didn't apply for financial assistance because the process was too complex or difficult and a further 21.2% of survey respondents didn't know how to apply for financial support. While it is common for small business owners to have savvy business management skills, they often do not have the high degree of literacy required to prepare applications for financial support, particularly grants. Similarly, computer literacy is also critical when accessing resources, submitting applications and responding to information requests and this precludes some Aboriginal and Torres Strait Islander Elders from accessing financial support. Finally, stakeholders highlighted the importance of financial literacy in the context of having an informed understanding and awareness of the financial products available to them and their potential applications.

Advisory services and mentorship

Business owners highlighted the importance of having a 'trusted advisor' or 'case manager' to work with their business over time beyond what

is currently on offer. Importantly, a relationship and connection should underpin this service. This advisor, or mentor, could provide Indigenous business owners with opportunities and assist business owners to access the complex network of financial support available to them.

Impacts of negative outcomes

Stakeholders described their lived experiences of persisting with onerous application processes only to be declined resulting in frustration as they felt that eligibility could have been determined prior to investing in the preparation of an intensive application. The effort required to complete applications have a real and significant cost to SMEs given their limited resources. Stakeholders shared that these negative experiences have dissuaded them from pursuing financial assistance through those avenues again.

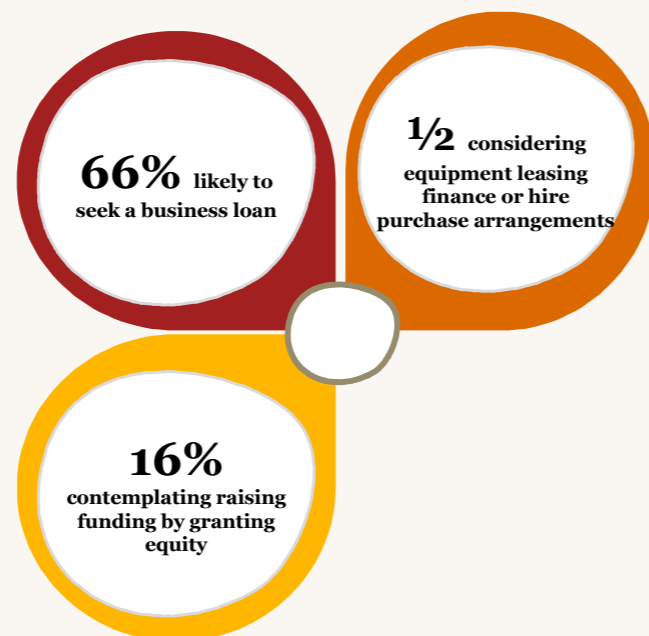
A complex array of loans, grants and financial products

The stakeholder consultations highlighted the complex array of loans, grants and financial products that are available. Currently, no central resource exists that is focused on assisting Indigenous business owners and entrepreneurs to navigate this complex environment. As outlined earlier, more than 20% of Indigenous business owners surveyed did not apply for financial assistance because they did not know how.

Challenges with equity-based capital raising impacting the 'Indigeneity' of businesses

Some business owners highlighted the challenges associated with equity-based capital raising. The number of Aboriginal and Torres Strait Islander people and organisations that could be investors in an Indigenous business is small for the reasons outlined in this report. While the non-Indigenous investor market is much larger and has greater liquidity, the consequent dilution of Indigenous ownership could impact on the 'Indigeneity' of businesses, resulting in the business no longer falling within the definition of an 'Indigenous business' for the purposes of Indigenous procurement policies and RAP targets. This, in turn, is likely to reduce the competitive advantage and potentially the value of the business.

Snapshot of lived experience of survey respondents when establishing their businesses



In addition to these factors, the stakeholder consultations also highlighted:

- a demand for both equity investment and loans across the business lifecycle (including the owner exiting the business);
- the Aboriginal and Torres Strait Islander entrepreneurs often have an aversion to debt, forgoing equity and parting with control over businesses that they feel are "part of me";
- the importance of the interconnectedness of the Indigenous business sector and the significant collective impact that supporting each other, and Aboriginal and Torres Strait Islander people, can have.

Similarities to mainstream SMEs

It should be recognised that many of the challenges Indigenous business owners face when looking for financial assistance, whether for start-up or growth enterprises, are the same as those confronting non-Indigenous business owners. However, they are also often exacerbated by the "significant economic disparity" between Aboriginal and Torres Strait Islander people and broader Australia resulting from colonisation and the late entry of Aboriginal and Torres Strait Islander people into free participation in the economy.⁵³

The Australian Small Business and Family Enterprise Ombudsman noted in 2018 that sources of capital for growth for SMEs in Australia are scarce and expensive, and quoted the Reserve Bank of Australia as recognising that "it's the absence of entrepreneurial finance that's been main factor holding that part [small business] of the economy back".⁵⁴ The Ombudsman went on to note that:

- debt capital can be accessed from banks in the form of loans only if the entrepreneurs are willing to use assets they own in their personal capacity (typically the family home) for security;
- SMEs can also access short term, low value and higher-cost capital from alternative (non-bank) lenders but only when the lender has access to business performance history and security over other forms of assets (plant, equipment, stock and debtors);
- equity can be accessed by issuing shares to investors (either crowdfunding or via private shareholder investment) but many SME business owners are unwilling to cede partial or full control to external parties; and
- the market failure, which results in a limited supply of patient capital for growth, has been experienced worldwide.

The Ombudsman's recommendations to address this for the SME sector included:

- the establishment of a business growth fund focused on long-term funding solutions (debt and equity);
- the establishment of a Government Guarantee Scheme to enable member banks to draw on the guarantee as a form of alternative security (where SMEs do not have security to offer);



- the Australian Government establishing a capital fund to provide tier two capital instruments to banks (filling the gap that currently exists between 'tier one' lenders and other alternative funders; and
- SMEs working with their 'trusted advisers' to get their businesses finance ready.

In relation to this last point, the Ombudsman notes that "a key factor in successfully obtaining capital is the quality of a credit funding application, which is dependent on the SME demonstrating their capital worthiness – having current business plans, cash flow forecast, demonstrable profitability and a track record of paying bills on time".

A number of these recommendations have been acted upon, although it is still too early to ascertain the effectiveness of these initiatives. However,, each of these recommendations would also assist Indigenous business owners and provide 'food for thought' when considering what additional steps could be taken to increase the extent of financial inclusion of Indigenous businesses.



WHAT'S CURRENTLY ON OFFER

AUSTRALIA

a busy but disconnected market

A desktop environmental scan was completed to identify the financial products and services that are available to Indigenous businesses. This focussed primarily on products and services tailored to the Indigenous business market or, alternatively, are delivered by Indigenous businesses. A directory of these products and services are summarised in **Appendix D**. It should be noted that this list is dynamic and subject to change over time. To PIC's knowledge, this paper reflects the first time these have all been summarised in a single resource.

The environmental scan illustrates a complex landscape of products and services available to Indigenous businesses in Australia. Products and services range from being Indigenous-specific, tailored to Indigenous consumers or more mainstream products that aren't specifically designed for the Indigenous business sector but are considered suitable. The rich tapestry of products and services identified included a range of microfinance products, neo-banks, traditional financial institutions, lease finance products, venture capital, financial advisory and brokerage services and insurance.

Although there is a myriad of financial products and services available to Indigenous businesses, a key challenge in accessing these is the ability to effectively traverse through this maze.

This is the case for financial sector experts, let alone Indigenous business owners seeking financing solutions. The desktop analysis also highlighted a lack of coordination between these products and services, which if addressed would ultimately better engage and serve the financial needs of Indigenous businesses.

Finally, the environmental scan also identified key gaps in the supports available to the Indigenous business sector. While some of the elements outlined below may currently be in train, the maturity and pace at which they are being developed is not commensurate with the overarching advancement, maturation of and aspirations the Indigenous business sector. Additionally, the fractured nature of the sector with state- and national-based initiatives and agendas can slow progress. The key gaps identified include:

- an Indigenous-owned, Indigenous-led national banking institution (noting that Traditional Credit Union provides such a model but does not have a national operating model);
- a regular opportunity for Indigenous businesses to come together to exercise their right to self-determination, set their own agendas and collectively solve for issues and concerns; and
- a vehicle to facilitate investment in Indigenous businesses akin to a limited stock exchange or marketplace that achieves sufficient scale and liquidity to be commercially viable.

These identified gaps present opportunities to further explore and develop in developing concepts to address the financial exclusion of Indigenous businesses.

CANADA

an example of international good practice

Canada provides an example of international good practice for the financial inclusion of Indigenous businesses with an expansive Indigenous-owned, Indigenous-led finance sector that supports Indigenous businesses. This can be attributed to its position and maturity in recognising the rights of its Indigenous peoples as highlighted by the state of Treaty in that country. The landscape of support available to Indigenous businesses in Canada creates opportunities for the advancement of Indigenous businesses through improved financial inclusion. Some of these examples are summarised below:

Aboriginal Finance Institutions (AFIs)

AFIs are autonomous, Aboriginal-controlled, community-based financial organisations. AFIs provide developmental lending, business financing and support services to First Nations, Métis, and Inuit businesses in all provinces and territories. Support includes business loans, non-repayable contributions, financial and management consulting, and business start-up and aftercare services. The AFI network plays a critical role in filling the financing gaps and unmet needs faced by Indigenous entrepreneurs. AFIs make loans that conventional financial institutions cannot, by identifying risks and then mitigating those risks by helping Indigenous entrepreneurs avoid them. AFIs have expertise in risk assessment, mitigation, and management for Indigenous entrepreneurs and communities, with strong connections to their communities at the grassroots level. There are approximately 60 AFIs across Canada.

AFI is a collective term for describing three types of Aboriginal-controlled financial institutions (designated in Canada):⁵⁵

- **Aboriginal Capital Corporations (ACC)**
ACCs are Aboriginal-owned and controlled business lending organisations that are capitalised by the Federal Government to deliver financing and advisory services for Aboriginal business development. ACCs provide business services and support to Canadian status and non-status First Nations, Inuit, and Métis businesses and communities.

A typical ACC has a revolving-loan capital fund from which it offers secured, interest-bearing term loans. ACCs meet the needs of Aboriginal people and businesses based on local and regional market conditions. While services may vary, ACCs generally offer term loans, letters of credit, operating and working capital loans, and technical and advisory services.

- **Aboriginal Community Futures Development Corporations (ACFDC)**
ACFDCs are capitalised by the Federal Government through regional development agencies (RDAs) and provide local communities with a variety of services, including business development loans, technical support, training, and information. ACFDCs are also involved in a variety of community initiatives such as strategic planning processes, research and feasibility studies, and the implementation of a diverse range of community economic development projects.
- **Aboriginal Developmental Lenders (ADL)**
ADLs are capitalised either by the private sector or the provincial/territorial governments and provide debt and equity capital and a variety of business support services, including federal, provincial, and territorial programs to status and non-status First Nations, Inuit, and Métis businesses and communities.

National Aboriginal Capital Corporations Association (NACCA)

NACCA is a membership-driven, national association for a network of Aboriginal Financial Institutions (AFIs). NACCA supports the AFI network, which offers financing to First Nations, Métis, and Inuit businesses and communities. NACCA is committed to the needs of AFIs and the Aboriginal businesses that they serve. The AFI network has provided over 46,000 loans totalling over C\$2.75 billion to businesses owned by First Nations, Métis, and Inuit people.⁵⁶

First Nations Bank of Canada

The First Nations Bank of Canada (FNBC) is a competitive, service-oriented provider of financial services, focused on Canada's Indigenous market. FNBC is a leader in the provision of financial services to Canada's Indigenous peoples and an advocate for the growth of their economy and economic well-being.⁵⁷ FNBC was conceived and developed by and for First Nations' people and regards itself as an important step toward economic self-sufficiency. Since November 2009, FNBC is over 80% owned and controlled by Indigenous shareholders from Alberta, Saskatchewan, Manitoba, Yukon, Northwest Territories, Nunavut and Quebec. With the support of these shareholders, FNBC has demonstrated consistent growth and profitability. Bank services are available through a network of full-service branches (five on reserve), Community Banking Centres and electronic banking channels.⁵⁸

Multiple Indigenous Venture Capital Funds

There are several Indigenous-specific Venture Capital firms in Canada including:

- **Raven Indigenous Capital Partners (RICP)**
RICP invest in innovative, scalable Indigenous-led and owned enterprises, partnering with entrepreneurs to increase their chance of success.⁵⁹
- **Indigena Capital**
Indigena Capital partners exclusively with Tribal Nations in the United States and First Nations, Inuit and Métis peoples in Canada, bringing capital, experience, and expertise to assist Nations to remedy socio-economic inequity and providing a platform through which the financial community can engage.⁶⁰
- **Alberta Indian Investment Corporation**
The Alberta Indian Investment Corporation is a First Nation-owned investment company providing lending and business resources for First Nation people in the province of Alberta, empowering First Nation business owners to successfully build businesses that will drive positive impact to their community.⁶¹

Collectively, these examples highlight the expansive Indigenous-owned, Indigenous-led finance sector that supports Indigenous businesses in Canada.

Indigenous Cooperatives another possibility

Indigenous cooperatives are prevalent in many countries across the world. These cooperatives serve a myriad of different purposes including assisting members access finance for business ventures.



Union of Indigenous Communities of the Isthmus Region

In Mexico, the Union of Indigenous Communities of the Isthmus Region has united coffee producers from 53 communities, including 5000 families. They sell their coffee nationally through the fair-trade market, and they have started a cooperative called Solidarity Fund which provides credit support.⁶²



Casa Nacional del Profesor

In Colombia, Casa Nacional del Profesor provides financial services to people in the education sector. Casa Nacional del Profesor won the Take Up Peace Prize for an agricultural and forestry project that both conserves the environment and helps to generate employment for Indigenous communities impacted by the civil war.⁶³



VisionFund Honduras

FUNED VisionFund OPDF (VisionFund Honduras) is a regulated microfinance institution (MFI) and subsidiary of Vision Fund International, a global MFI operating in Africa, Asia, Latin America and the Middle East/Eastern Europe. VisionFund International itself is a subsidiary of World Vision International, a Christian relief, development and advocacy organisation. VisionFund Honduras provides financial services and small loans to low-income families. It also helps micro- and small business owners generate more income.⁶⁴

CASE STUDIES

A trade-off between flexibility and affordability

Business [1] is a family owned and operated business located in regional Australia with a high reliance on heavy machinery. The owners were unable to secure the financial flexibility that they were seeking through mainstream banks due to loan to value ratio restrictions and the nature of the industry in which they operate limiting the amount of money that can be borrowed. Raising additional equity was also a challenge for the owners as it would jeopardise the business' Supply Nation certification, and therefore, eligibility for the significant opportunities presented through the IPP and similar state-based initiatives. The business has been able to secure asset financing through an internationally based asset financier and has secured debt finance through a private financing syndicate which provides more flexible finance terms, but at a significantly higher cost of debt than commercial rates on offer at mainstream banks.

Some industries have lower finance needs

Business [2] has small barriers to entry representing similar cohorts of businesses in the Indigenous business sector such as consultancies, cultural awareness/capability training providers etc. This business has been operating for two years and its owner prides himself on creating training opportunities and employment pathways for Aboriginal and Torres Strait Islander people in the sector.

The business has been able to negotiate payment terms with partial payments at the start of new contracts. By securing cash flow up-front, Business [2] does not have the same cash flow challenges facing those in the construction industry where payments are certified upon completion of work, meaning that payment may not be received by the business until 60 or 90 days later and wages of employees and consumables need to be funded from other revenue or savings. Even so, the business owner did reflect that a cash injection to support the establishment of his business would have been welcomed to assist covering costs such

as website design and insurance premiums while waiting to land the first big contract.

This entrepreneur was also cognisant of his success to date, and the importance of giving back to the local economy to help 'bridge the gap' of Indigenous representation in the sector, through creating education opportunities and looking for opportunities to support other Indigenous businesses.

Meereeng50 – bespoke solutions to support Indigenous business growth

Meereeng50 is an Indigenous business accelerator program designed to support Indigenous business owners as they seize the opportunities presented by the IPP and other similar corporate initiatives. Meereeng50 seeks to, in parallel, work with the "buyer" businesses to recognise and break-down their internal organisational barriers to Indigenous procurement.

Meereeng50 brings Indigenous business owners together with corporate and government buyers, supporting both as they get to know each other and explore commercial opportunities to work together. Indigenous business owners have access to business coaches and mentors, as well as a formal program of tailored business education to help them navigate their growth trajectories. At the same time, corporate buyers have one-on-one coaching to assist in identifying and structuring appropriate contracting opportunities for the Indigenous business cohort. This approach provides stakeholders with an opportunity to come together as a community of practice to learn from each other as they work towards transformational change.

This project is being delivered using an interdisciplinary approach that brought together PIC, the University of Melbourne, Melbourne Business School and Kinaway Chamber of Commerce Victoria, with government and corporate funding.

Observing the impact microfinance has had on others

Business [3] is a 100% owned and controlled Aboriginal business in the professional services space that has had the opportunity to work closely with a range of different businesses (Indigenous and non-Indigenous) across sectors. In this capacity, the business has watched many others succeed with the assistance of microfinance loans from Many Rivers. The business owner reflected that she had observed several businesses struggle with delays and challenges of accessing finance through traditional lenders, and the impact that had on the individuals and their enterprises. She commended the Many Rivers' evidence-based assessment process that takes an individual's character, capacity and cash flow into consideration, but also noted that as businesses mature beyond Many Rivers' suite of financial products (typically \$20,000 is the largest loan Many Rivers makes) many are still not ready for mainstream banking products and are left out in the cold.

Supporting others

The Western Australian Indigenous business focus group discussions highlighted the immense value that mature, successful, experienced Indigenous business owners can provide to the sector. Several participants highlighted the contributions that they have made, and continue to make, to support the establishment and growth of other Indigenous businesses and entrepreneurs. These business owners have contributed their own time (at no cost) and loans and financial contributions to support the growth and success of other Indigenous businesses.

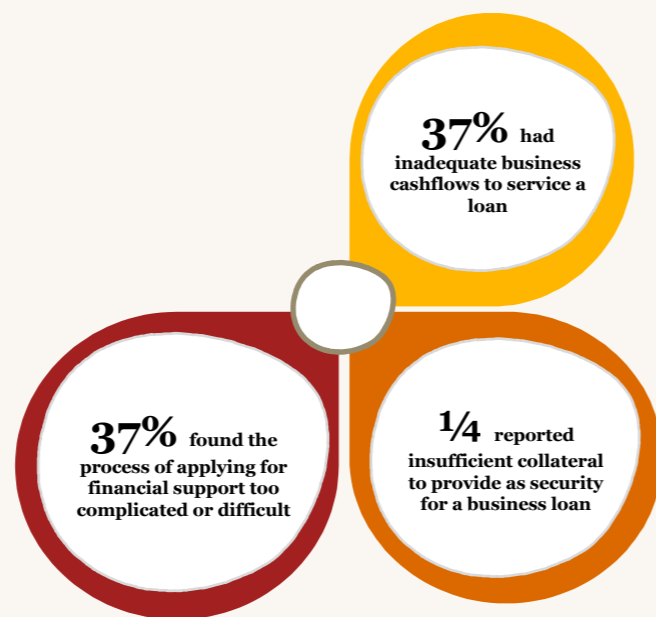
Growing with the assistance of your customers

Business [5] is an Aboriginal business providing support services to the resource, government and commercial sectors. Facing the challenges of being able to access competitive finance rates and a competitive sector, the business owner operated in survival mode for several years. More recently, Business [5] has been able to change this situation and transition towards a position of strength, generating profit as a result of a leasing facility product offered by ANZ in partnership with Fortescue. Access to this competitive finance has changed the trajectory of this business into a true success story.

Scaling-up is impossible without access to short-term cash flow

Business [4] is a building sub-contractor currently operating in the private residential market, successfully handling contracts of \$100,000 to \$200,000. As an Aboriginal business owner, he has been asked to tender for a local government contract for a \$1 million commercial project. The business owner has submitted a tender but is now worried about what happens if he is successful – how will he come up with the performance guarantee and pay for the building materials and wages of four or five workers while waiting to receive the first installation of the contract price (probably in 70 or 75 days' time)? Without personal savings to tide him over, this scale-up opportunity remains, frustratingly, out of reach and he will likely have to decline the contract even if he is the successful tenderer.

Why survey respondents were unable to secure financial support



CONCEPTS FOR GREATER FINANCIAL INCLUSION

Following the desktop analysis and stakeholder consultations, several concepts were developed to address some of the identified barriers and gaps resulting in the financial exclusion of Indigenous businesses. A number of these ideas were previously proposed in the IBSS but are yet to be implemented, while others do currently exist but in a form that is not necessarily meeting the requirements of the stakeholders consulted as part of this project.

These concepts provide a high-level view of opportunities that could be explored to address key gaps and potentially reduce the extent of the financial exclusion of Indigenous businesses.

A \$20,000 - \$200,000 low or no interest loan product with non-traditional lending criteria

The research highlighted a gap in the market for a low or no interest loan product for Indigenous businesses with non-conventional lending criteria in the range of \$20,000 to \$200,000 outside of the microfinance options available from providers such as Many Rivers and Good Shepherd Microfinance.

The proposed new lending product would serve to fill this current void.

Importantly, this new loan product should seek to incorporate the following characteristics:

- quick and transparent approval (and pre-approval) processes;
- available for both capital and non-capital (e.g. operational/cash flow) purposes;
- the eligibility criteria that considers non-conventional lending factors such as:
 - › the social impact of the business (e.g. the number of Indigenous employees, importance of services to community, and reinvestment initiatives by the business to community);
 - › the character and capacity of business owners;
 - › a reduced weighting placed on credit history;
 - › despite the application of non-conventional lending criteria, the approval process should seek to ensure that businesses are able to service the debt in a sustainable manner; and
- a more targeted investment approach to assist Indigenous businesses in industry sectors that are traditionally more difficult to finance.

Portrait of David Unaipon on the Australian 50 dollar bill

A key challenge facing lenders is that it is more expensive to write high risk loans. Given the demonstrated lack of collateral that Indigenous business owners have to pledge as security for such loans, the ANZ / Fortescue lease financing model could be expanded upon with a significant counter-party (a major customer of the business or a statutory body), who could use the strength of its balance sheet and guarantee the lending. Such an approach provides the added benefits of developing closer relationships between contracting parties, lending institutions and Indigenous businesses. The funding for such a loan product could provide an opportunity for major financial institutions to make a greater, more specific commitment to the financial inclusion of Indigenous businesses in their RAPs. Alternatively, there is also the potential for IBA or another government body to act as guarantor.

Finally, it should be noted that the responsible lending laws restrict banks' ability to provide greater flexibility around many financial products. One solution to overcome this well-meaning restriction is for the mainstream lenders to develop partnerships with smaller, boutique financial institutions to deliver these products (e.g. NAB and Good Shepherd Microfinance).

An Indigenous Investment Market

A marketplace for Indigenous businesses has the potential to serve as a portal to:

- provide a platform from which Indigenous business owners could raise equity investments in their businesses (potentially like a limited stock exchange);
- facilitate the sale of Indigenous businesses to other Aboriginal and Torres Strait Islander people (or consortia) assisting Indigenous business owners to exit their businesses and realise the full value of the wealth that they have generated;
- facilitate Indigenous investment into and, acquisition of, Indigenous businesses; and
- connect impact investors with opportunities (e.g. investment funds, high net worth individuals/families etc.).

While it is noted that there is an organisation already called Indigenous Stock Exchange (ISX),⁶⁵ the concept proposed is more aligned with a traditional public equity trading market than ISX which has a community development focus.

An Indigenous business marketplace would serve to better connect Indigenous businesses seeking equity-based investment with potential investors. The marketplace would democratise investment into Indigenous business and be a platform to enable the coordination of investment. Such a mechanism not only provides the opportunity to raise capital but also to bring support through mentoring and skills to promote growth.

To be successful, several additional factors must be considered including:

- a requirement to educate Indigenous business owners and entrepreneurs about equity-based investment and the different forms it can take (e.g. voting capital, non-voting capital.);
- a more in-depth, national conversation about exit strategies and succession planning for Indigenous businesses which considers both personal wealth and the ability to access the significantly more liquid non-Indigenous equity market. This conversation would need to consider, among other things, the current definition of Indigenous business which some stakeholders felt creates a ceiling on the potential size and success of Indigenous businesses;
- the potential impacts of non-Indigenous investment through an 'IPP and RAP market' lens; and
- more flexible approaches to equity investment and equity joint ventures that allow for investors to participate, and business owners to realise the wealth that they have created in their businesses.

Such an initiative could be developed and delivered by existing Indigenous organisations in the ecosystem to avoid duplication or confusion in the market.

An Indigenous-owned, Indigenous-led, patient capital investment fund

An Indigenous-owned, Indigenous-led patient capital investment fund would provide Indigenous businesses with another opportunity to seek equity-based investment without compromising the business' ability to be classified as Indigenous. In this respect 'patient' indicates that investments are made in business for the medium to long term, with no expectation of quick profits. They often also include a transfer of skills through mentoring and coaching provided by the fund.

It should be noted that a few Indigenous venture capital funds have been identified in the desktop scan (refer to Appendix D) but stakeholders indicated that demand outstrips supply and there remains an opportunity for further capital investment in this space. It is important that any new investment fund operates in a complementary way to the existing venture capital landscape for Indigenous businesses.

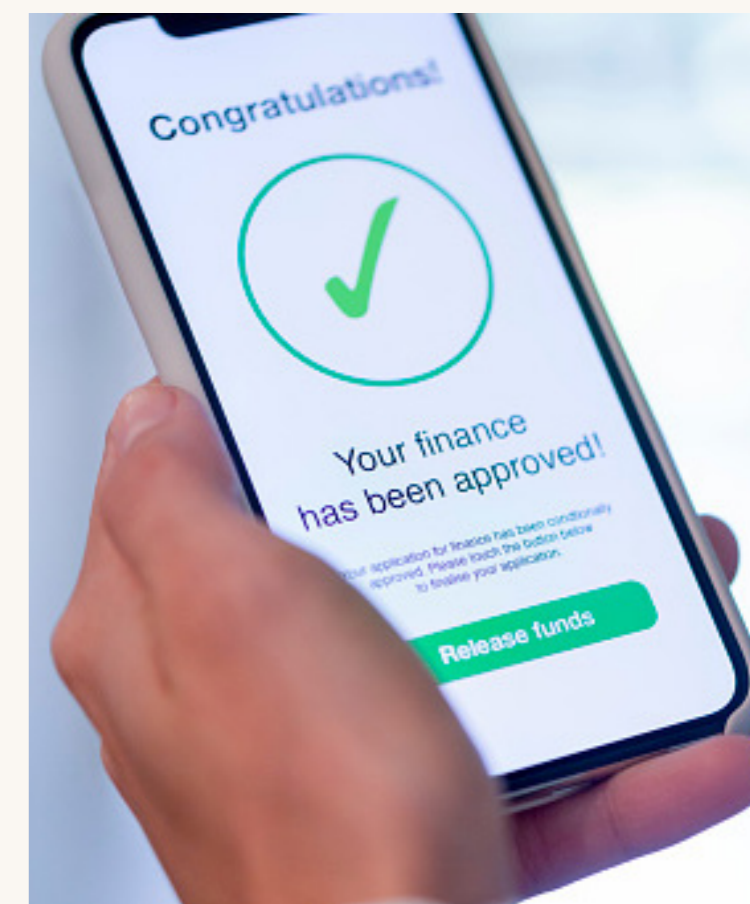
Greater cultural awareness education for mainstream finance providers

Previous research and the findings of this study emphasises the need to further educate existing finance providers as well as contracting parties to improve the financial inclusion of Indigenous businesses. As an example, one of the strengths of AFIs in Canada was typically in risk assessment, mitigation, and management for Indigenous entrepreneurs and communities. In comparison to more conventional financial institutions, Canadian AFIs typically reported having stronger connections with their communities at the grassroots level. This research, in conjunction with the findings of this report, highlights the need to better educate existing finance providers and contracting parties to develop systems and processes that are more inclusive of Indigenous businesses.

Although the major Australian banks do provide cultural awareness training for some of their staff, this training needs to be much broader across all staff to be able to truly develop financially inclusive processes for Aboriginal and Torres Strait Islander people and their businesses and

break down some of the barriers that institutional processes and systems may present in excluding Indigenous businesses. This education should also seek to encompass initiatives to support non-Indigenous businesses to improve their cultural capability to better engage with Aboriginal and Torres Strait Islander people and businesses and ultimately better serve their needs. By eliminating some of the institutional barriers of finance providers and contracting parties, these institutions will be better able to develop systems and processes that are more financially inclusive of Indigenous businesses. This also makes commercial sense as more culturally capable financial institutions will be able to:

- gain a competitive advantage in a growing market segment;
- better support Indigenous businesses by tapping into a larger pool of available financial products and services; and
- leverage existing infrastructure, systems and processes to better address a market segment that is not adequately serviced at present.



A business advisory and support service designed for mature, and maturing Indigenous businesses

While there is a plethora of advice available to start-up businesses, the complex and dynamic landscape of financial products that are available to maturing and mature businesses poses a significant barrier to businesses trying to access the right products. Coupled with this complexity is the need to be able to access high quality advisory services that provide business owners with the options available to them to make informed, educated decisions for their business. A dedicated support and advisory service could play different roles in assisting to overcome these barriers to inclusion including:

- a one-stop-shop for information in relation to financial products (including appropriate education and referrals to affiliated advisory services);
- a business advisory model;
- a brokerage service that serves to connect Indigenous businesses with suitable financial products; or
- a blended model that combines elements of the points above.

These advisory services must be able to adopt the role of a trusted advisor and be credible within the Indigenous business sector. To be successful, an important aspect in delivering these services will be to have access to a network of industry experts and experienced Indigenous business owners with lived experience that are willing to share what they have learnt.

A national conference for Indigenous businesses

Consistent with the recent policy initiatives to commence the process of co-design for an Indigenous Voice to Government, a national conference for Indigenous businesses would provide an opportunity for Indigenous business owners and entrepreneurs to be heard on matters that impact them. Such a conference would not only be a mechanism to promote self-determination for Indigenous business owners but also provide an opportunity for the sector to come together, create connections and share stories to learn from each other. Currently, Supply Nation provides one mechanism for bringing together those Indigenous businesses who are Supply Nation registered or certified (Supply Nation Connect), however a number of stakeholders consulted reported being unable to attend due to travel costs.

A national conference would help to overcome some of the causal factors for the financial exclusion of Indigenous businesses by promoting self-determination and empowering Aboriginal and Torres Strait Islander business owners and entrepreneurs to develop and co-design solutions that impact them in relation to financial exclusion amongst other topics. Finance sector experts could also be invited to assist in the formulation of an Aboriginal and Torres Strait Islander-led financial strategy.

A key challenge that must be considered in implementing such an initiative is the level of coordination that is required to execute such an event. Consideration must also be given to ensure that the conference is open to all Indigenous businesses and barriers to attendance are minimised as much as possible (e.g. subsidised travel). It is also imperative that FACCI and the various State and Territory chambers of commerce and business networks are central to this process.

A First Nations Bank of Australia

The final concept is to establish a First Nations Bank of Australia. This institution could centralise and coordinate a range of products for both Aboriginal and Torres Strait Islander people and their businesses. Currently, there is only one example in Australia of an Indigenous-owned, Indigenous-led banking institution – Traditional Credit Union which operates in the Northern Territory. The First Nations Bank of Australia provides an opportunity to establish an Indigenous-owned, Indigenous-led banking institution that serves Aboriginal and Torres Strait Islander people and Indigenous businesses across the country.

Some key considerations in developing this concept include:

- the potential for a First Nations Bank of Australia to be powered by existing banking institutions (with some good examples of existing operators in community-based banking such as Bendigo Bank or Credit Unions);
- profits derived from a First Nations Bank of Australia could be reinvested into Indigenous communities to promote greater financial inclusion at an individual level (e.g. financial literacy programs, employment readiness courses);
- the First Nations Bank of Australia concept would be an ideal investment into key infrastructure for Treaty readiness given the active Treaty discussions that are currently being actively pursued in Victoria, Queensland and the Northern Territory. As outlined earlier, a likely outcome of any negotiated Treaty settlement is the transfer of assets or financial compensation. A key consequence of this will be the need to develop appropriate investment structures and mechanisms to continue to build the capacity, wealth and prosperity of Aboriginal and Torres Strait Islander people now and into the future;

- a First Nations Bank of Australia could operate as a community hub providing a range of services including education, personal banking advice (e.g. superannuation, investment) and Indigenous business banking products and could incorporate on-the-ground experts that provide access to government and non-government networks; and
- a First Nations Bank of Australia could seek to develop innovative banking models that have not been developed yet and could leverage finance technology, particularly for the establishment of key infrastructure for its operation.

Finally, the First Nations Bank of Australia provides an opportunity for Aboriginal and Torres Strait Islander people and communities to re-establish a connection and relationship with a trusted advisor – their local banker. Although this is the most ambitious concept outlined in this paper, a First Nations Bank of Australia has the potential to be the most impactful not only to Indigenous businesses and their employees but also Aboriginal and Torres Strait Islander people as customers and potentially shareholders and beneficiaries if implemented successfully.

PRINCIPLES TO BE EMBEDDED

While the Indigenous business sector is multi-dimensional and there is no ‘typical’ Indigenous business or Indigenous business owner, the following key principles should be adopted in the design and delivery of any of the proposed concepts, or other solutions proposed to address the financial exclusion of Indigenous businesses. To bring these to life, the Indigenous business sector will need allies that have aligned principles and purpose and are willing to invest in a more equitable future for Aboriginal and Torres Strait Islander people and communities.

Aboriginal and Torres Strait Islander-led

Self-determination is a collective right of peoples and nations and is recognised and guaranteed by the norms and principles of international law. Self-determination refers to Indigenous peoples’ right to take control and responsibility for their own affairs through genuine decision-making powers, meaningful participation and freedom from discrimination.⁶⁶ The design and implementation of financial products for Aboriginal and Torres Strait Islander people and Indigenous businesses should be Aboriginal and Torres Strait Islander-led (and ideally delivered) to be consistent with the principle of self-determination.

A number of entrepreneurs who participated in this study noted that Indigenous business owners should have a regular opportunity to come together to share experiences and solve for issues impeding the progress of their businesses. More experienced business owners indicated they are already mentoring and advising other Aboriginal and Torres Strait Islander entrepreneurs and occasionally investing in their businesses via loans or taking equity positions. The notion of paying it forward (or back) is alive and well and a demonstration of the strength of the Indigenous business sector that should be celebrated and encouraged.

Underpinned by a human rights framework

As recognised in the United Nations Declaration on the Rights of Indigenous Peoples, Indigenous peoples have the right, without discrimination, to the improvement of their economic conditions including in the area of employment, and States are directed to take effective (and if appropriate, special) measures to ensure the continuing improvement of these conditions.⁶⁷ Access to any financial product should be universal, with eligibility criteria devoid of racial bias, whether conscious or unconscious and to the extent possible, barriers associated with historical policies and practices that have resulted in financial exclusion should be broken down.

This could manifest itself as:

- minimising the requirement for security or trading histories;
- simplifying and fast-tracking application processes;
- assisting in decision making to ensure that products are ‘fit for purpose’; or
- reducing the degree of ownership and control sought in an equity-based transaction.

Relationship based

When asked to reflect on positive business financing experiences or stories, stakeholders primarily recalled situations that were relationship based. This included recollections of a positive long-term relationship with a banking relationship manager “who gets my business” and joint ventures where there was a clear and well-articulated alignment of purpose and agreed exit terms. It is no great surprise that someone who has taken time to understand the business and needs of a (potential) customer or business partner will be more successful in satisfying those needs.

Responsive

Indigenous business owners emphasised the “need for speed” and that business is about being able to quickly take advantage of opportunities that present themselves. A frequent complaint made about existing financing options was the length of time it took to get decisions on applications for financing through both mainstream and



Indigenous-only institutions. Business owners reflected that to have a finance application declined after a long decision-making period (several research participants cited a period of eight or nine months) was the worst of both worlds and pondered whether there could be an initial process that assessed the likelihood of approval. This would then allow for informed decision making on whether to invest the time and effort in submitting a full financing application or moving on to alternative funding sources.

Flexible

A repeated theme coming through the consultations was that it is easier to obtain finance to assist in the acquisition of plant and equipment than it is to fund operational or non-capital business expenses. These expenses include the cost of setting up an online presence, putting in place insurances required to pre-qualify for corporate and government procurement opportunities, covering the costs of additional salaries required to scale-up until payments are received from customers or getting solid business planning and accounting advice. More flexibility in how loans or grants can be applied by the borrower or recipient is required to address this challenge.

Cultural fit

The concept of cultural fit applies not only to employees who are dealing with Indigenous businesses on behalf of a finance provider, but also to the processes and systems that an organisation uses in determining whether to approve applications. Although many finance providers have Aboriginal and Torres Strait Islander employees on the frontline with responsibility for the day-to-day engagement with Indigenous businesses and their owners, the application and credit assessment processes have no regard for Aboriginal and Torres Strait Islander ‘ways of doing’ and do not appear to attribute any importance to the non-monetary value created by Indigenous businesses.

Aboriginal and Torres Strait Islander entrepreneurs often have different, more altruistic motivations for going into businesses than non-Indigenous entrepreneurs due to linkages to a self-determination agenda, placing a greater focus on community and family benefits associated with starting a business.⁶⁸ Some participants felt that these greater social values should assist, rather than detract from, their ability to access finance to support their business ambitions.

APPENDIX A: METHODOLOGY

This research involved a combination of desk research and primary data collection.

A desktop review was undertaken to identify and review:

- the key trends, barriers and enablers affecting Indigenous businesses in Australia (including the prevalence and relative importance of barriers and enablers);
- the ability of Indigenous businesses in Australia to access financial products; and
- initiatives and products marketed as financial products or services for First Nations' peoples in other jurisdictions.

PIC also gathered data from Indigenous business owners, through a survey and focus group discussions.

In the survey, information was sought about the survey respondents, their experiences in obtaining finance necessary to establish their businesses and in their day-to-day operations, as well as future financing requirements. The questions were based, in part, on the survey undertaken by the Australian Research Council and Indigenous Business Australia in 2014.^{ix}

Respondents to the survey were solicited through PIC and Minderoo Foundation's collective networks via email and social media. The survey was also sent to an additional 300 businesses selected from the publicly available Supply Nation's Indigenous Business Direct database and the Black Business database, with an emphasis placed on ensuring a diversity of geography and industry. A further 100 businesses were called and asked to participate in the survey. PIC estimates that at least 1,000 businesses received, or were asked to complete, the survey. Completed surveys were received from 77 participants.

PIC conducted eight small focus groups that had between two and six Indigenous business owners attend. At these sessions, which ran for between 60 and 120 minutes, participants were asked to consider four key questions relating to their experiences on obtaining business finance and what could be improved. Those questions often generated a broader discussion about being in business and policies and programs such as the IPP and procurement targets within RAPs.

Subject matter experts, including bankers, IBA employees, an academic, an equity funder and a social impact investor, were consulted to gain a broader perspective on the barriers that Indigenous business owners face when seeking business finance and financial advice, and the intricacies of different financial products and services. The perspective of these individuals was valuable given the significant number of businesses and situations that they see and enabled PIC to have a better sense of the sector as a whole. These conversations were particularly useful in considering what products or initiatives could increase Indigenous businesses' access to finance.

Data from the survey responses, focus groups and consultations were analysed from the perspective of identifying existing barriers to financial inclusion for Indigenous businesses and what policy or practical measures might help to overcome these barriers in future.

APPENDIX B: GLOSSARY

Debt-based financial products and mechanisms

Microfinance

Microfinance, also called microcredit, is a type of banking service provided to unemployed or low-income individuals or groups who otherwise would have no access to financial services. Microfinance allows people to take on reasonably small business loans safely, and in a manner that is consistent with ethical lending practices.⁶⁹

Neo-banks

A neo-bank (also known as an online bank, internet-only bank, virtual bank or digital bank) is a type of direct bank that operates exclusively online without traditional physical branch networks.⁷⁰ Neo-banks are typically not backed by big banks which often means that their technology is typically developed from scratch, rather than modifying existing or legacy digital systems that longer-serving banks often have in place. This can result in faster, more agile processes.

Traditional or Mainstream Financial Institutions

The traditional financial institutions offer an assortment of different debt-based financial products and support to Aboriginal and Torres Strait Islander people and businesses.

Aboriginal Financial Institutions

Aboriginal Financial Institutions (AFIs) are autonomous, Indigenous-controlled, community-based financial organisations. AFIs provide developmental lending, business financing and support services to First Nations peoples. AFIs can play a critical role in filling the financing gaps and unmet needs faced by Indigenous entrepreneurs. AFIs make loans that conventional financial institutions cannot, by identifying risks and then mitigating those risks by helping Indigenous entrepreneurs avoid them. The strengths of AFIs are typically in risk assessment, mitigation, and management for Indigenous entrepreneurs and communities. In comparison to more conventional

financial institutions, AFIs typically have strong connections with their communities at the grassroots level.⁷¹

Lease Finance

A finance lease is a type of lease in which a finance company is typically the legal owner of the asset for the duration of the lease, while the lessee not only has operating control over the asset, but also some share of the economic risks and returns from the change in the valuation of the underlying asset.⁷² Lease finance is commonly used for vehicles and heavy machinery, as well as IT hardware.

Cooperative-Based Finance

There are many examples of successful Indigenous cooperatives across the globe. These cooperatives serve many functional purposes, including in some instances credit support to members.⁷³

Crowdfunding

Crowdfunding is the practice of funding a project or venture by raising small amounts of money from many people, typically via the Internet. Crowdfunding is a form of crowdsourcing and alternative finance.⁷⁴

Grants

A government grant is a financial award given by a federal, state, or local government authority for a beneficial project. It is effectively a transfer payment. A grant does not include technical assistance or other financial assistance, such as a loan or loan guarantee, an interest rate subsidy, direct appropriation, or revenue sharing. The grantee is not expected to repay the money but is expected to use the funds from the grant for their stated purpose, which typically serves some larger good.⁷⁵

Government subsidised loans

Governments (local, state and federal) can offer loan programs through different departments to support the needs of individuals, businesses, and communities. Individuals and small businesses with little or no seed capital or collateral may find the terms for a private loan unaffordable. Low-cost government loans attempt to bridge this capital gap and enable long-term benefits for the recipients and the nation.⁷⁶

Equity-based financial products and mechanisms

Private Equity

Private equity is an alternative investment class and consists of capital that is not listed on a public exchange. Private equity is composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity.⁷⁷

Venture Capital

Venture capital is a sub-set of private equity and a type of financing that investors provide to start-up companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks and any other financial institutions. However, it does not always take a monetary form; it can also be provided in the form of technical or managerial expertise. Venture capital is typically allocated to small companies with exceptional growth potential, or to companies that have grown quickly and appear poised to continue to expand.⁷⁸

Equity Joint Ventures

An equity joint venture (EJV) is an agreement between two companies to enter a separate business venture together. The business structure for an EJV is a separate limited liability company.⁷⁹

Public Equity

Public equity is a stock (an equity investment that represents ownership in a company) that is bought and sold through a public market such as the Australian Stock Exchange.⁸⁰

Other Indirect Support

Financial Advisory Services

A financial advisor provides financial advice or guidance to customers for compensation. Financial advisors, or advisers, can provide many different services, such as investment management, tax planning, and estate planning. Increasingly, financial advisors are providing a range of services from portfolio management to insurance products as a one-stop-shop.⁸¹

Finance Brokers

A finance broker is a 'go-between' who usually arranges loans for a fee (paid by the borrower, the lender or both). A finance broker deals with the lenders for the borrower and arranges a loan for that party.⁸²

Insurance Brokers

An insurance broker sells, solicits, or negotiates insurance for compensation.⁸³



APPENDIX C: STIMULATION AND SUPPORT OF THE INDIGENOUS BUSINESS SECTOR

Indigenous Business Sector Strategy

In 2018, the Australian Government released The Indigenous Business Sector Strategy: Supercharging Indigenous Business Start-Up and Growth 2018-2028 (IBSS) making good on a 2016 election promise to “create an environment where Indigenous business and innovation could grow and prosper.”⁸⁴ The approach outlined in the IBSS was to stimulate both the demand for goods and services produced and provided by Indigenous businesses, and on the supply side to support and accelerate the growth of Indigenous businesses in terms of number and size. Four key areas were identified as critical for development and growth, including improving access to finance to “build capital, assets and financial partnerships to access investible opportunities”.

When the IBSS was published, the Australian Government recognised that:

- the then current suite of finance and equity products provided by the public, private and philanthropic sectors were not meeting the requirements of Indigenous businesses over the various phases of the business lifecycle;
- lower levels of collateral and limited access to personal wealth were hampering Indigenous business owners from receiving bank finance; and
- greater clarity of the role of government-supported and private finance product offerings available to Indigenous businesses was required.

In response, the Australian Government committed to:

- funding Indigenous Business Australia to provide extra finance and capital support in the form of a start-up finance package (debt and equity offering), procurement loans (to help meet

up-front contract costs), invoice financing (to alleviate cash flow pressures) and performance and warranty bonds to assist Indigenous businesses secure major contracts;

- doubling the footprint of existing microfinance programs such as Many Rivers throughout regional and remote areas;
- continuing to provide funding to the Indigenous Entrepreneurs Fund which provides grants to assist with the purchase of plant and equipment; and
- establishing the Indigenous Entrepreneurs Capital Scheme to support undercapitalised established businesses, and to provide access to concessional debt products with a plan to transition businesses to mainstream funders over the medium term.

At the time of writing, only some of these initiatives are operational and their collective impact has not yet been measured.

Indigenous Procurement Policies

The Australian Government's Indigenous Procurement Policy (IPP) commenced in July 2015 with its primary purpose being “to stimulate Indigenous entrepreneurship, business and economic development, providing Aboriginal and Torres Strait Islander people with more opportunities to participate in the economy”.⁸⁵ The IPP works by setting annual targets for the volume and value of the contracts awarded to Indigenous businesses that must be met at a ‘portfolio’ level. It also has a Mandatory Set Aside which removes some contracts from mainstream procurement processes and requires them to be offered to Indigenous businesses and establishes Indigenous employment and business participation targets that get passed through to large non-Indigenous suppliers to the Australian Government across 19 industries. To be eligible for an IPP opportunity, at least 50% of the business must be owned by Aboriginal and Torres Strait Islander people.⁸⁶

The IPP has generated over \$3.5 billion in contracting opportunities for Indigenous businesses since 2015, with over 24,470 contracts being awarded to more than 2,140 Indigenous businesses between its inception and 30 June 2020.⁸⁷ In the financial year ending 30 June 2020 alone, 9,364 contracts were awarded to Indigenous

businesses with a total value of \$853.7 million, which was almost 450% of the targeted value.

The targets for 2020-2021 across all Portfolios was 3% of the number of eligible contracts awarded to Indigenous businesses and 1.25% of the value of eligible contracts spent with Indigenous businesses. If achieved, this would amount to an additional 1,720 contracts awarded to, and a total value of goods and services acquired from, Indigenous businesses of \$223M, and if recent trends continue, is more likely to be an almost \$1 billion spend.

Each of the States and Territory Governments have similar policies, although with varying levels of compulsion and compliance,⁸⁸ as do many local government authorities. Increasingly these approaches are becoming mingled with a broader social procurement agenda with procurement targets that can be met through engagement with a range of suppliers of goods and services that are able to identify a ‘social purpose’. Over time, this could reduce the current competitive advantage of Indigenous businesses.⁸⁹

Indigenous Business Australia

Indigenous Business Australia (IBA) is a statutory body that serves, partners and invests with Aboriginal and Torres Strait Islander people to help them realise financial success and economic independence. IBA’s current strategic goals include:

- contributing to a thriving Indigenous business sector generating income, employment and skills for Aboriginal and Torres Strait Islander people; and
- making running their own business as accessible and viable for Aboriginal and Torres Strait Islander people as it is for all other Australians.⁹⁰

IBA provides a mix of services and products to assist Aboriginal and Torres Strait Islander people start, acquire or grow businesses including tailored business support and advice provided by IBA staff or through recommended external business consultants, workshops and sponsored business accelerator and incubator programs. Products available range from business loans (\$10,000 to \$5 million), start-up finance packages (a combination of a grant and a loan up to a maximum of \$100,000), invoice financing and assistance in securing performance bonds.⁹¹

IBA is a common point of call for most, if not all, Aboriginal and Torres Strait Islander entrepreneurs.

Supply Nation

Supply Nation, in operation since 2009, works with Indigenous businesses and government, private and not-for-profit sector procurement teams to increase supplier diversity and the overall procurement spend with Indigenous businesses. Supply Nation maintains Australia’s largest national directory of Indigenous businesses – Indigenous Business Direct – which its members can access when seeking verified Indigenous businesses.

In 2020, Supply Nation reported having over 2,300 verified Indigenous businesses listed on Indigenous Business Direct representing an estimated:

- 20% of all Indigenous businesses in Australia, many of which are larger than the average size of an Indigenous business;
- 44% of all revenue generated by Indigenous businesses; and
- 51% of employment within the Indigenous business sector,⁹²

and generating an estimated annual revenue of \$3.9 billion while employing in excess of 11,200 Aboriginal and Torres Strait Islander people, and 30,000 people in total.⁹³ Supply Nation has two classifications for Indigenous businesses – registered Indigenous businesses are 50% owned by Aboriginal and Torres Strait Islander people and certified Indigenous businesses which are at least 51% owned by Aboriginal and Torres Strait Islander people and led or managed and controlled by an Aboriginal or Torres Strait Islander person.⁹⁴

Reconciliation Action Plans

Reconciliation Australia is a non-government, not-for-profit foundation that was established in 2001 to promote and facilitate respect, trust and positive relationships between the broader Australian community and Aboriginal and Torres Strait Islander people. One of the initiatives Reconciliation Australia promotes is its Reconciliation Action Plan (RAP) program which provides a framework for organisations to support the national reconciliation movement. A RAP is a strategic document that supports an organisation’s business plan and includes practical

actions for driving an organisation’s contribution to reconciliation both internally and in the communities in which it operates.⁹⁵

RAPs are becoming increasingly common across a broad range of sectors from Australian Government departments to individual education institutions, local government authorities and private and listed companies. Stretch and Elevate RAPs, entered into by organisations that are more mature in their reconciliation journeys, include Indigenous procurement targets which stimulates the demand for goods and services supplied by Indigenous businesses creating additional demand for goods and services produced and provided by Indigenous businesses.

Business Council of Australia – Raising the Bar

In August 2019, the Business Council of Australia (BCA) launched Raising the Bar, a collaboration between BCA and Supply Nation that seeks to drive greater economic participation for Aboriginal and Torres Strait Islander people. The Raising the Bar framework has four key components:

- a procurement target that builds to three per cent of annual influenceable spend with Indigenous businesses over a five-year period;
- supporting systems and processes to achieve the target;
- reporting and monitoring of spend against the target; and
- activities to develop Indigenous suppliers.

BCA members that have signed up include Fortescue, Australian Unity, BAE Systems, Commonwealth Bank of Australia, Lendlease and Microsoft.⁹⁶ At the time of writing, there has been no public reporting of the outcomes of Raising the Bar.

Closing the Gap in 2020

The 2020 National Agreement on Closing the Gap (National Agreement) documents a partnership between the Australian governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations. The National Agreement has 16 outcomes and targets, with those identified in Table 1 below being of relevance to Aboriginal and Torres Strait Islander entrepreneurs and business owners.

TABLE 1: CLOSING THE GAP OUTCOMES AND TARGETS

NO.	OUTCOME	TARGET (BY 2031)
6	Aboriginal and Torres Strait Islander students reach their full potential through further education pathways	Increase the proportion of Aboriginal and Torres Strait Islander people aged 25-34 years how have completed a tertiary qualification (Certificate III And above) to 70 per cent
7	Aboriginal and Torres Strait Islander youth are engaged in employment or education	Increase the proportion of Aboriginal and Torres Strait Islander youth (15 – 24 years) who are in employment, education or training to 67 per cent
8	Strong economic participation and development of Aboriginal and Torres Strait Islander people and communities	Increase the proportion of Aboriginal and Torres Strait Islander people who are employed to 62 per cent

While Closing the Gap is predominantly a government-led and focused initiative, many private and not-for-profit sector organisations are keen to align their social responsibility programs and projects to the relevant Closing the Gap targets like corporate responses to the United Nation's Sustainable Development Goals.⁹⁷

Incubators and accelerator programs and business support hubs

There are a multitude of incubator and accelerator programs that exist to assist Aboriginal and Torres Strait Islander entrepreneurs and Indigenous businesses. Many of these benefit from a degree of government or philanthropic funding and are designed to support specific stages in the business lifecycle or particular business types. For example, First Australians Capital launched a tourism industry accelerator and aggregator program in December 2019 and PIC, in collaboration with Kinaway and University of Melbourne, has recently delivered an accelerator program designed to assist businesses who want to connect with large scale corporate procurement opportunities.





Several business hubs have also been established throughout the country. The Yarpa Indigenous and Business and Employment Hub in Western Sydney and the Western Australian Indigenous Business and Employment Hub (known as the Wirra Hub) in Western Australia were both established with Australian Government funding in collaboration






with the respective state governments to support Aboriginal and Torres Strait Islander people wanting to start, grow or sustain their businesses. The IBSS provides for the rolling out of "a network" of similar hubs, anchored in major cities. These hubs are designed to be a "one-stop-shop" to access better business advice and support, and to assist businesses to establish the connections that they need, at any point in their business journey.⁹⁸


Chambers of Commerce and Sector-led networks


Increasingly, Aboriginal and Torres Strait Islander led initiatives are supporting and promoting Indigenous businesses. There is a National Network of Indigenous Chambers of Commerce, with membership of more than 4,500 businesses, which consists of 8 State and Territory chambers and business networks. It is represented by a 'peak body', the First Australians Chamber of Commerce and Industry (FACCI)⁹⁹ which was established to represent the interests of Indigenous businesses and to act as the key conduit between the Indigenous business sector, government and corporate Australia. Another example is the Indigenous Network for Investment, Trade and Export (IgNITE) which is also a membership-based organisation that has been established to build a network with impact investors and Indigenous interests to support quicker and more efficient interactions between investors and Indigenous ventures.¹⁰⁰

APPENDIX D: ENVIRONMENTAL SCAN

INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
Debt Products			
Microfinance	Australian non-Indigenous-specific	Many Rivers Finance 	Many Rivers is a for-purpose organisation that provides Microenterprise Development (MED) and Community Economic Development (CED) support to Indigenous and other Australians who want to access the economy however for various reasons, lack the financial or practical business support to do so. ¹⁰¹
	Australian non-Indigenous-specific	Good Shepherd Microfinance 	Good Shepherd Microfinance offers a suite of people-centred, affordable financial programs to people who are financially excluded. These programs promote economic wellbeing for people with low incomes, especially women and girls, and move clients from financial crisis to resilience and inclusion. ¹⁰²
	Australian non-Indigenous-specific	Lumi Australia 	Lumi provide microfinance loans for small-to-medium sized enterprises. Lumi provides fast access to finance that is accurate, fair and honest. Lumi aims for total transparency and endeavours to set high standards for the fintech industry worldwide. ¹⁰³
	Australian non-Indigenous-specific	Prospra 	Prospra offers a range of finance solutions that provide fast access to funds and repayments tailored to borrower's business cash flow. Prospra has Small Business Lending Specialists to understand its clients businesses and help them find the right finance solutions. ¹⁰⁴

INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
<p>Neo-bank</p>	<p>Australian non-Indigenous-specific</p>	<p>Volt Bank</p> 	<p>Volt Bank is an Australian consumer neo-bank and was the first neo-bank to be issued with a restricted ADI licence by APRA. Headquartered in Sydney, Australia, the bank was founded in 2017 and was granted a full licence to operate as an authorised deposit-taking institution on 21 January 2019.¹⁰⁶</p>
	<p>Australian non-Indigenous-specific</p>	<p>:86 400</p> <p>:86 400</p>	<p>:86 400 is a bank that uses smart technology to show the most relevant information about spending, saving and bills. 86 400 is backed by Cuscal, Australia's largest independent payments company.¹⁰⁶</p>
	<p>Australian non-Indigenous-specific</p>	<p>Up</p> 	<p>Up, also known as Up Bank, Up Money and Up Banking, is an Australian neo-bank based in Melbourne, Victoria. Founded in 2018, the bank is a collaboration between software development company Ferocia and Bendigo and Adelaide Bank. By using the license of an established bank, Up avoids the issues with restricted banking licences encountered by similar banks such as Xinja and Volt.¹⁰⁷</p>
	<p>Australian non-Indigenous-specific</p>	<p>IBA Group</p> 	<p>IBA Group Pty Ltd is building Australia's first digital bank with ethical banking as the core focus. It's intention is to be Shariah-compliant which will make it Australia's first bank to offer ethical banking products for Muslims within the Australian community.¹⁰⁸</p>
<p>Traditional Financial Institutions</p>	<p>Australian Indigenous-specific</p>	<p>ANZ Limited</p> 	<p>ANZ Limited's Indigenous-specific programs include:</p> <ul style="list-style-type: none"> • MoneyBusiness • Leasing Facility
			<p>ANZ developed MoneyBusiness in partnership with the Australian Government in 2005 to address financial exclusion in Indigenous communities. MoneyBusiness seeks to build the money management skills and confidence of Aboriginal and Torres Strait Islander people and develop a stronger savings culture in remote communities. The program is delivered by ANZ and some of ANZ's community partners.</p> <p>ANZ partnered with Fortescue Metals Group (FMG) to establish a \$50 million leasing facility for Indigenous-owned businesses that have contracts with FMG. Consultation with communities in the Pilbara had revealed that one of the key impediments to the growth of indigenous businesses was funding. FMG provides a guarantee in support of equipment leasing facilities that ANZ writes for eligible Indigenous businesses that have contracts with FMG.¹⁰⁹</p>
	<p>Australian Indigenous-specific</p>	<p>Commonwealth Bank of Australia</p> 	<p>The Commonwealth Bank of Australia's Indigenous-specific programs include:</p> <ul style="list-style-type: none"> • Community Business Finance <p>The Commonwealth Bank Community Business Finance package provides Indigenous businesses with low-interest loans (up to \$50,000), plus bank accounts and services with lower fees. The program works with partners that are already active in communities.</p>

INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
	Australian Indigenous-specific	National Australia Bank 	<p>National Australia Bank's Indigenous-specific programs include:</p> <ul style="list-style-type: none"> • A partnership with Good Shepherd Microfinance to provide access to fair, affordable microfinance (no and low interest loans) to enable Aboriginal and Torres Strait Islander people to take control of their finances. • Good Money – In partnership with Good Money and state governments, the Commonwealth Bank has opened up Good Money stores in Victoria, South Australia and Queensland, where people can get access to small loans and have conversations with experts to learn more about finance. • NAB's Microenterprise Loans provide opportunities for Australians to establish business ideas or grow existing ventures when they are unable to access mainstream loans. NAB's Microenterprise Loans provides for business loans of up to \$20,000 on a non-commercial interest rate, without the need to provide security or equity. This enables quick establishment of small business loans. NAB's Microenterprise Loans also provide specific products to suit young people and Aboriginal and Torres Strait Islander people. Access to business skills training and advice during the first year of business operations are also provided and include business training and mentoring to help Aboriginal and Torres Strait Islander people develop business ideas and to succeed through the critical first year of business operations. This joint loan is made possible through a partnership between Indigenous Business Australia (IBA) and the NAB. A key benefit to clients is that they are supported by IBA through the establishment period of their businesses, while establishing a relationship with a major bank.


INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
	Australian Indigenous-specific	Westpac Limited 	<p>Westpac Limited's Indigenous-specific programs include:</p> <ul style="list-style-type: none"> • Many Rivers Microfinance Westpac have proudly supported Many Rivers since 2009. Many Rivers assist Australians, particularly those in remote and regional areas who are experiencing hardship or are financially excluded, to establish their own micro businesses. Clients are provided with intensive business mentoring and coaching from Many Rivers' Micro Enterprise Development Managers (MEDMs), access to Westpac's Davidson Institute and unsecured microfinance business loans, to help set them up for long term success. • Relationship with First Australian's Capital A newly formed partnership (November 2020) between First Australians Capital (FAC) and Westpac aimed at backing emerging Indigenous businesses. FAC will work with businesses to get them 'loan ready' and provide ongoing wrap-around support after the loan – guaranteed by Westpac and FAC in equal shares – is written by Westpac. Loan readiness includes robust due diligence and building capacity as needed through a panel of pro-bono service providers across legal services, IT, marketing and sales, inventory and supply chain management.

Aboriginal Finance Institutions

Traditional Credit Union



Traditional Credit Union (TCU) occupies a unique position as the only Indigenous-owned credit union in Australia, working in two worlds to deliver both employment opportunities and real financial services in remote indigenous communities.¹¹⁰

INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
Lease Finance	Australian Indigenous-specific	ANZ & Fortescue Metals Group 	In September 2017, ANZ Bank and Fortescue Metals Group announced an agreement to implement a lease finance strategy with FMG's Indigenous contractors in the Pilbara, Western Australia. The deal will see Fortescue guarantee \$50 million to enable their Aboriginal suppliers to lease equipment and income generating assets. ¹¹¹


Kooya Australia Fleet Solutions 	Kooya Australia Fleet Solutions is Australia's first, largest and only Indigenous fleet management company offering bespoke leasing, fleet management, fleet procurement and medium-term rental solutions across Australia for all types of requirements, in all types of environments, for all types of commercial and industrial applications. ¹¹²
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Gear Select 	Gear is a Supply Nation registered profit for purpose company originally set up to leverage its capability as a finance platform to support Aboriginal and Torres Strait Islander communities. Gear executives have over 50 years' experience in providing equipment finance, rental, refurbishment and related services to the Australian Equipment industry. ¹¹³
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INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
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Equity-based financial products and mechanisms

Venture Capital	Indigenous-specific	First Australians Capital 	First Australians Capital are an independent Indigenous-led organisation with a focus on early-stage and start-up businesses. FAC nurtures a growing pool of sustainable, innovative entrepreneurs. FAC Works with businesses providing professional support to develop business skills, knowledge and understanding. A dedicated Business Relationship Manager provides business planning, strategy and support to work with each business weekly, becoming a trusted advisor and mentor over time. ¹¹⁴
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Indigenous-specific	Indigenous Capital Limited 	ICL is a charitable institution that has chosen to exclusively focus their efforts on the Indigenous sector. Formed in 2003, the objectives of the company are to assist Aboriginal and Torres Strait Island people to attain self-sufficiency and improve economic development through the creation and growth of Indigenous owned businesses. ICL has provided real change through economic impact investing, training and mentorship to address Aboriginal and Torres Strait Islander disadvantage and reduce dependency on Government funding. ¹¹⁵
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Australian Indigenous-specific	Impact Investment Partners 	Impact Investment Partners (Impact IP) seek to find opportunities to bring together investors and Aboriginal and Torres Strait Islander to create stronger and more sustainable futures. Impact IP is a specialist infrastructure investment manager that applies social impact principles to large-scale Indigenous commercial investments. ¹¹⁶ In June 2019, Impact IP launched a \$500 million investment fund to back Indigenous businesses. The Fund only considers investments that generate significant Indigenous economic and social benefits and market-based financial returns to meet the fund's dual objectives. ¹¹⁷
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INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
Other	Financial Advisory	Friday Capital 	Friday Capital is a corporate finance advisor that specialises in providing quality, independent, objective advice. Friday Capital is proud to be an accredited indigenous organisation by Supply Nation. ¹¹⁸

Indigenous Finance Australia is a nationally focused, majority owned and operated Indigenous financial advisory and finance brokering business established in 2018, with a vision of simplifying and speeding up the capital and insurance process to meet the needs and aspirations of people, families, entrepreneurs, business owners and enterprising communities.¹¹⁹



Indigenous Management Group Pty Ltd (IMG) is a business consultancy firm specialising in the development and growth of Aboriginal entities. The IMG team specialises in developing and growing sustainable Aboriginal businesses. IMG offers personal, ongoing support to new and existing Aboriginal businesses with contract acquisition, strategy development, goal setting and tracking.¹²⁰




INSTRUMENT/ MECHANISM	INDIGENOUS-SPECIFIC/ NON-INDIGENOUS-SPECIFIC	PROVIDERS IDENTIFIED	SUPPLIER DESCRIPTION
		Kari Foundation 	Established in 1999, KARI has supported the Aboriginal community by delivering quality programming and services. Kari Foundation, through its Indigenous Business Enterprise program, strives to encourage an entrepreneurial culture within Aboriginal communities. Kari Foundation provides the expertise and networks to allow Aboriginal and Torres Strait Islander people to take an idea for a business and incubate this into a sustainable new business. ¹²¹

SSBSC is a 100% Indigenous owned business advisory organisation with over 30 years' experience in management consulting. SSBSC provides a suite of professional business services to support & promote economic development & growth. SSBSC's core values are to empower & inspire entrepreneurs and organisations and build their capability, capacity & resources needed to develop a sustainable business.¹²²



Together Business Australia is a Chartered Accounting firm that provides tax-effective structuring advice, compliance and financial management support to for-purpose organisations looking for values-aligned professional advisor. Together Business Australia is Supply Nation registered (not certified) and seeks to guide its clients and their businesses' path to sustainability, encompassing people, purpose, planet and profit.



Insurance Brokers		Origin Insurance Brokers 	Origin Insurance brokers is a Supply Nation certified Indigenous organisation, providing insurance broking and risk advisory services to businesses that are committed to diversifying their supply chain and supporting Indigenous integration. As part of Steadfast, Australia's largest general insurance broker network, Origin delivers broking expertise whilst developing the first generation of Indigenous insurance professionals. ¹²³
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