



POLICY SERIES

No. 221 / FEBRUARY 2019

INDIGENOUS ENTREPRENEURSHIP IN AUSTRALIA

Moving Forward But Still Many Obstacles

BY JOSEPH QUESNEL



Ideas that change your world / www.fcpp.org



JOSEPH QUESNEL

Joseph Quesnel is a research fellow for the Frontier Centre for Public Policy who mainly focuses on Aboriginal matters and property rights. Presently based in eastern Nova Scotia, he is from northeastern Ontario and has Métis ancestry from Quebec. He graduated from McGill University in 2001, where he majored in political science and history. He specialized in Canadian and U.S. politics, with an emphasis on constitutional law. He also has a Master of Journalism degree from Carleton University, where he specialized in political reporting. His master's research project focused on reformist Indigenous thinkers in Canada. He is currently studying theology at the Atlantic School of Theology in Halifax. In the past while as a policy analyst, he was the lead researcher on the Frontier Centre's flagship Aboriginal Governance Index, which is measured perceptions of quality of governance and services on Prairie First Nations. For over two years, he covered House standing committees as well as Senate committees. Quesnel's career in journalism includes several stints at community newspapers in Northern Ontario, including in Sudbury and Espanola. He also completed a radio broadcasting internship at CFRA 580 AM, a talk radio station in Ottawa, and the well-known Cable Public Affairs Channel (CPAC). He is a past editor of *C2C Journal*, an online Canadian publication devoted to political commentary. He wrote a weekly column for the *Winnipeg Sun* and contributes to *The Taxpayer*, the flagship publication of the Canadian Taxpayers Federation. Quesnel's policy commentaries have appeared all over Canada, including the *Globe and Mail*, the *National Post*, the *Financial Post*, the *Vancouver Sun*, the *Ottawa Citizen*, the *Montreal Gazette*, the *Calgary Herald*, *Winnipeg Free Press*, among many other major papers. Over the years, he has been featured as a guest commentator on many radio and television news programs.



203-2727 Portage Avenue, Winnipeg, Manitoba Canada R3J 0R2

Tel: 204-957-1567

Email: newideas@fcpp.org

The Frontier Centre for Public Policy is an independent, non-profit organization that undertakes research and education in support of economic growth and social outcomes that will enhance the quality of life in our communities. Through a variety of publications and public forums, Frontier explores policy innovations required to make the prairie region a winner in the open economy. It also provides new insights into solving important issues facing our cities, towns and provinces. These include improving the performance of public expenditures in important areas such as local government, education, health and social policy. The author(s) of this study have worked independently and the opinions expressed are therefore their own, and do not necessarily reflect the opinions of the board of the Frontier Centre for Public Policy.

Copyright © 2019 by the Frontier Centre for Public Policy.

Policy Series No. 221 • Date of First Issue: February 2019.

Reproduced here with permission of the author(s). Any errors or omissions and the accuracy and completeness of this paper remain the responsibility of the author(s).

Frontier Centre for Public Policy expresses its appreciation and thanks to the Lotte and John Hecht Memorial Foundation for supporting for this project.

ISSN 1491-78

*I*deas that change your world / www.fcpp.org

INDIGENOUS ENTREPRENEURSHIP IN AUSTRALIA

Moving Forward But Still Many Obstacles

BY JOSEPH QUESNEL

TABLE OF CONTENTS

Introduction	4
Seven Leaders	7
Luke Briscoe	7
Dion Devow	7
Trent and Scott Young	8
Lenny O'Meara	8
Josie Alec	9
Steven Satour	9
Comparisons and Analyses	10
Conclusions	11
Endnotes	12
Bibliography	12

INTRODUCTION

Like all Indigenous peoples studied in this series, Indigenous Australians have historically been excluded from the wider economy. But also, like all these communities in all four countries studied, they have entered business in a very significant way over the past few decades. The six Indigenous Australian entrepreneurs and/or business leaders profiled in this part of the series come from different backgrounds and regions of Australia. Many of them faced some of the barriers and challenges that are discussed shortly. However, they were all able to overcome those barriers and add value to the economy.

An important study by The Centre for Independent Studies (CIS)—a pro-market Australian think tank—released in 2010 called *Private Housing on Indigenous Lands* looked at the environment that Indigenous entrepreneurs and/or business leaders come from and how that impacts on their likelihood and ability to create businesses. The CIS released another major and comprehensive study looking at Indigenous Australian entrepreneurship in November 2017. The study, entitled *Risky Business: The Problems of Indigenous Business Policy*, collected basic data on the types of businesses being started by Indigenous Australian entrepreneurs and documented the barriers and challenges facing them, and of course listed the opportunities. This study found that less than 15 percent of Aboriginal and Torres Strait Islanders or about 70,000 of the 540,000 who identified as Indigenous in the census actually live on Indigenous lands (characterized by communal ownership).¹ The study is clear that these Indigenous Australians are the poorest of all Australians. This is similar to Canada where First Nations living on reserves are the poorest of the poor in Canada, as it is in the United States for Native Americans living on reservations.

In contrast, more than 85 percent of Indigenous Australians live in Australia's state capitals and regional towns.² The majority of these urban Indigenous people work and own their homes like other Australians. In this demographic reality, Indigenous Australians are similar to New Zealand, in terms of the urban-rural mix.

The study author also mentioned how Indigenous entrepreneurship can significantly reduce the problem of Indigenous welfare dependency, especially among Indigenous peoples in remote homelands. Or as the authors put it numerically:

According to Deloitte, the overall benefit to the Australian economy through increased Indigenous employment and business could be as much as \$24.3B (1.15 percent) by 2031, with reductions in government expenditure potentially contributing to an \$11.9B net improvement across the budgets of all Australian governments.³

They also discovered that Deloitte modelling suggests there could be a \$2.94B saving (60 percent reduction) in government social security expenditure if Indigenous Australians achieved welfare parity with the rest of Australia by 2031.⁴

According to the CIS study, there is significant discourse surrounding Indigenous welfare dependency in Australia. Many Aboriginal and Torres Strait Islander people wish "to reduce [their] dependency upon welfare and are prepared to work towards attaining economic independence from government."⁵ The authors found that "utilising strategies such as small business development could help enable this transition."⁶

Using 2016 data, the 2018 study found there were between 12,000-16,000 Indigenous-owned businesses in Australia.⁷ A much more conservative estimate in a PricewaterhouseCoopers Consulting report from 2018 gave it a much more conservative estimate of 8,600 to 11,900 Indigenous businesses.⁸ This may not represent a large part of the total Australian business landscape, but it represents a significant increase over the last few decades.

According to the CIS study, the number of Aboriginal businesses has increased by at least 35 percent since 2011 and by over 1,000 percent since 2001.⁹ A critical factor in this growth is the decision by the Australian national government to introduce an Indigenous Procurement Policy (IPP) in 2015. The study found that Commonwealth procurement of goods and services from Indigenous enterprises has also increased by 8,200 percent.¹⁰

The CIS study also looked at the demographics of Indigenous business entrepreneurs and the nature of the business ventures. It found that Indigenous businesses still face significant barriers. The study authors, in particular, found the following:

Several key measures indicate that despite the growth in the Indigenous business sector in recent years, the number of Aboriginal businesses still lags behind the rest of the country. Indigenous people are seven times less likely to own a business compared to non-Indigenous Australians. They are also three times less likely to be self-employed. Indigenous businesses are also typically less established than their non-Indigenous counterparts. Of the 3048 Aboriginal Corporations tallied in a report by Social Ventures Consulting Australia, nearly half were less than five years old. This is significantly higher than the Australian total of 35 percent.¹¹

Indigenous Australian businesses also differed in size than non-Indigenous ones. The study discovered that almost 90 percent of Indigenous businesses are characterized as small (less than 20 employees).¹² The study also found that Aboriginal businesses generated significantly less revenue than their non-Indigenous counterparts. In 2015, Supply Nation businesses had an average revenue of \$1.65M.¹³ In contrast, the 2016 Australian average was \$2.26M.¹⁴ The study authors said, "This is significant, as businesses with a revenue of more than \$2M are distinctly more likely to survive."¹⁵

As such, the data suggests that limited access to capital has an impact on the number of Indigenous people participating in business and the size of their business. Accessing capital is a significant barrier facing Indigenous Australian entrepreneurs (as it is in most Indigenous societies profiled, with the least being New Zealand). This will be discussed later.

The 2016 study also zeroed in on the major obstacles to Indigenous Australian entrepreneurship. Or as the study put it:

Low levels of both education and understanding of the business landscape are two major obstacles. Education is a key driver of entrepreneurship and is directly linked to the exploitation of entrepreneurial opportunities. Limited access to capital and low levels of savings also represent major barriers.¹⁶

While all the above challenges are common to all entrepreneurs of all backgrounds, they are much more acute in Indigenous populations. The study found that business acumen was lowest in Indigenous Australian communities because of the lack of exposure amongst starting

business owners to business knowledge and networks. Lacking business exposure, Indigenous entrepreneurs face additional barriers or as the study put it:

Indigenous business owners are often the first person in their family to have run a business and as a result do not always have the knowledge, experience or support networks to run a successful business.¹⁷

Educational discrepancies are particularly acute within Indigenous Australian communities, especially in remote regions. Only a minority of students meet the national minimum standards set by the government. Also, less than 20 percent of Indigenous students in remote or very remote communities completed Year 12 (highest level) in the Australian schooling system.¹⁸

Moreover, as in the case with all Indigenous peoples studied in this series, they face significant barriers in terms of access to capital, exacerbated by limited collateral. For instance, research commissioned by the Reserve Bank of Australia found that housing collateral was essential in small business lending. However, in 2011 Indigenous home ownership among Indigenous Australians was 36 percent, half the Australian average.¹⁹ Housing ownership rates decrease significantly in areas with a high Indigenous population. Or as the study laid out:

When broken down further, the disparity is still present across all geographic areas. Just 39% of Indigenous households (other than in remote areas) own or are purchasing their home. This is compared to 70% for non-Indigenous households. In remote areas, 18% of Indigenous households are owned or being purchased, compared to 57% of non-Indigenous households. When combined with other factors, such as a lack of savings, it becomes clear that the traditional means of financing an enterprise are often challenging for Aboriginal and Torres Strait Islander people.²⁰

Central to the problem—as it is on Indigenous lands and the United States—is the form of land tenure on Indigenous Australian lands. Almost 20 percent of Australia itself and almost 50 percent of the Northern Territory (which has a high Indigenous population) are Indigenous lands. Yet Aboriginal and Torres Strait Islanders cannot build their own houses on them.²¹ They cannot access the benefits of the land they own. Existing territory, state and federal government legislation and programs to introduce private housing and business are seriously flawed.²²

SEVEN LEADERS

Luke Briscoe

Luke Briscoe, 39, is an Indigenous Australian business leader on a mission to expand Indigenous involvement in the national economy, especially through STEM (STEM is an acronym for the fields of science, technology, engineering and math).

Briscoe is the founder and CEO of INDIGI LAB, a Sydney-based Indigenous owned and operated business that aims to create innovative projects for social and environmental change through digital culture. Briscoe says the larger objective is to, “create a future where Aboriginal and Torres Strait Islander Australians are leading in science, technology and digital innovation.”

Briscoe attributed to his later involvement in innovation to his small-town roots. He said that growing up in his town, “You would see people working two or sometimes even three jobs. I think what I learnt from living in a small community was how much small towns thrive on supporting each other. You would see cane farmers selling fruit to the local grocer and likewise with fisherman. So, as a child I was surrounded by innovation which was built from necessity and it stuck with me as an adult,” he said, proudly.

The main obstacle facing Indigenous businesses, he said, is in financing these independent start ups without government help. Briscoe said one way to encourage Indigenous entrepreneurship in all fields is to host more business conferences and summits where lucrative business relationships can be made.

Dion Devow

Mark “Dion” Devow, 47, an Indigenous entrepreneur and business leader from Australia, said his Indigenous clothing line could have done better financially at the start if he had chosen a different name, but he deliberately chose it to make a point.

Devow established Darkies Design—an Indigenous clothing line—back in 2010. Darkies Design is an online marketplace for Indigenous artists to connect with the corporate world. Originally from Northern Territory, Dion is of both Aboriginal and Torres Strait Islander descent.

He started his clothing line despite not being an artist or graphic designer himself. He simply founded the company because he could not find Indigenous clothing that he liked. There were clothing lines at the time, but he did not find anything that interested him.

Devow wanted to promote Australian identity on the international scene and remind people abroad that Indigenous peoples exist in Australia. One of his first concepts was a t-shirt with the logo: “100% pure Australian.”

Devow did not begin in the area of art or graphic design. He wanted to start a career in IT but said that he was dissuaded from pursuing IT education because it was considered too difficult for an Indigenous student.

He created the Canberra Business Yarning Circle in 2014 alongside the Canberra Innovation Network to assist other Indigenous people to achieve business success. Devow said the Yarning Circle had helped empower Australian Indigenous people to, “achieve their dreams, gain economic independence and contribute to their communities”. Allowing Indigenous people to become self-sufficient is an important goal for him.

Trent and Scott Young

Trent and Scott Young are two Indigenous Australian entrepreneurs and business leaders who are proving that Indigenous entrepreneurs can be successful in all sorts of business ventures, including ones that are not tied to an Indigenous cultural focus. Instead the two brothers have decided to focus on building careers for younger workers of all cultural backgrounds in the open market.

They started Young Guns, a shipping container removal business. The family-owned Indigenous business was founded in 2004 and focuses on the young and has employed more than 400 young people with the average age of 24. The two brothers originally started out in professional rugby and both were headed towards careers in the National Rugby League (NRL). The business had very humble beginnings and was started for more practical reasons at the start.

Trent Young said the brothers were inspired by the hard work of their mother and two grandfathers who ran farms in rural Queensland. They were also motivated by the autonomy they would receive by running their own business venture.

They also wanted to build something tangible and lasting for their future families. Although the brothers are proud to be Indigenous, it is not the focus of their business or the service they provide. It might not even be noticed that there are two Indigenous Australian people at the helm of the venture.

Now, they employ hundreds of workers across the main state capitals of Australia. Their business generates well over \$20M in revenue from packing and unpacking shipping containers for some of Australia's largest multinational companies. According to the brothers, they intended over the next five years to raise their number of employees to 700 and they are exploring other markets including nearby New Zealand.

Lenny O'Meara

Lenny O'Meara—an Indigenous Australian entrepreneur and business leader—believes that Indigenous people can make a living by adding value to activities they have always done.

He is the co-founder and owner of Kimberley Wild Gubinge, a harvesting business he co-founded in 2015 to harvest gubinge fruit (a bush fruit more commonly known by its English name Kakadu plum), process it and then market and sell the finished product which is in powdered form and prized for its vitamin C content.

"It's just a matter of Indigenous people getting the support and building an industry," he said, expressing his belief that tapping into the industry can economically empower Indigenous communities.

O'Meara and his business partner Jacinta Monck have taken advantage of a staple bushfood for Indigenous people across northern Australia to now become the only commercial producer of dried gubinge powder in their region. Thanks to their efforts, the fruit has also become much better known within the health food industry, which has opened them up to lucrative opportunities.

Typically, Indigenous communities on the far north of Australia harvest the fruit known to have more vitamin C content than most other fruits in the world (it has about 46 times more vitamin C content per gram than a typical orange).

Originally working as a harvester for a Melbourne-based company, he and his partner decided to strike out on their own and they invested in capital machinery. "We decided to put all our money into machinery and take the big leap," recalled O'Meara, saying that he and his partner put \$30,000 from that year's harvest to buy the necessary equipment, which included a dehydrator, milling machinery, pulping machine, and a deseeding machine.

In the meantime, the partners said in a February 2018 news story by the Australian Broadcasting Corporation (ABC) that they hope the processing plant they have established will enable the local industry and help empower Indigenous communities with more economic opportunities. The partners

have also been experimenting with new products derived from the bush fruit given its anti-bacterial and anti-inflammatory properties.

Josie Alec

For Indigenous Australian entrepreneur Josie Alec, the Indigenous community of Australia should not stew in victimhood due to disadvantaged backgrounds, but should seize business opportunities when they see them.

“We don’t have the luxury of despair, it’s time to rise up and create value within ourselves and do what we do best,” said Alec, an Indigenous Australian entrepreneur (and passionate teacher, artist, and singer-songwriter) who founded her own business The Jummi Factory, a homegrown cosmetic business, earlier this year.

The business is based on utilizing the Indigenous Pilbara plant, which is widely seen by Indigenous Australian peoples as possessing healing properties. The factory manufactures Pilbara plant-based cosmetics and products, including a lip gloss and the insect bite-resistant bush rub for which Alec has become popular.

Alec—like many Indigenous Australians—is no stranger to a troubled background, although she has not allowed that to hold her back, but instead she has leveraged it to act as a motivator. Alec was taken from her family at a very early age as part of the Australia’s so-called “Stolen Generation.” (like Canada’s so-called “Sixties Scoop”). She was raised by a non-Indigenous family but was eventually reunited with her Indigenous mother many years later. Alec said her mother was a traditional healer in her community. Her mother was known as a spiritual healer as well.

Having returned to the community as a school teacher, she quit her job in 2016 and started The Jummi Factory after realizing there was a gap in the market for natural skin care remedies, which she had already been making for seven years with her existing business. The next step was to build a manufacturing facility, which she did in 2018. Her next goal is to exploit additional export opportunities in China.

Steven Satour

Steven Satour is the founder, CEO and managing director of Iwara Travel, an Indigenous Australian-owned and operated business specializing in Indigenous tourism experiences. Satour, is a Yankunytjatjara and Pitjantjatjara from Central Australia. These Indigenous groups are from the desert region of Australia.

Iwara Travel, he says, provides visitors and tourists with a unique cultural experience. He is also quite pleased that Indigenous-based tourism in Australia provides jobs for Indigenous people and revenue for the country and also works to protect natural and cultural resources for future generations.

Satour has been working in the tourism industry since his teenage years and he is stoked that he has been able to develop an entrepreneurial venture from his passion. Satour brings over a decade of experience in communications, marketing, event and project management across various sectors including: education, not-for-profits, tourism, employment and small business.

He has achieved a track record in working with Indigenous artists and groups to achieve results that impact First Australians social and economic welfare in a very positive way. Like most Indigenous Australians—indeed all Indigenous peoples around the world studied thus far—he is group oriented and looks towards improving the entire Indigenous community collectively, not just himself personally.

He also offered the following advice for any budding Indigenous entrepreneurs.

“When it gets tough, remember why you do what you do. For every setback and for every win, practice an attitude of gratitude because there is always a lesson to be learned. Even on the days when all you can be grateful for is that you woke up.”

COMPARISONS AND ANALYSES

All the subjects profiled in this set were not from very impoverished or dysfunctional backgrounds, although none of them were from very advantaged or affluent ones. They came from both urban and rural backgrounds. It is evident that all of the entrepreneurs and/or business leaders are connected to their Indigenous identities, although some seem more so than others. Scott and Trent Young started a business that has been identified as an Indigenous business, but they do not capitalize on Indigenous identity or products/services to succeed. As mentioned before, however, there is evidence that Indigenous businesses that don't simply focus on Indigenous identity are more profitable overall, most likely attributed to a wider market that is not niche-focused.

However, there are some businesses that focus on Indigenous identity but don't only market to Indigenous people. For example, Dion Devow's Indigenous clothing company promotes Indigenous designs in their products to sell to all Australians, and as a means to bring Indigenous and non-Indigenous Australians together. Luke Briscoe's purpose is not to market Indigenous products *per se*, but to get more Indigenous people into the STEM fields. Lenny O'Meara and Josie Alec focus on harvesting and cultivating fruit and other food products that grow naturally on Indigenous territories. So, they are adding value to an existing product that grows naturally and they sell it to the wider market. The other entrepreneur that worked in a "traditional" Indigenous one was Steven Satour who worked in the growing field of immersive Indigenous cultural experiences geared to tourists and visitors. So, he has chosen a field that taps into the booming tourism industry in Australia. This is like New Zealand where some profile subjects also focused on the tourism market.

It should also be mentioned that most of the entrepreneurs had positive role models, especially from past relatives, who focused on hard work and education. Scott and Trent Young both came from disciplined sports and were highly educated in engineering and business school. Luke Briscoe had a strong science background and Dion Devow almost pursued a career in IT. These are all younger entrepreneurs who are tapping into young fields, interests, and markets, just like any entrepreneur of another cultural background.

Like all Indigenous entrepreneurs studied so far, Indigenous Australian entrepreneurs are very community and family-focused. They are "kinship" focused so they are keenly interested in raising up their community and family at the same time as they build their businesses. As noted above from the study, Indigenous businesses in Australia—like other Indigenous businesses in other countries—tend to hire other Indigenous people. They want to increase the socio-economic welfare of their community. This can be helpful as a spinoff effect of increasing Indigenous entrepreneurship in that it will help raise the entire community.

CONCLUSIONS

Indigenous Australians are indeed playing a much larger part in the Australian economy, however not as much as the Maori do in New Zealand. Although the rates of Indigenous urbanization between Australia and New Zealand are similar, there is a much higher proportion of Indigenous Australian people living on their traditional rural homelands, where those living there are the poorest of the poor because they remain in sub-optimal locations and locked out of the modern economy through paternalistic land restrictions and antiquated regulations, similar to reserves and reservations in Canada and the United States, respectively. Australia, unlike New Zealand does not have large land settlements, assets, and investments that the Maori in New Zealand use to leverage the New Zealand economy. Indigenous Australians also lag behind New Zealand and the other countries in the study in terms of educational achievement. All of these factors act as impediments to Indigenous entrepreneurship. The good news is Indigenous Australians are tapping into the modern economy by stressing fields they are strong in, such as traditional plants and tourism experiences. Younger entrepreneurs, as we see in the study, focus on growing fields such as STEM fields and IT, as well as Indigenous clothing lines. It needs to be said that in order to truly capitalize on these fields, however, these young Indigenous Australian entrepreneurs more often than not have to relocate to larger centres to tap into larger markets and economic opportunities.

Federal procurement (which was mentioned much earlier) is also a large part of growing Indigenous entrepreneurship. It seems that this policy should continue as a means of allowing Indigenous Australian firms to enter and compete in the wider market. However, Indigenous Australian businesses should aspire to compete on a level playing field with non-Indigenous businesses and should ultimately move away from procurement and lay-asides.

In closing, Indigenous entrepreneurs in Australia—like in other Indigenous peoples studied in this series—are well positioned, barring any significant pro-business reforms (such as private property rights on Indigenous lands), to enter the economy in a bigger part as they get more educated and become more urbanized. Many of them are not satisfied living in the poverty and dysfunction they see in their communities and seek remedy and opportunity off the homelands. These entrepreneurs are finding no contradiction between a strong Indigenous identity and being successful in the modern economy. In fact, many find success by tapping into that. Also, Indigenous entrepreneurs can help each other by their strong cultural belief in helping their community and family. By adopting entrepreneurship, Indigenous Australians are better able to help themselves, become economically independent, and escape the passive welfare dependency culture.

ENDNOTES

1. Charles Jacobs. *Risky Business: The Problems of Indigenous Business Policy*. Report. Centre for Independent Studies, 2018, 1.
2. *Ibid*.
3. *Ibid*, pg. 8.
4. *Ibid*, pg. 7.
5. *Ibid*, pg. 7.
6. *Ibid*.
7. *Ibid*, pg. 5.
8. *The Contribution of the Indigenous Business Sector to Australia's Economy*. Report. PricewaterhouseCoopers Consulting (Australia).
9. Charles Jacobs. *Risky Business: The Problems of Indigenous Business Policy*. Report. Centre for Independent Studies, 2018, 5.
10. *Ibid*.
11. *Ibid*, pg. 6.
12. *Ibid*.
13. *Ibid*.
14. *Ibid*.
15. *Ibid*.
16. *Ibid*, pg. 8.
17. *Ibid*, pg. 10.
18. *Ibid*, pg. 9.
19. *Ibid*, pg. 10.
20. *Ibid*.
21. Helen, Hughes, Mark Hughes, and Sara Hudson. *Private Housing on Indigenous Lands*. Report. Centre for Independent Studies, 2010, 7.
22. *Ibid*.

BIBLIOGRAPHY

- Hughes, Helen, Mark Hughes, and Sara Hudson. *Private Housing on Indigenous Lands*. Report. Centre for Independent Studies, 2010.
- Jacobs, Charles. *Risky Business: The Problems of Indigenous Business Policy*. Report. Centre for Independent Studies, 2018
- The Contribution of the Indigenous Business Sector to Australia's Economy*. Report. PricewaterhouseCoopers Consulting (Australia).

