



ASIC

Australian Securities & Investments Commission

Increasing the Commercial Capacity of Remote Indigenous Organisations: Workshop Report

This report summarises the discussions held at a workshop convened by the Australian Securities and Investments Commission (ASIC) and the Northern Territory Government, with the support of CPA Australia, on 4 September 2012 in Darwin.

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Executive summary

On 4 September 2012, a group of approximately 60 professionals from a range of backgrounds (including business, government, academia, Indigenous commerce, small business and not-for-profit organisations) came together at a workshop jointly convened by the Australian Securities and Investments Commission (ASIC) and Remote Industry Development – then the Department of Business and Employment (since renamed Department of Business). This workshop was dedicated to examining best practise in building capacity and ensuring sustainability of Indigenous organisations in the bush.

This workshop follows one convened in July 2011, which explored financial and commercial literacy programs for Indigenous communities. A key outcome of this workshop was the need to continue to work collaboratively across all key stakeholder groups – government, industry, service providers, Indigenous organisations and local communities.

The workshop was structured to reflect the insights of experts in the field of governance, corporate structure, education and business support who presented on the day, and on the workshop discussions.

There is a need to develop and refine a more coordinated effort for program delivery. This report summarises some of the key issues and makes suggestions about how better coordination could occur in the 2013-14 financial year.

The conveners of the workshop gratefully acknowledge the input and ideas from individuals who attended the workshop. The conveners also acknowledge the role of Vinita Godinho, a PhD candidate at Royal Melbourne Institute of Technology (RMIT) University, who assisted with the writing of this report.

If you would like to comment on, clarify or add to the summary points in this report, please contact Duncan Poulson on email Duncan.Poulson@asic.gov.au.

Section A: Background

Indigenous Economic Development Strategy 2013-2020

In October 2009 the former Northern Territory (NT) Labour Government launched a second Indigenous Economic Development Strategy 2009-2012 aimed at supporting initiatives under the National Partnership Agreement on Remote Service Delivery and Economic Participation. The strategy focused on improving employment options for Indigenous Australians, and on fostering business development opportunities, aiming for 200 new Indigenous businesses to be established by 2012. However, it is estimated that the then Department of Business and Employment (DBE), Tourism NT and Indigenous Business Australia assisted 91 new Indigenous businesses during this period and the businesses were almost entirely located in the NT's urban centres. Only 120 Indigenous Territorians identified that they were self-employed at the time of the 2011 census, compared to 3820 non-Indigenous Territorians.

In June 2013 the current Northern Territory Country Liberal Government launched the draft Indigenous Economic Development Strategy 2013-2020 consultations. This draft strategy sets the context and principles for Territory Government outcomes over the long term and aims to strengthen the Territory economy and identify opportunities to create local jobs through business development to empower regional communities.

The draft strategy sets three strategic directions with key actions:

- Focus on including Indigenous Territorians in the opportunities provided by the three hub areas of mining and energy, tourism and education, and food exports
- Work with interested Indigenous Territorians to connect with business opportunities at the local, regional, national and global level; and
- Build the capacity of interested Indigenous Territorians to establish and maintain sustainable businesses.

In relation to the third dot-point above, the draft Indigenous Economic Development Strategy 2013-2020 commits to:

1. Support pathways to business development and sustainability including capacity building such as access to business planning, mentoring and industry accreditation;
2. Work with relevant agencies to ensure Indigenous Territorians can benefit from mainstream business support programs; and
3. Collaborate with other government agencies (at all levels of government) and peak non-government bodies to develop coherent and comprehensive support programs for Indigenous entrepreneurs and businesses.

The draft strategy will use measures of household and personal weekly income, and numbers of Indigenous businesses to monitor overall progress. It is anticipated that the final strategy will be launched at the 6th Indigenous Economic Development Forum in Alice Springs on 21 and 22 October 2013. The Forum theme is "Taking Care of Business" and further information can be found at www.ied.nt.gov.au.

Indigenous Financial & Commercial Literacy Working Group

In 2011 the Northern Territory (NT) Government's Department of Business (DoB) convened a cross agency working group, to oversee a collaborative, place-based approach to improving financial literacy in remote communities.

Membership was comprised of:

Department of Business (DoB) (formerly Department of Business and Employment (DBE))
Australian Securities and Investments Commission (ASIC),
Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)
Traditional Credit Union (TCU)
Department of Education and Training (DET)
Department of Education, Employment and Workplace Relations (DEEWR)

The working group focused on communities in Arnhem Land which had expressed a strong interest in developing commercial literacy skills – that is an understanding of money flows and commercial concepts necessary to establish and build small businesses.

One of the first initiatives of this working group was to bring together key financial and commercial literacy stakeholders across the Northern Territory at a workshop in Darwin on 19 July 2011. The objective of the workshop was to share learnings and best practice in engagement, delivery, and measurement of financial and commercial literacy in Indigenous communities. A report on the outcomes of that workshop can be found at:

www.financialliteracy.gov.au/media/327129/indigenous-communities-darwin-workshop-report.pdf

The 2011 workshop heard that financial and commercial literacy services in remote towns in the Northern Territory are currently delivered by a range of providers, in various formats to various groups via largely self-regulated programs.

A clear message from the workshop was the need for improved collaboration and coordination between all those involved in commercial and financial literacy work. The report made some recommendations about the way forward and some new initiatives, such as the Gadupu project in Milingimbi, (see report below) were trialled in 2012.

Case Study: Cross Agency Collaboration, with Gadupu Indigenous Corporation Galiwin'ku and Milingimbi – pilot project.

The then Department of Business initiated the development of a new approach to delivery small business courses. It contracted a consultant from Two Way Communication (TWC) with a teaching background to run a pilot in Milingimbi and Galiwin'ku, which were designed in consultation with the community's leadership group.

The projects took participants on a journey of thinking about what products they could sell to their community and running a pilot stall which made a small profit. The approach embedded commercial concepts in practical learning. The key innovation of the model was the inclusion of foundational financial literacy learning that enabled people to better understand the commercial considerations necessary to run a business. This process included the 'two way' development of a commercial vocabulary in the Arnhem language of Yolngu to enable people

to more deeply engage with concepts that were alien to their economic culture. The development of this shared communication tool underpinned the pilot's effectiveness.

Some of the pilot participants were members of a local but inactive organisation called Gadupu. The course gave them the confidence and skills to activate the organisation and conduct their own feasibility study to grow into a training organisation supported by TWC. DoB, DEEWR and FaHCSIA worked together to provide funding for a number of further initiatives to support Gadupu including a commercial literacy course for local youth and the development and delivery of a cultural awareness course to government workers.

Gadupu members now deliver a Cultural Awareness Course to visiting workers regularly in Milingimbi. The future success of Gadupu, however, will be reliant for some time on government agencies or other organisations funding Gadupu members to expand their services and build their capacity to run a business. Funding, however, is inconsistent and this was acknowledged by the 2012 workshop as a major hurdle for any small remote small businesses to build capacity and sustainability.

Section B: Overview of the workshop

On 4 September 2012, ASIC and the Department of Business again brought together experts from the fields of governance, corporate structure, education and business support for a second workshop, this time with a focus on commercial capacity. The objective of the workshop was to examine best practice in building capacity and ensuring sustainability of Indigenous organisations in the bush.

Some speakers (Hugh Lovesy, Iain Summers, Ilana Eldridge, Alastair King) provided examples of how local people were owning and running their own businesses.

Other speakers (Gillian Dadswell, Rosalyn Ruluminy, Vinita Godinho, Clinton Hoffman, Shane Thornton and Stuart Reid) discussed what skills and information service providers (including government agencies, accountants, managers and other support services to Indigenous enterprise) needed to provide to assist remote businesses achieve sustainability.

Workshop agenda

Given the broad range of topics to be explored, the agenda of the workshop included three themed sessions with experts from a number of fields presenting at each session:

Education

Session 1: Commercial Capacity - Gillian Dadswell, Rosalyn Ruluminy (Two-Way Communications, Gadupu Aboriginal Corporation)

Session 2: The Money Story System – Hugh Lovesy (Little Fish)

Session 3: What constitutes commercial capability – Vinita Godinho (PhD candidate, RMIT University)

Governance, building better boards

Session 4: Remote Governance – Iain Summers (Governance Trainer, Director – TCU & MG Corporation)

Session 5: NGO to commercial entity – Ilana Eldridge (CEO Larrakia Nation Aboriginal Corporation)

Session 6: ALPA governance & sustainability – Alastair King (CEO ALPA)

Session 7: Evaluating programs – Warren Bretag (CEO OT3)

Supporting start-ups, mentoring, minimising risk

Session 8: Supporting start-ups, mentoring clients – Clinton Hoffman (Ambrose Solutions)

Session 9: Accountants & mentoring – Shane Thornton (KPMG)

Session 10: Managing companies in financial difficulty – Stuart Reid (Meertens Chartered Accountants)

A summary of the key highlights from each presenter is contained in the next section. These sessions were followed by a panel discussion facilitated by Michelle Crowther (Department of Business). The speakers participating in this panel discussion were Heidi Williams (Department of Regional Development and Women's Policy), Toni Ah Sam (NT Indigenous Business Network) and John McLaren (Business Affairs, Department of Justice).

Participants were invited to respond to specific questions and share real-life examples based on their own experiences, and their learnings with the broader audience. The very robust discussions that ensued were a testament to the keen interest generated by this workshop. There were also ample opportunities provided for participants to network and establish key relationships.

Section C: Key themes from presenters

Education

Session 1: Commercial Capacity – Gillian Dadswell and Rosalyn Ruluminy (Two-Way Communications, Gadupu Aboriginal Corporation)

There are many commercial capability building programs, but what educators may not realise, are the knowledge gaps that exist in Indigenous communities, relating to financial and commercial matters as a whole. Gillian Dadswell talked about the gaps of understanding in knowledge, skills and behaviour that exist in Indigenous communities, that non-Indigenous people may not be aware of. Two-Way Communications recently completed a 3 month study which investigated knowledge gaps in understanding of business concepts in Yirrkala and Galiwinku. Information was also gathered from consultation with Yolngu workers and non-Indigenous service providers in Milingimbi.

Gillian provided several examples of differences in the way commonly used commercial and financial ‘language’, can be understood very differently by Indigenous and non-Indigenous people. For example, the Indigenous participants studied did not distinguish between business money and personal money. They assumed that a business would allow them to earn a regular income, similar to paid employment and did not understand the full extent of ‘hidden’ costs that are associated with running a commercial enterprise. A common misunderstanding was also that business income did not have any relevance to Centrelink entitlements.

However, Indigenous elders have consistently had a strong belief in self-determination and empowerment. Rosalyn Ruluminy then explained how this inspired the establishment of Gadupu Aboriginal Corporation, which is now providing cross-cultural training to both Indigenous and non-Indigenous participants. Their long-term ambition is to be a Registered Training Organisation (RTO) offering a range of training services.

Learnings from this session:

- Indigenous people must themselves determine what they want to achieve, and how they plan to do so. If they need help, they will ask for it themselves.
- Relationship building is the building block of Indigenous commercial aspirations – this applies both within the community (combat lateral violence and work together) and for engagement with non-Indigenous stakeholders (collaborate and be prepared to learn both-ways)
- Communication is an essential component of cultural understanding – this also applies to commercial capability building programs, which must ‘fill in the gaps’ in Indigenous understanding, in ways that are respectful to Indigenous preferences.
- Language is a very important part of communication - talking does not necessarily equal to understanding. Educators must be conscious of using language that makes sense both-ways i.e. to both Indigenous and non-Indigenous listeners.

Session 2: The Money Story System – Hugh Lovesy (Little Fish)

Hugh Lovesy’s Money Story System aims to help organisations establish a ‘common language’ for financial and commercial knowledge, so that these concepts can be talked about in a way

that both Indigenous and non-Indigenous listeners can understand. Through his long experience with working with Indigenous organisations, Hugh has found that although good financial management is a high priority for them all, the level of education and skill levels can vary across remote communities.

The Money Story System builds on Indigenous protocols for good communication and understanding, which include story-telling, using visual cues as ‘memory hooks’, action-based learning and clear thinking. Admittedly Indigenous businesses face many cross-cultural barriers, but they can learn from the experiences of their mainstream counterparts, particularly family-owned businesses, which have a similar objective of providing for the wider family.

In order to succeed, owners must be passionate about their businesses – it is also important to focus on quality before quantity and the vital role of information, feedback and continuous improvement. The Money Story System is a financial reporting tool that enables owners to do this effectively, by fully understanding and taking control of the ‘money’ that flows through their business.

Learnings from this session:

- The best results are obtained when non-Indigenous educators work collaboratively with Indigenous business owners to enhance commercial capability - never forget though, that the people are the owners of the business.
- Commercial capability building programs should build from what people are familiar with. Make things relevant, interesting and inspiring.
- Local conditions matter - it helps to establish general deep-level principles, and use graphics to present information in a flexible way, suitable to specific local conditions.
- Start building towards the following key ideas from day one - have simple clear targets so that everyone knows if things are going well or badly, establish graphical and plain English equivalents for key concepts that are vital for the owners to understand (eg. Profit is not the same as having cash to spend).

Session 3: What constitutes commercial capability - Vinita Godinho (PhD Student, RMIT University)

In the last decade, there has been substantial academic research on ‘financial’ capability undertaken in UK / US – however there has not been much research on how these frameworks and concepts apply to Indigenous Australia. Moreover, there is no agreed definition of ‘commercial’ capability as a concept. Vinita’s talk focused on how existing academic frameworks can be applied to Indigenous understanding of money, and whether ‘commercial’ capability can also be understood using these frameworks.

A key learning from globally-accepted financial capability frameworks, is that an individual’s financial capability is built on three components – knowledge and understanding, skills (i.e. the ability to apply knowledge and understanding) and attitudes including confidence with finances. In order to enhance financial capability, program design must take all of these elements into account, not just focus on the provision of education and information.

Vinita explained how she has used frameworks developed in primarily ‘Western’ (i.e. non-Indigenous) economies, to explore Indigenous Australians’ understanding of money, and the important role that culture plays in their world-view. She also suggested how the financial

capability frameworks could be extended to encompass 'commercial' capability, and concluded that there is a good fit between this extended framework, and the learnings from her PhD fieldwork to date. She invited the audience to also provide feedback based on their own experiences, as to the relevance and 'usability' of these frameworks.

Learnings from this session:

- There are strong parallels between 'financial' and 'commercial' capability, in the context of Vinita's ongoing research on Indigenous Australians' understanding of money.
- Commercial capability building programs must address all three building blocks of capability i.e. knowledge and understanding; skills and attitudes.
- Indigenous people have their own way of 'understanding' and 'learning about' finance and commerce, which are valid and relevant to their lifestyles. These ways of knowing may well differ from commonly-used constructs and language in the mainstream world.
- Educators must acknowledge Indigenous knowledge and understanding, and design programs that connect to, and build on this existing knowledge.

Governance, building better boards

Session 4: Remote Governance – Iain Summers (Governance Trainer, Director – TCU, MG Corporation)

Iain talked about his experience with governance in Indigenous organisations, particular his role as a Director on the Board of the Traditional Credit Union (TCU), a fully Indigenous-owned APRA-regulated credit union which has been functioning since 1994.

Governance is not a new concept for Indigenous organisations or even the wider Indigenous community. In fact, governance is even more important for the latter, since Indigenous owners must comply with 2 laws – the mainstream 'government' law, and traditional Indigenous law.

These two 'laws' do not always overlap – the understanding of governance in mainstream, Australian government-regulated law is different to traditional Indigenous understanding. Indigenous law is based on traditional understandings of relationships and moiety, and the obligations that arise from these. It has been in place for thousands of centuries, unchanged and handed down intact from one generation to the next, through story-telling and traditional cultural events such as ceremony.

The mainstream 'government-regulated' law on the other hand, is a complex system of ever-changing legislation, based loosely on British common law. Indigenous people find this 'white-fella' ceremony / law to be confusing, complicated and continuously changeable. The result is that they feel 'disconnected' from this law – however, whenever they try to engage with the mainstream world, they are instructed to leave their own traditional law 'at the doorstep' and comply instead with the mainstream law.

The challenge, according to Iain, is to be able to make sense of both the world-views of 'law'. Look for similarities instead of differences, and it is possible to 'build a bridge' between the two different views of governance.

Learnings from this session:

- Indigenous people have a strong traditional understanding of governance including acting in the best interests of other people ('equity' law), how to survive in harsh conditions ('risk management') and controlling individual greed ('collective governance').
- A possible problem area is conflicts of interest – the complex rules governing individual roles and obligations based on relationships and moiety can create tensions that are not readily understood by the mainstream law.
- TCU has established a governance model that straddles the two worlds – Indigenous and non-Indigenous, and others can learn from their experience.
- The key to success is collaboration and cross-cultural understanding including mutual respect.

Session 5: NGO to commercial reality – Ilana Eldridge (CEO Larrakia Nation Aboriginal Corporation)

Larrakia Nation Aboriginal Corporation (LNAC) is the representative body of the traditional owners, the Larrakia people, which is also provides major service delivery to the region. LNAC has recently evolved from being a purely not-for-profit organisation, to one that is pursuing six commercially viable activities. Of an annual turnover of AUD\$8million, 40% is self-generated. The intention is to be fully sustainable in the long-term and cross-subsidise not-for-profit activities that might otherwise not receive sufficient funding.

Two key planks of the LNAC strategic plan, are strong governance and capacity building. LNAC is regulated by the Office of the Registrar of Indigenous Corporations (ORIC) and compliant with the Corporations (Aboriginal & Torres Straits Islander) Act 2006 (CATSI). It has a broad base of Larrakia members (500+) who elect family representatives to the Board.

The majority (80%) of LNAC staff across 8 locations, are Indigenous. Also, LNAC tries to ensure that all its programs are managed by local Indigenous people – those programs that are unable to source Indigenous managers have a succession plan in place, that will eventually see Indigenous people managing their own affairs.

As referred to by previous presenters, Ilana's experience has shown her that governance and commerce are not new concepts for Indigenous people. Given the right resources and assistance, the community can successfully take control of its own destiny and straddle both the 'world-views' that Iain also spoke of. Help received during a recent episode of financial difficulty has enabled LNAC to re-assess its strategic priorities, and successfully steer itself out of a difficult situation, onto a path of growth.

Learnings from this session:

- Good governance and commercial viability are principles which Indigenous organisations strive for. They may need some assistance in order to set these up in a business context, but should be empowered to take control themselves.
- Failure is not necessarily a bad experience - a crisis can help you to refocus on what is really important and prioritise available resources accordingly.
- LNAC has successfully evolved from a community-based organisation to a viable commercial entity – others can learn from their experience.

Session 6: ALPA governance & sustainability – Alistair King (CEO ALPA)

Alistair built on the learnings referred to in Ilana Eldridge's session. The Arnhem Land Progress Aboriginal Corporation (ALPA) is a 'public benevolent institution' (PBI) with an annual turnover of AUD\$75m. ALPA returns AUD7.1m to the Indigenous community through wages, program and service delivery.

Geographic isolation, harsh conditions and non-availability of essential goods and services means that delivering services in a remote environment can cost many times more than it does in a regional or urban context. For example, it recently cost ALPA AUD\$800k, to establish a single take-away store in a remote community.

A disturbing trend in remote service delivery is a move away from Indigenous participation – in the 1970's, almost 80% of the labour was provided by Indigenous people, but this has now dwindled to a mere 20%. There are many reasons why – these include cultural obligations, lower literacy, numeracy and trade skills, inability to retain staff in remote locations etc.

ALPA offers a range of 'corporate benevolent' services such as medical escort, funeral services, education for students in higher-education locations, credit advisory programs, interpreting legal language and contracts etc. and has a strong governance model which its Board of Directors comply with.

It is important to build the capacity of remote Indigenous community members to take on leadership positions such as Directors on Boards of Indigenous organisations. This is a key priority for ALPA and they have offered several capacity building programs to their members.

Learnings from this session:

- Delivering quality services in a remote location is much more expensive than in regional or urban locations, so program costings should adequately provide for this.
- Capacity building is an essential prerequisite for Indigenous people in remote communities to exercise good governance and succeed in commercial enterprise.
- ALPA has established and delivered many successful capacity-building programs and other organisations can learn from their valuable experience.

Session 7: Evaluating Programs – Warren Bretag (CEO OT3)

OT3 is an Indigenous-owned organisation that is specialising in building cutting-edge tools that equip people (both Indigenous and non-Indigenous) to participate meaningfully in the 'real' economy. It facilitates cross-cultural dialogue and understandings by offering a range of programs and tools.

Warren spoke about the importance of evaluating existing capacity building programs – these provide the evidence that is crucial to influence policy and for the continuous improvement of existing programs. However, evaluation methods must build on the existing understanding and knowledge levels of the participants of these programs – otherwise the evaluation process might well just be a 'form-filling' exercise that does not provide any meaningful data.

OT3 has developed a unique method of community-based program evaluation, that allows the evaluator to flexibly capture user feedback. This is called 'Sentinel' reporting and it works by allowing program-designers to directly capture user feedback at the point of service delivery.

Learnings from this session:

- Program evaluation is an important component of overall program design and must make sense to both the program deliverers and the participants.
- If program evaluation is designed in consultation with the intended participants, they are more likely to provide regular feedback.
- Evaluation does not need to be an additional activity to be performed 'after' the delivery of the required service – it can be seamlessly integrated into the service delivery proposition itself, so that the participants can offer direct feedback.

Supporting start-ups, mentoring, minimizing risk

Session 8: Supporting start-ups, mentoring clients – Clinton Hoffman (Ambrose Solutions)

Clinton described how he came up with the idea for 'Walkabout your Business', which provides intensive business skills development to entrepreneurs, over six programs which are aligned to the six stages of a typical business lifecycle. Thanks to specific funding support from the Commonwealth Bank (CBA) and the Department of Education, Employment and Workplace Relations (DEEWR), Ambrose Solutions have customised this program to be delivered for Indigenous entrepreneurs.

There are 756,000 small to medium enterprises (SMEs) in Australia, and an average 10,000 new businesses being registered each month. In keeping with the trend across Australia, more Indigenous people are wanting to set up their own businesses. However, a significant proportion (80%) of new businesses cease to operate within the first five years.

Setting up a new business requires a combination of education, financial literacy and access to appropriate funding. Indigenous entrepreneurs face specific challenges which other SMEs may not, including the cultural obligation to share, lack of business networks and business relationship constraints.

However, programs can be customised to take these challenges into account, and also focus on key enablers for Indigenous entrepreneurship, which have been found to be supportive parents, business mentoring and ensuring a close and practical role for women.

'Walkabout your Business' is a business capacity building program which accommodates people with little or no formal education, through their use of visual tools such as mentoring mats, and story-telling. Their workshops focus on empowering the participants, within a mentoring model which delivers both individual and ongoing, often long-term mentoring. Typically by the end of the program, participants own and understand their own business plans and financials, which they can then put into action themselves.

Learnings from this session:

- Running a successful commercial enterprise requires many skills – Indigenous entrepreneurs are often the first generation to try running a business and need targeted assistance
- Visualising the steps to be taken in order to create a viable business helps Indigenous entrepreneurs to plan ahead and control their own destiny
- Mentoring and networking are at least as effective as the 'education' component of the program – participants report maintaining their cohort network well after the end of the formal program

Session 9: Accountants & mentoring – Shane Thornton (KPMG)

Shane discussed the role of accountants in assisting and mentoring Indigenous organisations. Indigenous corporations need support and capacity development in managing the corporation's affairs and not only in the governing of corporations. Shane described KPMG's work with Jawun Indigenous Corporate Partnerships, where KPMG employees are seconded to Indigenous organisations via Jawun, to assist them in practical ways through secondments lasting 4 – 6 weeks. Since 2007, more than 100 KPMG secondees have completed 4 – 6 week secondment opportunities in multiple locations including Cape York, Central Coast NSW, East Kimberly, Redfern and Shepparton. These secondment opportunities are proving to be very popular, and both the secondees and the Indigenous organisations learn from each other.

Shane also talked about governance, in particular the role of the Board and responsibilities of Board Directors. Good financial governance can help prevent an organisation from heading into strife and ultimately administration, but should this occur, this is not necessarily the end. Given the right advice and support, organisations can learn from their mistakes and turn their focus instead into making improvements, so that they can add more value.

Learnings from this session:

- It is important that Board Directors, executive management and other organisational staff, acquire skills and competencies in business management. These skills will help them perform their duties competently and fulfil their governance responsibilities.
- Governance is not a dirty word, nor the sole concern of Board Directors. Executive management and staff are equally responsible for governance, just as Board Directors are also responsible for sound business strategy.
- Cross-sectoral partnerships such as the ones brokered by Jawun Indigenous Corporate Partnerships, are invaluable for two-way learning between Indigenous and non-Indigenous businesses.

Session 10: Managing companies in financial difficulty – Stuart Reid (Meertens Chartered Accountants)

Stuart talked about the challenges involved in managing companies facing financial difficulties and the causes of business failure. The reasons that businesses fail are common to both Indigenous and non-Indigenous entrepreneurs, though Indigenous people can face additional challenges. He used examples from his experience as a liquidator and / or special administrator of several Indigenous businesses, to provide an overview of corporate failure, the causes and how to plan to avoid failure, in an Indigenous context.

Both the management and the Board of an organisation have key roles to play, in ensuring corporate success. Failure is not necessarily the end of the road, as the management and Board can work together to turnaround a business. Stuart referred to a research paper released by the Office of the Registrar of Indigenous Corporations (ORIC) titled 'Analysing key characteristics in Indigenous corporate failure'. The purpose of this paper was to examine whether there is any truth to a perception that certain aspects of Indigenous sociality (eg. kinship, time orientation, consensus decision making, putting family needs first etc.) inhibit effective corporate governance.

This study concluded that poor management and poor corporate governance was the major cause of failure of organisations, irrespective of whether or not they were Indigenous-owned. The study also found that a significant proportion (over 40%) of the Indigenous corporations which failed, were returned to members after external administration – this increased to 70% when liquidation-only cases were excluded.

Three common symptoms of corporate failure were the failure to produce financial accounts, not holding annual general meetings and poor record-keeping. Early external intervention is important and effective, and Indigenous corporations need support and capacity development in managing the corporation's affairs, not just in governance matters. Stuart shared some case-studies which further examined these findings.

Learnings from this session:

- A majority of Indigenous (and mainstream) corporations fail because of poor management or poor corporate governance;
- Common downfalls of managers and directors include failing to adequately match corporation's resources to its environment and goals; inability to accept advice, failure to anticipate threats, risk seeking / aversion, apathy, and lack of commitment;
- Common symptoms of corporate failure are poor financial accounts, not holding annual general meetings and poor record keeping of members' records;
- Early external intervention in Indigenous corporations exhibiting poor corporate governance and management issues or potential insolvency is important and effective;
- Many Indigenous corporations are returned to members' control after a period of external administration.

Conclusion

This report summarises some of the key issues, questions and suggestions flowing from the workshop. These will be used to continue to develop and refine a more coordinated effort for program delivery. Sustainable Indigenous inclusion will require a multi-disciplined, cross-sectoral approach i.e. government, industry, academia, not-for-profit and the community must work together, in order to achieve success. It is vital to keep the collaborative dialogue open, so that stakeholders can continue to share learnings, synergise efforts and reduce duplication and waste.

Noel Pearson contends that socially disadvantaged people do not have 'networks of opportunity' – that is networks in the private and professional sectors that advantaged people use every day and take for granted. He also warned that partnerships with government alone become welfare traps (The Weekend Australian 11-12 May 2013). As the presentations, initiatives and discussions at this workshop illustrate, cross-sectoral and multi-disciplined networks and opportunities do exist in the Northern Territory, and can be accessed by Indigenous Territorians seeking to establish and maintain sustainable businesses. All of the presenters in this workshop (and many of the participants) are actively playing a role in building the capacity of Indigenous businesses.

A key take-away message from the workshop was that no single organisation or entity can hope to achieve best practice on its own, and that greater and ongoing collaboration is required across sectors interested in remote economic development. All stakeholders including the community, government, industry, non-profits, service providers and academic researchers, expressed a desire to continue to play a role in sharing learnings and keeping the dialogue flowing.

The Working Group can play a role in facilitating ongoing collaboration between stakeholders and supporting similar initiatives such as the Indigenous Economic Development Field Officers Network and NT Indigenous Business Network meetings. One aim could be to hold regular 'networks of opportunity' events with the purpose of strengthening the links between Indigenous enterprises and government, private and professional sectors who are committed to seeing the establishment and maintenance of sustainable businesses in remote communities. The main purpose of these meetings, apart from the sharing of information, will be to encourage participants to look at what their organisations are contributing and what more they could be contributing.

A further message from the workshop was that current support for remote businesses may not include the foundational learning necessary for people in remote communities to engage in the commercial concepts necessary for small business. In 2013-14, the Working Group will be focussing on raising awareness of the need for this 'two-way' capacity building to be included in small business program support currently delivered to communities.

Appendices

Appendix 1: National Financial Literacy Strategy

In March 2011, ASIC released a strategy for the development and delivery of initiatives to improve the financial literacy of all Australians and enhance their financial well-being. It is a framework for many agencies and organisations working in partnership. The strategy was prepared after considerable research into what Australians know and don't know about money matters and what we do and don't do in this area. The strategy identifies that Indigenous Australians are one group that are most in need of financial literacy assistance. The strategy is a living document that is being publicly reviewed and consulted on in 2013. To download a copy of the strategy, go to www.financialliteracy.gov.au

Appendix 2: Indigenous Economic Development Strategy 2011-2018

This Strategy, released by FaHCSIA on 19 October 2011, is the Government's map for achieving the long term vision of increased economic participation of Indigenous Australians, by which they can fully share in the financial and social benefits of employment and a strong economy. The Strategy sits within the Government's broader 'Closing the Gap' agenda and includes the following key:

- to strengthen foundations to create an environment that supports economic development;
- to invest in education;
- to encourage participation and improve access to skills development and jobs;
- to support the growth of Indigenous business and entrepreneurship; and
- to assist individuals and communities to achieve financial security and independence by increasing their ability to identify, build and make the most of economic assets.

Appendix 3: Other opportunities for NT stakeholders to share learnings and collaborate are as follows:

- The Department of Regional Development and Indigenous Advancement was established following the August 2012 Northern Territory elections, later renamed to the Department of Regional Development and Women's Policy. The Minister for Regional Development is the Hon. Alison Anderson, MLA. The department's role is to:
 - lead whole of government implementation of services delivered under the Stronger Futures and Remote Services Delivery National Partnership Agreements
 - coordinate whole-of-government Indigenous policy
 - build regional economies through enterprise development, job creation and infrastructure investment
 - provide interpreting and translating services to improve access to services for all Territorians.

The department's website is www.regionaldevelopment@nt.gov.au

- Indigenous Economic Development (IED) Forums are held biannually in the Northern Territory. The 6th Indigenous Economic Development Forum is being held in Alice Springs

on 21 and 22 October 2013. The Forum theme is "Taking Care of Business" and further information can be found at www.ied.nt.gov.au.

- The Indigenous Economic Development (IED) Field Officers Network was formed in late 2006. The network brings together people who work directly to increase the economic independence of Indigenous Territorians through identifying and supporting business and economic development opportunities and activities. Its members communicate directly with each other through email, and meetings are held around three to four times a year across the Northern Territory. The Department of Regional Development and Women's Policy supports the network. If you are interested in joining this network, please go to www.regionaldevelopment@nt.gov.au and complete the online membership application.
- The NT Indigenous Business Network (NTIBN) was formed in 2011. Its membership ranges from sole traders to major corporations. One of its objectives is to provide a representative voice for Indigenous-owned and operated businesses. Membership is open to both individuals and organisations. You can contact the NTIBN secretariat on email: NTIBN@hotmail.com or visit their website at www.ntibn.com.au.
- Indigenous Business Australia (IBA) offers free 'Into Business' workshops as part of its Business Development and Assistance Program. The workshops are designed to assist Aboriginal and Torres Strait Islanders to fully investigate and research their business ideas before taking the leap into business ownership. The three one-day, self-paced workshops are spaced over the course of several weeks. For more information about these workshops, please contact: Coby.Martin-Jard@iba.gov.au
- ASIC hosts a financial literacy 'community of practice' meeting on the last Friday of each month. This is a discussion forum with the purpose of strengthening the links between stakeholders who work on financial literacy issues, and to encourage rich discussion and the sharing of information between ASIC and stakeholders in the financial literacy area. ASIC has recently funded the development an online unit of work for year 9 students titled 'How Can I Start My Own Business?'. This unit has been developed to support teachers of Aboriginal and Torres Strait Islander students to build this consumer and financial literacy. The unit is linked to the Australian Curriculum and can also be used by non Indigenous students to enrich their knowledge of Aboriginal and Torres Strait Islander culture and history. The unit is available on the MoneySmart Teaching website (www.teaching.moneysmart.gov.au) under the heading Milba Djunga. For more information the Milba Djunga units or the community of practice meetings, please contact Duncan Poulson, NT Regional Commissioner, ASIC on email: Duncan.Poulson@asic.gov.au.
- CPA Australia has a team dedicated to supporting Indigenous students who aspire to a career built on accounting skills and to supporting economic development in their communities. The short term objective is to promote an understanding and interest in the work that accountants do. In the longer term the profession will support students studying accounting in a number of ways including mentoring and work placements. Having Indigenous accountants working in Indigenous businesses and communities will enhance the commercial capacity of remote Indigenous organisations. Further information can be found at www.cpaaustralia.com.au.
- The Department of Families, Housing, Community Services and Indigenous Affairs' (FaHCSIA) Northern Territory State Office has recently established a 'Business Intergrity Unit' to assist the Indigenous NGO sector in the delivery of Fahcsia and other government

programs to remote communities in the NT. The unit aims to reduce the risk of organisational failure by providing a more 'structured, strategic and systematic approach to capacity development'. For more information about the work of this unit, please contact Andrew Hewitt, Section Manager, Business Integrity Unit, FaHCSIA on email: Andrew.Hewitt@fahcsia.gov.au.

- FaHCSIA also hosts a Financial Management Support Services Workshop in Darwin and other states each year. These workshops are usually held in March. For more information about these meetings, please contact Brad Hopkins, Assistant Section Manager Money Management Services, Department of Families, Housing, Community Services and Indigenous Affairs on email: Brad.Hopkins@fahcsia.gov.au.
- The Office of the Registrar of Indigenous Corporations and the Australian Institute of Company Directors provide training for Indigenous directors and management committee members. Visit their websites (www.oric.gov.au and www.aicd.com.au) for more information.
- At a national level, the Indigenous Financial Services Network (IFSN) is a cross-sectoral collaborative network of key stakeholders dedicated to promoting Indigenous financial inclusion. Key priorities for IFSN are Indigenous financial literacy and assisting economic development. For more information about this group, visit Reconciliation Australia's website at www.reconciliation.org.au.

Appendix 4: List of workshop participants and contact details

The following table includes details for all participants who attended the workshop in Darwin on 4 September 2012.

Name	Position, Company/Organisation	Email
Organisers		
Michelle Crowther	Manager, Remote Industry Development, Department of Business	Michelle.Crowther@nt.gov.au
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Presenters		
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