

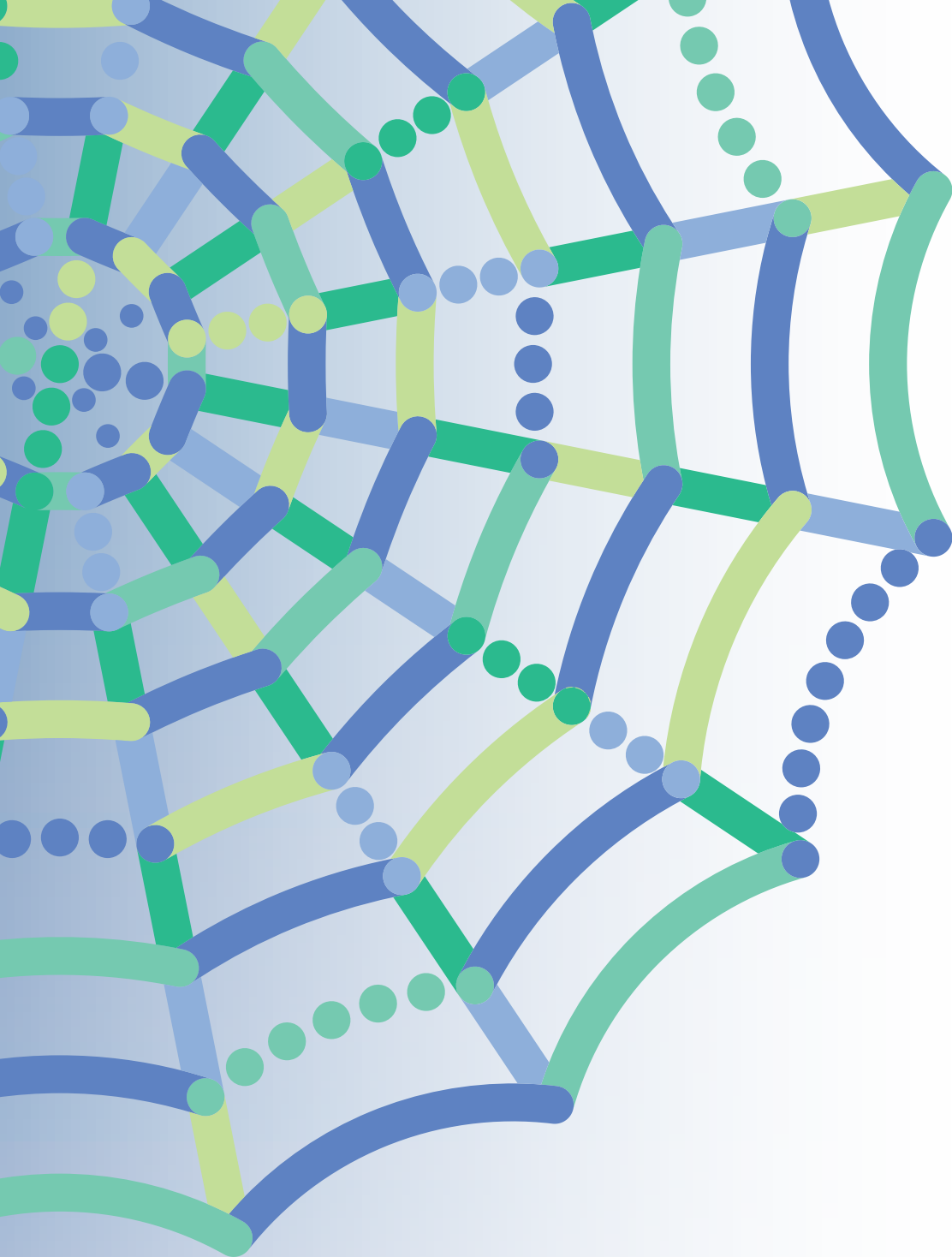


THE UNIVERSITY OF
MELBOURNE

Indigenous Business Sector

Snapshot 1.1





Citation:

Evans, M., Polidano, C., Moschion, J., Langton, M., Storey, M., Jensen, P., & Kurland, S.
(2021) *Indigenous Businesses Sector Snapshot Study*,
Insights from I-BLADE 1.0. The University of Melbourne.

<https://fbe.unimelb.edu.au/ibl/assets/snapshot/RFQ03898-M-and-M-Snapshot-Study.pdf>

ISBN: 978 0 7340 5654 2

Foreword

This report provides the Indigenous business sector with an update of the Sector Snapshot Study within months of its first iteration. We do this as a demonstration of our commitment to responsive and dialogic relations with the Indigenous business sector and sector stakeholders.

The additional work featured in this Snapshot Study 1.1 was conducted as a result of dialogue with the Indigenous business sector and sector stakeholders in April-May 2021. We have constructed a new table (Table 2) that shows the average of key Indigenous business characteristics by registry on page 11. The inclusion of this new table addresses the Indigenous business sector's interest in understanding its relative size across the four business registries.

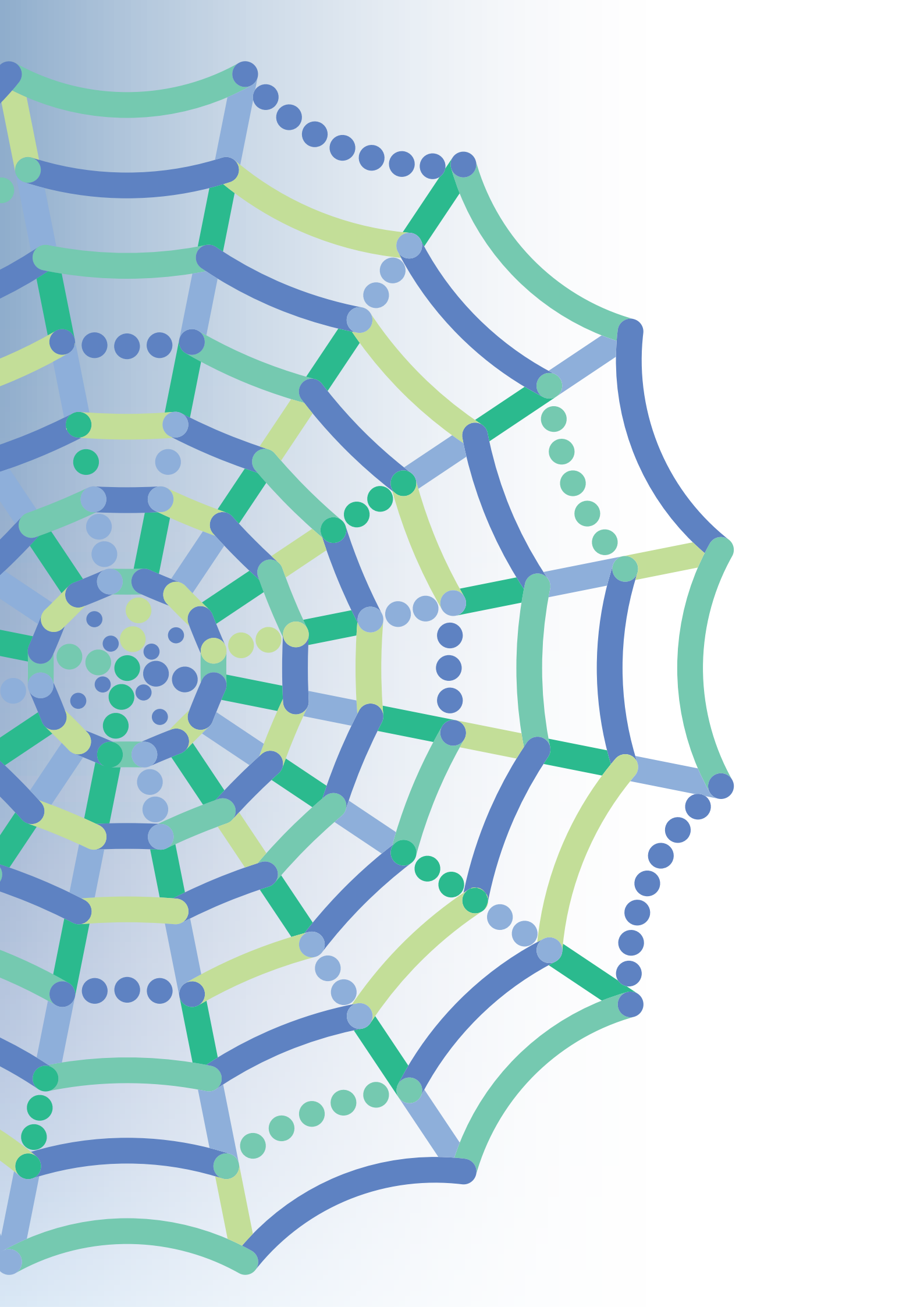
Our commitment in constructing the I-BLADE dataset responds to a sector need for empirical statistical descriptive analysis, something previously unseen. This is a major national data infrastructure project that requires a collaborative effort. The University of Melbourne in partnership with the Australian Bureau of Statistics is steadfast in its agreement to continue to build this dataset, to integrate Indigenous business registries with the ABS BLADE and to produce annual Snapshots.

What we will all see over the coming years, with sector collaboration, is the development of a more representative sample that in turn will produce a fuller, more sophisticated understanding of the Indigenous business sector

Yours in Unity,

Associate Professor Michelle Evans

Indigenous Business Research Group



Introduction

Indigenous businesses provide significant economic, social and cultural contributions to Australia but their impact has largely gone unnoticed. Rigorous evidence-based measurement of the extent of this contribution has been difficult until now, primarily because of the challenging nature of identifying and analysing Indigenous businesses from national data sources.

This report provides an **unprecedented snapshot of the Indigenous business sector to help dismantle the many stereotypes and myths that have led to lost opportunities for Indigenous business growth.** The implication of this blind spot is that decision makers have not been equipped with sufficiently detailed or comprehensive information about the sector.




Business development and growth is essential for building financial independence for Indigenous Australians. Policy and capability development initiatives require objective evidence as a base from which to identify areas that need most assistance. Historically, Indigenous Australia has been excluded from evaluations of the national economy, and therefore empirical evidence is needed to accurately reflect Indigenous economic contribution, and better inform policy makers.

We present a snapshot that clearly and empirically establishes the economic power of Indigenous businesses.

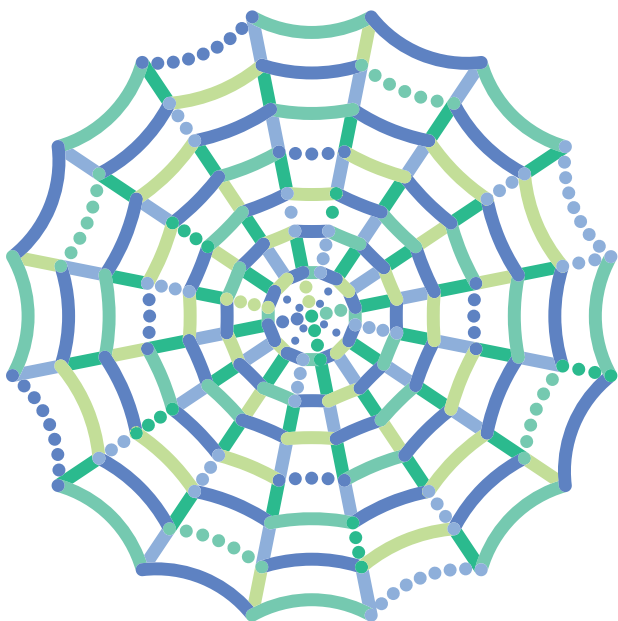
This economic power is demonstrated through the financial and employment contributions that Indigenous business owners make to the Australian economy. Further, we present powerful validation of the growth of the Indigenous business sector over a twelve-year period 2006-2018. The Study quantifies the performance of the Indigenous business sector, showcasing its breadth, diversity, and impact.

Our research partner, the Australian Bureau of Statistics, linked 6,200 Indigenous businesses from a sample size of 8,368 business ABNs collected and collated as I-BLADE (Indigenous Business Longitudinal Analysis Data Environment). However, based on tax reporting only around 60 per cent were identified as being active businesses. The results presented in this Study are based on the data pertaining to those active businesses (around 3,600 in 2018). A detailed explanation of the sample can be found later in this report.

Registered Indigenous businesses performance

Indicator	FY2006	FY2012	FY2018
 Number of businesses	1841	2273	3619
 Gross income of businesses and corporations in 2020 dollars)	\$2.27 billion	\$3.64 billion	\$4.88 billion
 Employment	22,715	31,187	45,434

Over the 12 years examined (FY2006-FY2018), we observed a 74 per cent increase in the number of businesses operating in the Indigenous business sector, a more than doubling in gross income from the sector (115 per cent growth) and more than 22,000 jobs created (100 per cent growth). Compared to non-Indigenous businesses, **registered Indigenous businesses** are bigger businesses on average, with an average gross income of \$1.6 million in 2018 (29 per cent above \$2 million) and 14 employees, compared to \$400,000 and two employees for non-Indigenous businesses.



A brief history leading to the Snapshot Study Series

In 2018, Associate Professor Michelle Evans, with the research assistance of Sarah Kurland and Lan Hoang, initiated discussions with Indigenous business data custodians across Australia about the importance of bringing together the disparate lists of Indigenous businesses. These efforts ultimately led to a two-year long process of collation of Indigenous business registries into a unified database. Professor Marcia Langton (Melbourne School of Population and Global Health), Dr Matthew Storey (Faculty of Law and Victorian Aboriginal Heritage Council) and Melbourne Institute researchers Dr Cain Polidano and Associate Professor Julie Moschion were all early supporters of this research.

The members of the **Indigenous Business Research Group** (Michelle Evans, Sarah Kurland, Marcia Langton, Julie Moschion, Cain Polidano, Matthew Storey, and Paul Jensen) see value in the creation of an annual snapshot of the Australian Indigenous Business sector for a number of important reasons. This research will inform the Indigenous business sector ecosystem, including community, government, corporate, banking, education and investment stakeholders. The snapshot will allow visualisation of the Indigenous Business sector year on year, allowing for deeper insights over time. Lastly, and most critically, it will show the impact of focused sector support such as the introduction of Indigenous preferential procurement programs (hereafter referred to as IPPP).

Acknowledgements

The inaugural Indigenous Business Sector Snapshot Study was made possible by the contributions of a wide range of individuals, partners, Indigenous business data custodians and communities.

An integral part of this research journey was the initiation of a formal partnership with the Australian Bureau of Statistics (ABS) to develop an Indigenous dataset for their Business Longitudinal Analysis Data Environment (BLADE). Together we have committed to developing this data over time and upholding Indigenous data sovereignty.

The Indigenous Business Research Group is especially grateful for the support of our research partners: National Indigenous Australians Agency; Supply Nation; bp Australia and Ironbark Joint Ventures partners Beach; Cue and NZOG; BHP; Fortescue Metals Group; Crown Resorts Limited; Minerals Council of Australia; Industry Capability Network Limited; and the Office of the Registrar of Indigenous Corporations, who have all supported the development of this research.

We appreciate our academic colleagues who have provided generous and expert feedback across the long development of this report. We especially wish to thank Professor Boyd Hunter, Professor Beth Webster, Professor Alfons Palangkaraya, Professor Dennis Foley, and Dr Victor Sojo. We also acknowledge the hard work of Dr Jaslene Lin, Dr Rajeev Samarage and Tanya Gupta in providing research support.

This report would not have been possible without the contribution of Indigenous business owners who made a decision to make their enterprise visible by listing it as such. We thank them for their leadership and contribution to this important initiative.

What follows

The Snapshot Study is presented over five sections – (i) establishing I-BLADE, (ii) Breadth, (iii) Diversity, (iv) Impact and (v) Future Development of I-BLADE. These five sections aim to provide the best empirical overview of the Indigenous business sector available today. Over the coming years, the Indigenous Business Research Group aims to continue collaborating with Indigenous business data custodians and the ABS to collectively develop greater data richness and overcome the limitations of the first wave of I-BLADE.

We look forward to an ongoing dialogue with the Indigenous business sector including stakeholders invested in the development and growth of the sector.

Indigenous Business Longitudinal Analysis Data Environment (I-BLADE)

The objective of I-BLADE is to generate a perpetual longitudinal dataset that tracks **all Indigenous businesses, defined by having at least 50 per cent ownership, including corporations**, over time. This definition of an Indigenous business is consistent with that used by the National Indigenous Australian Agency (NIAA):

Indigenous enterprise means an organisation, operating a business, that is 50 per cent or more Indigenous owned. It may take the form of a company, incorporated association or trust. A social enterprise or registered charity may also be an Indigenous enterprise if it is operating as a business. (NIAA, 2020, p. 4)

We acknowledge that there is debate about the definition of an Indigenous business, as articulated by Foley (2013) who argues that the definition should be directly analogous to the legal and governmental definitions of whether a person is accepted as Indigenous. However, as stated by Shirodkar, Hunter and Foley (2018), applying this definition to quantitative datasets is not possible because of the qualitative processes required to verify Indigenous identity. In I-BLADE 1.0, we use the 50 per cent ownership criterion, as this is the generally accepted definition across all four business registries.

This is an ambitious multi-year project that will involve extensive data development and annual data updates through a partnership involving government, data custodians and researchers. This section describes the construction of I-BLADE 1.0, which is a first step along the path to reaching the objective.

In I-BLADE 1.0 the focus has been integrating Indigenous business information from four Indigenous business registries that generally require 50 per cent Indigenous ownership for registration, with Australian Taxation Office (ATO) financial business data known as Business Longitudinal Analysis Data Environment (BLADE). This data is compiled and warehoused by the ABS. The core BLADE includes annual financial information from the following ATO sources:

- Business Activity Statements (BAS),
- Business Income Tax (BIT) forms, and
- Pay as You Go (PAYG) wage summaries.

The four business registries incorporated into I-BLADE 1.0 are Supply Nation Registry, Office of the Registrar of Indigenous Corporations (ORIC) Database, Industry Capability Network (ICN) Gateway, and the Victorian Aboriginal Business Directory (VABD). In this section we discuss registry and BLADE data and spell out the processes undertaken to develop I-BLADE 1.0. For details of the process for integrating Indigenous business registries and BLADE, see the Technical Appendix.

Indigenous businesses registries

In the main, Indigenous business registries exist to promote Indigenous businesses through searchable online datasets, except in the case of the ORIC database which is used primarily for governance purposes. **Business registration is free and requires at least 50 per cent Indigenous ownership, although ownership information is not always verified equally across these registries.** Except for Australian Business Numbers (ABNs), which is vital for integration with BLADE, the information in the registries varies markedly and, as a result, is not of significant value to I-BLADE. In future versions it is hoped this project will enable co-ordination of registry data collection, especially data on verification of Indigenous ownership, that would allow for deeper insights into the sector. In total, there are 11,409 records (not all unique) in these registries.

To register with **Supply Nation** businesses are required to provide Confirmation of Aboriginality documents and prove at least 50 per cent Indigenous ownership of the business. Verification is conducted before registration occurs. Supply Nation also conducts annual audits and spot checks to make sure that businesses remain compliant, including continual improvement process checks via the Australian Securities and Investment Commission. Registered businesses that are majority (51 per cent or more) owned, controlled and managed by Indigenous people are eligible for Supply Nation Certification. Data provided by Supply Nation for integration is for existing membership of registered businesses as of 23 June 2020 (2,463 businesses). The data provided by Supply Nation for I-BLADE 1.0 excludes businesses that were previously registered (back to 2013) but are not in the database because they are no longer active or because the business no longer meets the requirement for registration.

ICN Gateway data is an online business networking platform established in 2003 that contains a searchable database of more than 80,000 suppliers, with an aim of streamlining project procurement that meets local and Australian industry procurement policy and participation requirements. Indigenous businesses registered in the ICN Gateway can originate from two sources. First, Indigenous businesses can voluntarily register their own profile at no cost and are asked to identify whether their business is Indigenous owned, and if so, to what level (%), and whether the ownership has been verified. Alternatively, Indigenous businesses registered with the Aboriginal Business Directory WA (ABDWA) (Chamber of Commerce and Industry WA) and Black Business Finder (Developed by ICN for the Queensland Government) are automatically included in the ICN Gateway¹. Both of these registries were launched with state government support in 2012. To be registered in ABDWA, Indigenous businesses must be at least 50 per cent Aboriginal owned and have Aboriginal interests represented in management and operation of the entity. The ABDWA also includes incorporated Aboriginal Organisations, which requires at least 50 per cent of the controlling board of management to be Aboriginal, and Aboriginal interests represented in the operation of the entity. Businesses in Black Business Finder must be at least 50 per cent Indigenous owned, a non-Indigenous business with at least 75 per cent Indigenous employees or an equal joint venture agreement with a majority owned Indigenous entity. Indigenous ownership of businesses on Black Business Finder and ABDWA are not always verified. ICN Gateway data provided for integration into I-BLADE 1.0 included all registered Indigenous businesses (2,268) as of 20 August 2020, including businesses that are no longer trading.

The **Victorian Aboriginal Business Directory** (VABD) is managed by the Victorian Department of Jobs, Precincts and Regions². To register online the requirement is that the business is at least 50 per cent Indigenous owned, although ownership is not automatically verified. VABD mostly contains businesses that are registered with the Victorian Aboriginal Chamber of Commerce (Kinaway) Directory, which was established in 2018. To be registered on the Kinaway Directory businesses must provide Aboriginality documents and documents of ownership³. Data provided by DJPR was for 331 registered businesses as of 24 July 2020.

The **ORIC database** contains information on all Indigenous Corporations back to 1979 under the Corporations (*Aboriginal and Torres Strait Islander*) Act 2006 (CATSI Act) or its predecessor, the *Aboriginal Councils and Associations Act 1976* (the ACA Act)⁴. However the ORIC database does not include all Indigenous Corporations. Indigenous Corporations can still be registered under the Corporations Act 2001, which is managed by the Australian Securities and Investment Commission, or under state/territory legislation. Indigenous Corporations are commonly not-for-profit or charitable organisations that are established to benefit members, as spelt out in individual corporation rules. Members of corporations have limited liability if the company is wound up and cannot issue dividends or shares, and must re-invest all surplus funds to the company in accordance with the company's purpose. The data provided for integration into I-BLADE was the complete dataset on 21 May 2020, which contained information for 6,348 corporations. For each company an Indigenous Corporation Number (ICNs) was provided, and in some cases, an ABN as well (where they exist). At present only an ABN is used for linkage in BLADE. The implications are discussed in later sections.

1. See <https://abdwa.icn.org.au/> and <http://www.bbf.org.au/index.asp> for Aboriginal Business Directory and Black Business Finder respectively.
2. See <https://directory.business.vic.gov.au/aboriginal/home#.YFaCjq8zZPY> for more on the Victorian Aboriginal Business Directory.
3. See <https://kinaway.com.au/search/> for details of the Kinaway Business Directory.
4. See <https://www.oric.gov.au/> for details of the ORIC Corporations Directory.

Sample of analysis

The final I-BLADE sample for analysis is presented in Table 1. Because in all years of BLADE all ABNs are represented, we observe a consistent match rate in every year (from column 2). However when describing the Indigenous business sector in this report we restrict the analysis to matched businesses that are alive (their date of birth as indicated in the ABS Registry falls on or before the given year) and active (registered as active in the ABS Business Registry for tax purposes).

In 2018 around 60 per cent of Indigenous businesses that are matched are also alive and active (Table 1), a rate that is comparable to non-Indigenous businesses. Among Indigenous businesses that are inactive in any one year, around a quarter are inactive in all years. These businesses may either be not trading or are trading at a level that is below the thresholds for GST/PAYG wage reporting, or may be part of a group of businesses that have centralised ownership (for example, be part of a trustee firm) where reporting on behalf of all business is through a single ABN.

For the remaining three-quarters of inactive businesses, activity status has changed over time, which may represent changes in the ABN through which owners report tax matters, changes in trading status, or reduced business activity. This is consistent with the notion that activity is a measure of tax reporting, not a measure of business termination since the data shows it is not uncommon for inactive businesses in one reporting year to be re-activated the following year.

We restrict the analysis from 2005-06 although the data is available from 2001-02 because it provides us with at least five years of data to be able to measure date of birth for all businesses. Around a quarter of all businesses in BLADE have a notional birth date of 2000-01, which is because the BAS data, which is used to identify birth date, was not collected prior. Over the period 2006-18, the number of alive and active businesses varies from 2,178 to 3,619.

Table 1: Number of businesses in I-BLADE

Year	Number of Indigenous businesses that are matched	Number of businesses that are matched, alive and active	Registry of origin for matched, alive and active businesses				
			Multiple registries	ICN	DJPR	SN	ORIC
2006	6,236	2,178	490	309	20	141	1,218
2007	6,239	2,062	453	310	16	128	1,155
2008	6,241	2,120	480	364	19	144	1,113
2009	6,238	2,165	502	409	26	158	1,070
2010	6,239	2,293	534	463	30	176	1,090
2011	6,240	2,411	566	520	32	217	1,076
2012	6,240	2,526	588	577	31	247	1,083
2013	6,251	2,625	622	620	36	261	1,086
2014	6,256	2,804	676	685	43	326	1,074
2015	6,254	2,949	727	695	47	390	1,090
2016	6,254	3,166	821	694	55	486	1,110
2017	6,261	3,351	914	683	65	580	1,109
2018	6,256	3,619	995	675	74	728	1,147

Note: there were 8,133 unique businesses in the Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database). Active businesses are those that appear as active on the ABS Business Registry for tax filing purposes. We exclude those that are non-active.

In this report we analyse a range of business outcomes, of which gross business income, employment numbers, wage cost and average annual wage rate per full-time equivalent are key. These are chosen because they are items of interest and are available across all business types. Sole traders, registered companies, trusts and partnerships all have different taxation reporting requirements. The PAYG employment data only includes records for a subset of businesses that have employees. When generating measures of business employment, we treat missing records in the PAYG data as 'no employees', but only if the business also records a BIT or BAS (vast majority of cases). We exclude cases where there is no BIT or BAS data because the missing PAYG data may reflect missing data (for example late tax filing) and not a lack of employees.

For continuous measures of employment and gross income numbers (including averages and total, but not categorical variables, for example proportion of businesses that employ more than 200 people), we exclude the top two per cent of Indigenous and non-Indigenous businesses. In both sectors, we observe a handful of very large businesses that have undue influence on sector averages and totals, including businesses that experience very large year-on-year change. In practice, whether such large year-on-year changes are real or due to mergers or acquisitions is unclear.

In describing the Indigenous business sector in this initial snapshot study, we take an agnostic approach by including information from all four registries. This approach captures the economic activity of all Indigenous owned businesses available in the registries, the diversity of activities and

ownership structures, including community services delivered by corporations, and eligibility for the government's Indigenous Preferential Procurement Policies (IPPP). **We acknowledge that by including ORIC businesses in the analysis, questions arise about whether data will be skewed by very large corporations undertaking wide ranging economic and business activity.** A good example is Arnhem Land Progressive Association established in 1972. This is a sophisticated business owned and run by the community. They report in their latest annual report a return of \$34 million to member communities achieved through the variety of entrepreneurial ventures under the ALPA group such as Manapan Furniture and Bukmak Constructions. However, it should be noted that ORIC businesses are not all large corporations, many are also Prescribed Bodies Corporate without much economic activity.

To demonstrate the possible impact of including ORIC businesses in the analysis, we present data on key gross income and employment statistics by registry (Table 2).

Overall, what we see is that Indigenous businesses are much larger on average than non-Indigenous businesses, but that this is not driven by the third of businesses that are unique to the ORIC registry.

Instead, we observe that Indigenous businesses across all registries are consistently much larger than non-Indigenous businesses, except for businesses from the Victorian Department of Jobs, Precincts and Regions (DJPR). However, these represent only two per cent of all businesses in I-BLADE data. The average gross income of ORIC businesses is \$1.5 million, which is slightly smaller than the

Table 2: Average of key Indigenous business characteristics by registry, 2017-18^a

Indigenous business registry	Share of Indigenous businesses	Gross income (\$million)	Employment numbers	Employ one or more people	Employ fewer than 20 people
ORIC only	33%	1.5	19	50%	75%
Supply Nation only	21%	0.9	7	45%	92%
ICN only ^b	20%	1.6	12	49%	83%
DJPR ^c	2%	0.7	3	39%	93%
Multiple registries	24%	2.4	19	60%	73%
Non-Indigenous businesses	-	0.4	2	26%	96%

^a Statistics are limited to active businesses (from Table 1) in 2017-18, but we exclude the top 2% of Indigenous and non-Indigenous businesses to reduce impacts of outliers.

^b Includes businesses registered with Aboriginal Business Directory WA, WA Chamber of Commerce and QLD Black Business Finder.

^c Includes data from Kinaway.

Source: I-BLADE 1.0.

average income of Indigenous businesses registered with Industry Capability Network (ICN). The largest businesses are those that are on multiple registries, and the average gross income of these (\$2.4 million) is six times that of non-Indigenous businesses. To the extent that large businesses are more likely to have the capability to benefit from IPPP, it is not surprising that they are over-represented on business registries that aim to make Indigenous business visible for IPPP, including the very biggest businesses which appear on multiple registries. **Our conclusion is that our sample of analysis (based on four Indigenous business registries) over-represents large Indigenous businesses, but that this is not due to the inclusion of ORIC businesses in the analysis.**

Future snapshot studies will provide more nuanced analysis of different parts of the Indigenous business sector, but this requires further data development. Extending the coverage of the data and improving the representativeness of small businesses in the I-BLADE data is the current key focus which we discuss in more detail in the concluding section of this report.

Limitations of the analysis

Consistent with the preliminary nature of I-BLADE 1.0 there are important caveats to keep in mind when interpreting the results presented in this report. These caveats relate to the Indigenous business data collection, the integration of the data into I-BLADE and BLADE itself, which represent items for future data development with ABS partners and business registry data custodians.

Business registries

While the ultimate goal is to extend I-BLADE to include all registered Indigenous businesses, currently we are limited to businesses from only four registries, and we cannot be sure how representative these are of all registered Indigenous businesses in Australia. That said, the bigger issue is whether registered Indigenous businesses are representative of all businesses (registered or unregistered) with at least 50 per cent Indigenous ownership, i.e., are there distinct differences between registered and unregistered Indigenous businesses that could skew our results? In practice, business registration, either self-directed or recorded by procurers, is likely correlated with a cost-benefit consideration unique to each business. We hope to explore these ideas further in future research.

As discussed above, business registries include patchy and inconsistently measured business data that, while not core to the registries themselves, can provide important contextual information for I-BLADE that can help support research. Perhaps most important is consistent historical registry information. While the registries themselves commenced at different times, some of the registry data provided only contains current registry members, not past member information. An implication is that any apparent growth in the sector may be exaggerated by less thorough reporting in years past. To demonstrate the impact of this, in Table 1 we can see contrasting business numbers over time between ORIC, whose registry includes businesses back to 1979, and Supply Nation, whose supplied business registry only includes currently registered businesses. In contrast to the ORIC numbers, the numbers of linked Supply Nation businesses diminish rapidly retrospectively. In future versions of I-BLADE, we hope to extend coverage of historical data for existing and new registries and incorporate, where possible, dates for entering and exiting the registries, reflecting changes in business ownership.

BLADE

Because BLADE comprises linked administrative data, its underlying data is for administrative (tax) purposes and not for research, which means the data is often constrained by administrative rules. For example, business activity is only available for ABNs through which financial information is reported. Because of centralised reporting, that financial data may be aggregated over other commonly owned businesses. As is often the case, it is possible to adjust for these limitations through the addition of other administrative sources (for example, by the inclusion of ownership information to link businesses together), but this takes time. As a research tool, BLADE is still in its infancy, with data only recently made available to researchers outside government who have a sponsorship from a government agency.

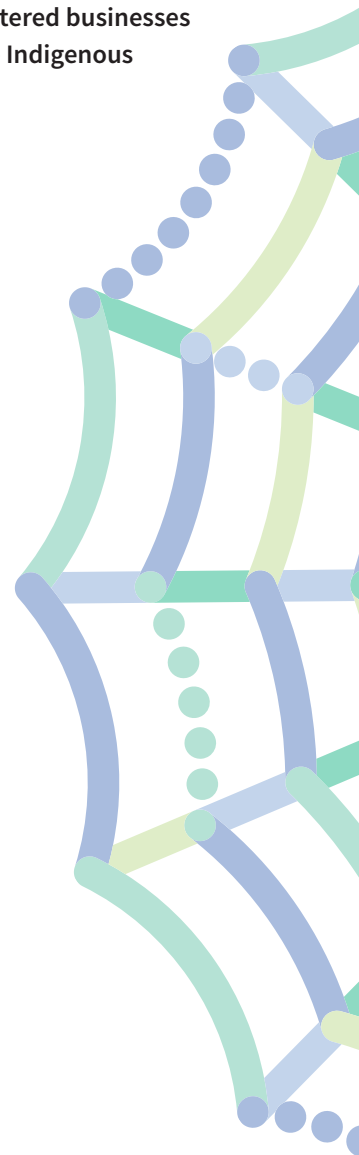
As discussed above, we exclude businesses that are inactive based on their tax filing status, which may distort business average measures. Some of these 'tax inactive' businesses may be active in practice because they are part of a cluster of businesses held by the same owner who centralises tax through one ABN. To the extent that this is true, business average statistics may be over-inflated. While we need to express caution in interpreting the business average results, nothing in the available data suggests that this problem may have changed over time or differently affects Indigenous and non-Indigenous businesses.

Breadth of the Indigenous business sector

The integration of four Indigenous business registries with BLADE to create I-BLADE 1.0 provides the best insight into the sector the sector that is at least 50 per cent Indigenous owned. Other studies have focussed on examining the nature of businesses from one registry, Supply Nation (Supply Nation 2020) or on owner-managers (not businesses) who self-identify as Indigenous from the Australian Census (Shirodkar et al., 2018).

In 2017-18, the last year in I-BLADE 1.0, we observe 3,619 active businesses, employing 45,434 people generating total gross income of \$4.9 billion (2020 terms). To put this into perspective, this is around the same as the value of Australia's production of beer in 2017-18 (Australian Bureau of Statistics (ABS) 2020). It is important to keep in mind this is likely to be an under-estimate of the true size of the sector, defined by whether a business is 50 per cent Indigenous owned and registered. As discussed in a previous section of this report, not all unique Indigenous businesses (8,133) identified in the current four registries could be linked to BLADE. As a result, I-BLADE 1.0 does not include information from all registries and there are likely to be other businesses that are at least 50 per cent Indigenous that are not registered because they may not benefit from registering or be discriminated against if they do (Foley, 2000).

In understanding the breadth of the sector, **we address three key questions: (i) what is the size and nature of Indigenous businesses in I-BLADE, (ii) how has the sector, as represented by these registered businesses in I-BLADE, grown and (iii) where are Indigenous businesses located?**



What is the size and nature of Indigenous businesses in I-BLADE?

The incomplete coverage of Indigenous businesses in I-BLADE 1.0 raises the question of which businesses are currently captured in the data, and do they represent all Indigenous businesses with at least 50 per cent ownership? In the absence of a population benchmark, we

examine the nature of Indigenous businesses compared to those in the non-Indigenous sector below.

Based on comparison with non-Indigenous businesses, we conclude that Indigenous businesses in I-BLADE 1.0 are much larger on average than non-Indigenous businesses. Compared with non-Indigenous businesses, Indigenous businesses in I-BLADE are:

- **Less likely to be sole traders.** On average only nine per cent of Indigenous businesses in I-BLADE are sole traders, which compares to 32 per cent for non-Indigenous businesses (Figure 1). For Indigenous businesses in I-BLADE, 72 per cent are registered companies.

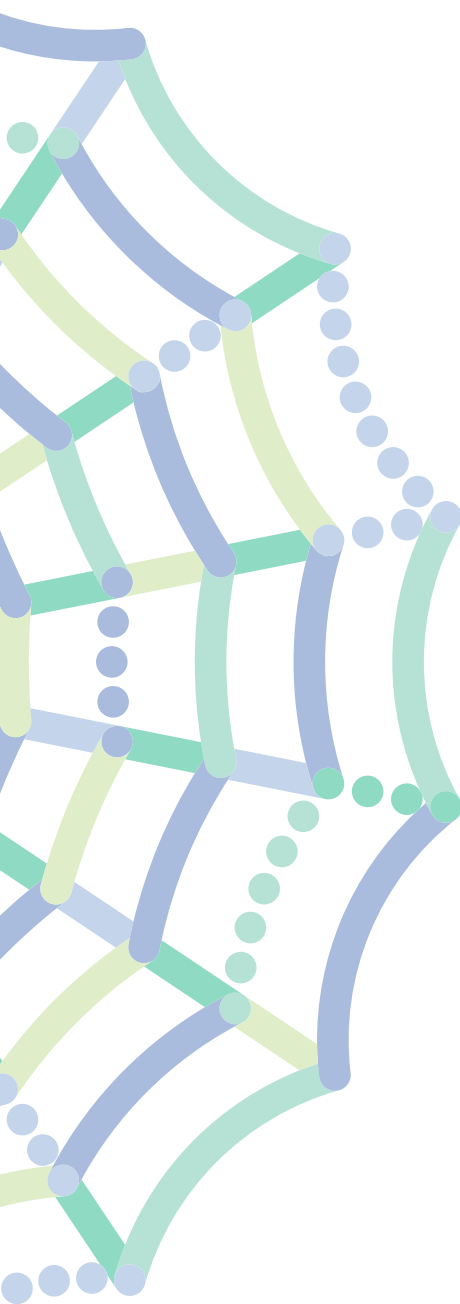
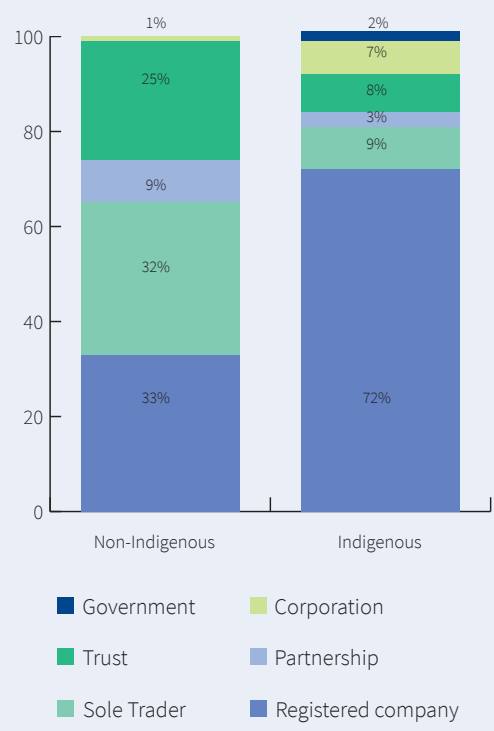


Figure 1: Types of businesses, 2017-18



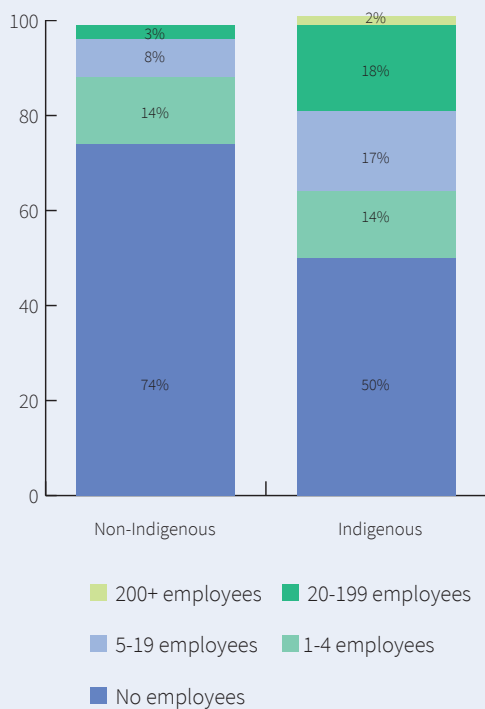
Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

Note: Categories of business type are based on business registration status in the ABS Business Registry.

- **Less likely to be categorised as small businesses, based on the ABS definition of employing less than 20 people (ABS 2001).** 81 per cent of Indigenous businesses in I-BLADE employ fewer than 20 people, compared to 96 per cent of non-Indigenous businesses (Figure 2)⁵. On average, Indigenous businesses in I-BLADE employ 14 people compared to non-Indigenous businesses which employ two people on average.

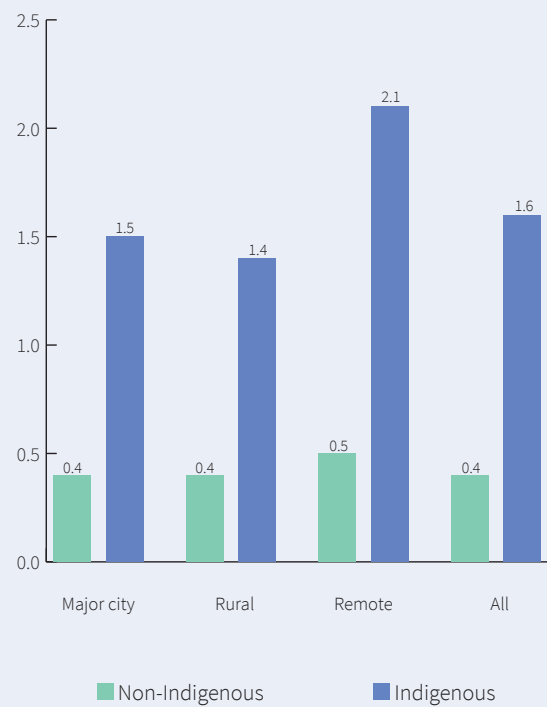
- **Generating gross income that is four times that of non-Indigenous businesses.** On average, Indigenous businesses in I-BLADE have a gross annual income of \$1.6 million (Figure 3), compared to \$400,000 for non-Indigenous businesses. Across ABS areas classified by remoteness, the average Indigenous business gross income (\$2.1 million) is greatest in remote areas, 42 being times as large as non-Indigenous businesses on average. This may reflect the importance of the mining and tourism industries to remote Indigenous business income.

Figure 2: Employment profile of Indigenous and non-Indigenous businesses, 2017-18



Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

Figure 3: Average business gross income (\$2020 million), 2017-18



Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

Note: Top 2% of Indigenous and non-Indigenous businesses are excluded.

5. This is consistent with the measure of small businesses as a share of all businesses reported by the Australian Small Business and Family Enterprise Ombudsman (2019).

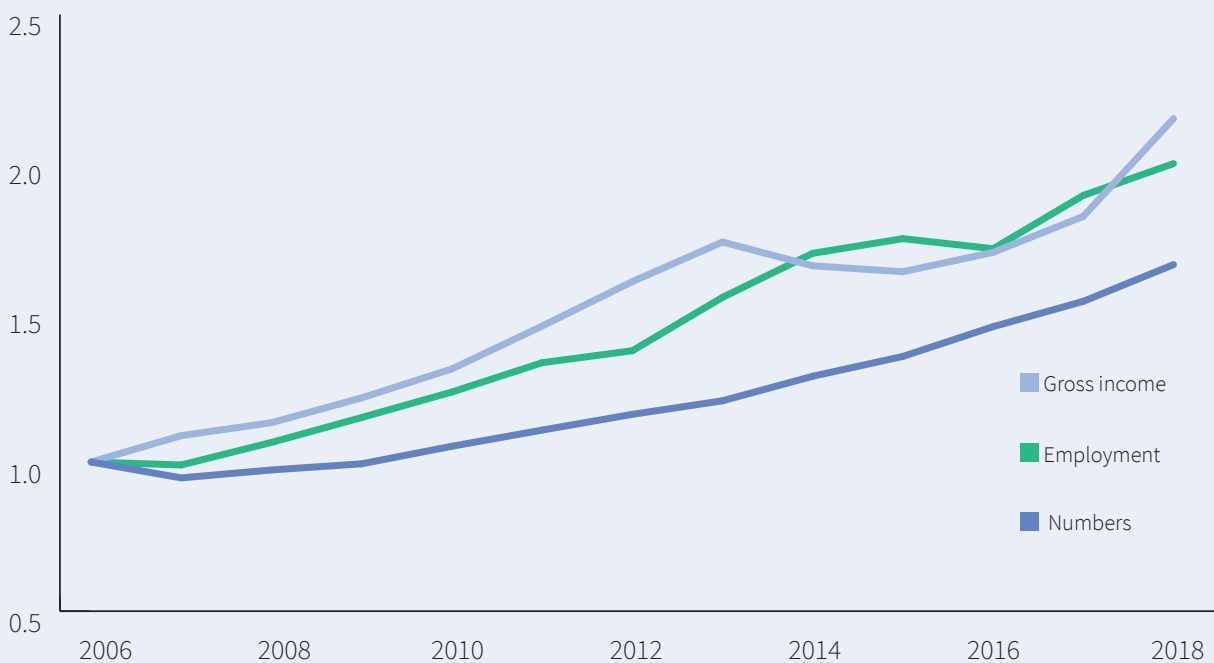
Growth

A feature of I-BLADE is the integration of historical information, including information on Indigenous businesses that are no longer on registries for all but the Supply Nation registry, which accounts for one in five businesses included in I-BLADE 1.0. This gives a sense of how the sector has evolved over time and indicates factors that may have shaped its current and potential future growth.

Key statistics presented in Figure 4 suggest that **the numbers of active Indigenous businesses have grown at a roughly constant rate of around 4.3 per cent per year from 2005-06 to 2017-18 or from 2,718 in 3,619 overall.**

This rate of increase is broadly consistent with the increase in Indigenous owner managers reported by Shirodkar et al (2018) between 2006 and 2016 (5.5 per cent per year). The rate of growth of employment numbers and total Indigenous business gross income has been higher than for active businesses numbers (5.9 per cent and 6.6 per cent per year), which points to growth in the average size of active businesses, and may point to a maturing of the sector.

Figure 4: Total growth in Indigenous businesses (index, 2006=1)

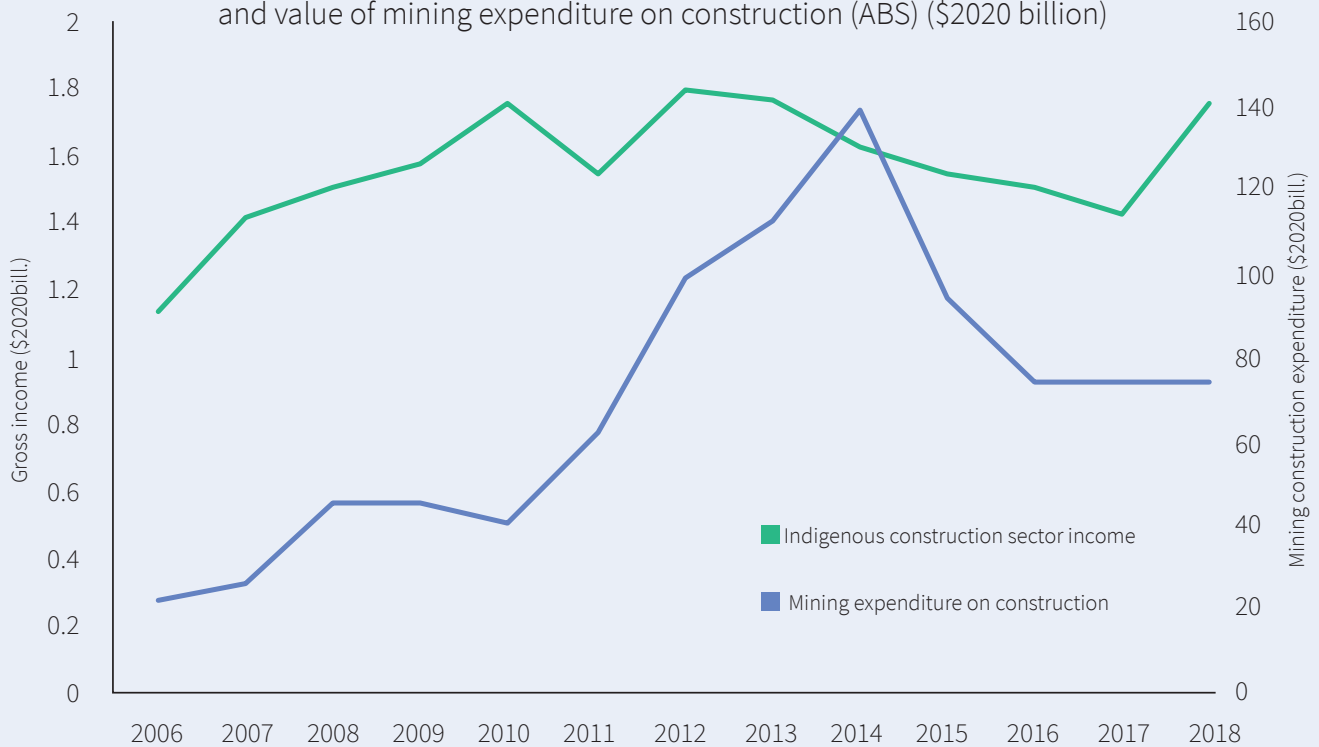


Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

Unlike growth in business numbers, changes in gross income and employment over time have not followed a linear trajectory. Instead, businesses appear to have had their growth interrupted from 2014 by a reduction in mining construction expenditure, with flow-on effects throughout Indigenous businesses. Effects are felt most strongly, but not limited to, Indigenous businesses working in the construction sector, where the growth in gross income over time has broadly followed mining construction expenditure (Figure 5). Perhaps reflecting a willingness of Indigenous employers to retain their staff, the reduction in employment (Figure 4) appears to follow the downturn in gross income but recovers quickly once growth in income resumes. These statistics underline the importance of the mining sector in supporting Indigenous business growth over the last 12 years.



Figure 5: Gross income from Indigenous owned construction (I-BLADE) and value of mining expenditure on construction (ABS) (\$2020 billion)



Sources: I-BLADE 1.0 (restricted to business that are active for tax purposes and are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database)) and ABS Australian Bureau of Statistics, Private New Capital Expenditure and Expected Expenditure, Australia December 2020.

Where are Indigenous businesses?

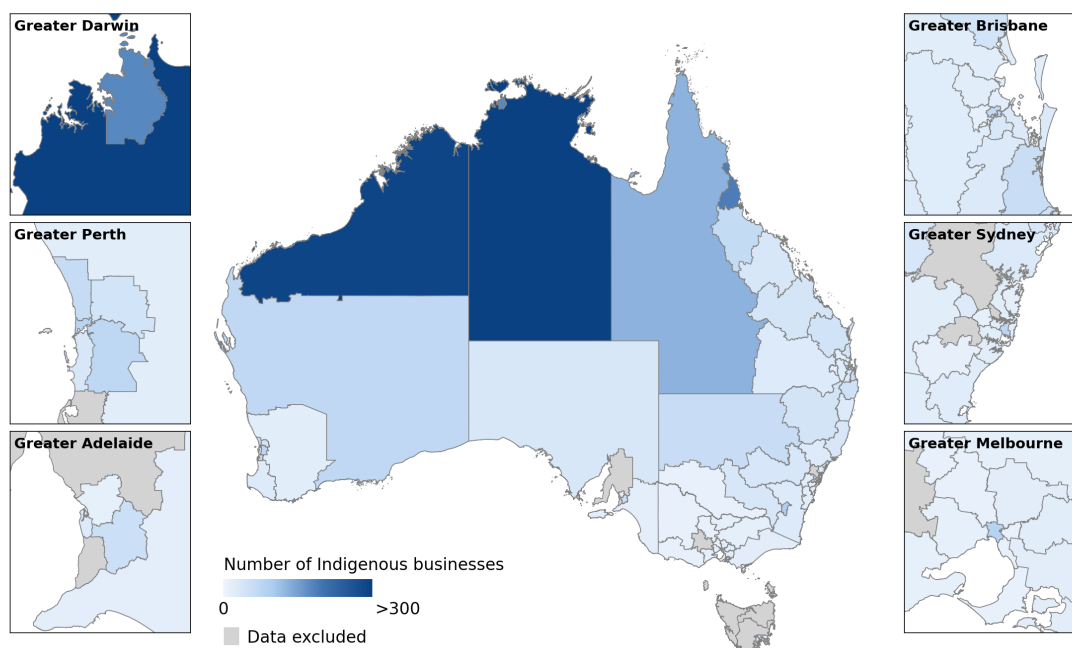
Data on the geographic distribution of Indigenous businesses is vital for understanding how the new economic opportunities afforded Indigenous people from the sector's growth are being shared. Reflecting the value of Indigenous businesses to regional and remote communities, we estimate that **58 per cent of Indigenous businesses in I-BLADE are located outside major cities — 32 per cent are regional and 26 per cent in remote locations. This compares with the non-Indigenous sector where most businesses are in major cities (74 per cent).**

Interestingly, according to I-BLADE, **Indigenous businesses in remote areas 'punch above their weight'**. Despite only comprising 26 per cent of all Indigenous businesses, they make-up 34 per cent of total gross income and 37 per cent of all employment for the sector (14,030 jobs in total). This is consistent with the conclusion above that Indigenous businesses are larger on average in remote areas.

In terms of numbers across ABS Statistical Local Areas Level 4 regions (ABS SA4 regions) (Figure 6), which are designed to reflect distinct labour markets within states and territories, **the greatest concentration of Indigenous businesses is in outback Western Australia (northern half of WA) and outback Northern Territory, both with more than 200 businesses in 2017-18, mainly in the sectors of construction, business administration, professional, scientific and technical services.** Other areas of concentration that have **more than 100 businesses in 2017-18 include Cairns, outback (western) Queensland and Darwin.** Despite remote areas having the highest concentration of Indigenous business numbers, in terms of increase in businesses numbers this has been highest in major cities — 8 per cent growth per year on average compared to 2 per cent in remote and 3.7 per cent in regional areas.

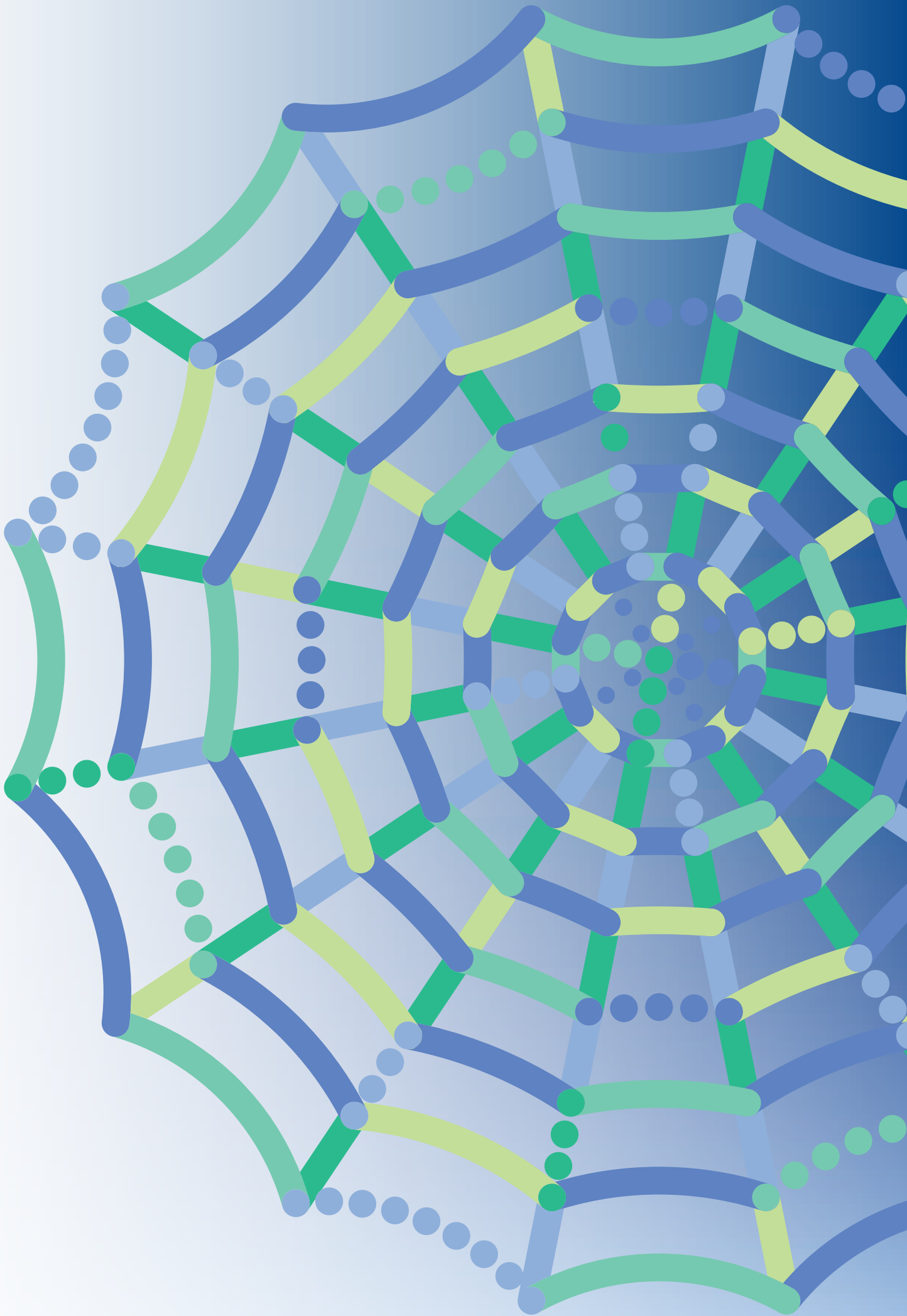
It is important to stress that in I-BLADE 1.0, business location is based on business postal address and this should not be mistaken for the area where the business mostly operates. Some businesses that operate outside of major cities may have metropolitan head office addresses, which would under-estimate the true importance of Indigenous businesses to regional and remote areas.

Figure 6: Number of Indigenous businesses by ABS Statistical Area Level 4, 2017-18



Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

Note: ABS SA4 regions with less than 10 Indigenous businesses are excluded (appear in grey).



Diversity of the Indigenous business sector

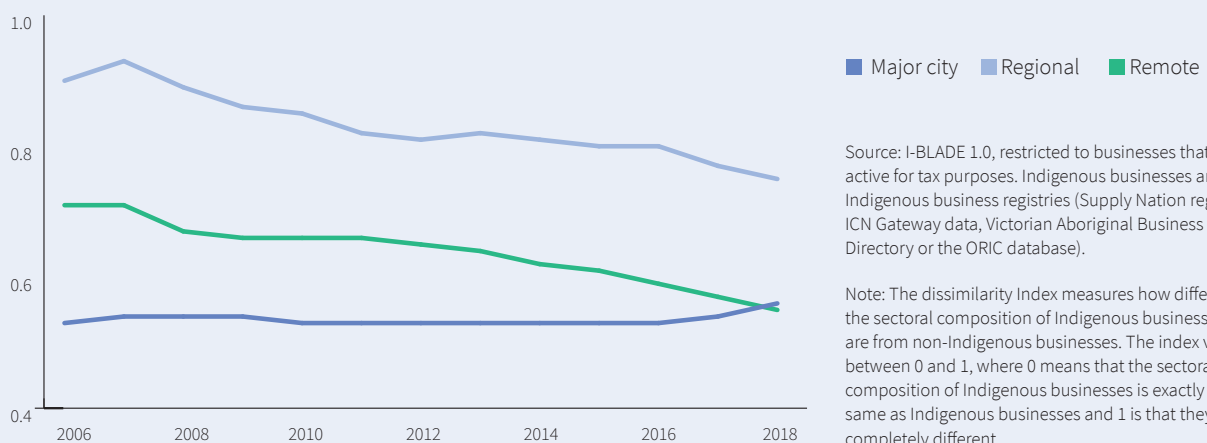
The diversity of Indigenous businesses is an indication of the resilience of the sector to weather economic crosswinds, such as exchange rate fluctuations and falls in commodity prices. It is an indicator of the breadth of skills and professional networks of Indigenous entrepreneurs, as well as a measure of the range of services that it provides Indigenous people, especially in remote communities.

To measure diversity, we generated a dissimilarity index that measured how different the sectoral composition of Indigenous businesses in I-BLADE is from the composition of non-Indigenous in major cities, regional areas, and remote areas. These indices of dissimilarity range from 0 to 1, where 0 represents an Indigenous sectoral composition that exactly matches the composition of the rest of the businesses sector, while at the other extreme a measure of 1 represents sectoral

composition that is highly concentrated and dissimilar to the rest of the businesses sector.

The indices of dissimilarity presented in Figure 7 suggest that in rural and remote areas, the composition of the Indigenous businesses sector was quite different to that of non-Indigenous businesses in 2006. However, since 2006 these dissimilarities have fallen sharply, suggesting that Indigenous business growth in these areas has been associated with sectoral diversification.

Figure 7: Index of sectoral composition of Indigenous businesses relative to non-Indigenous business



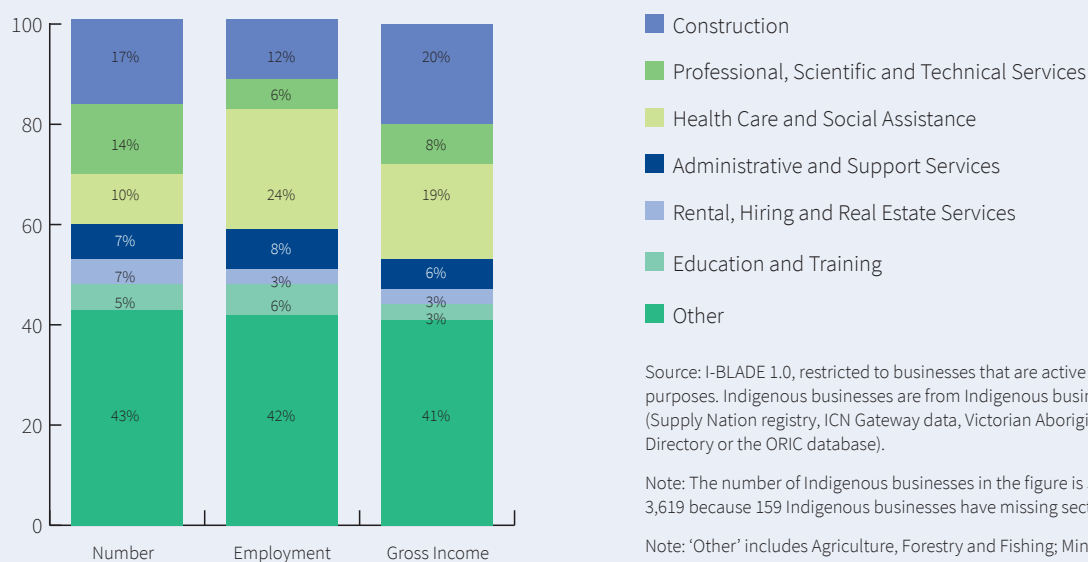
In major cities where the number of businesses has grown the most, we have observed a slight increase in the dissimilarity index, suggesting that growth in numbers has tended to be mostly concentrated in existing sectors. By 2017-18, we see no difference in the dissimilarity index of Indigenous businesses in major cities and in remote areas. The interpretation is that **Indigenous businesses in remote and major cities are taking up the regional economic opportunities at about the same rate, but that businesses in regional areas are lagging**. A Differences in the sectoral composition of Indigenous businesses and non-Indigenous businesses in regional areas is due to the importance of primary industries. **In regional areas, 21 per cent of non-Indigenous businesses are in Agriculture, Forestry and Fishing, compared to only 4 per cent of Indigenous businesses. This underscores the import connection between land ownership and business opportunity in regional areas. It also raises important questions about the productive quality of the land Indigenous interests are able to secure through Native Title.**

Although there are Indigenous businesses represented in all nineteen ABS ANZSIC sectoral divisions in I-BLADE, there are six main sectors that comprise over half of all businesses in 2017-18. These are:

- Construction 17 per cent;
- Professional, Scientific and Technical Services 14 per cent;
- Health Care and Social Assistance 10 per cent;
- Administrative and Support Services 7 per cent;
- Rental, Hiring and Real Estate Services 5 per cent; and
- Education and Training 5 per cent.

Reflecting differences in the relative size of businesses and their labour intensity, the contribution of these sectors to employment and gross earnings are quite different (Figure 8). **Health Care and Social Assistance, despite only making up 10 per cent of all businesses, are responsible for 24 per cent of all employees and 19 per cent of gross income. Construction that makes up 17 per cent of all businesses contributes 12 per cent of all employment and 20 per cent of gross income.**

Figure 8: Composition of Indigenous businesses by ABS ANZSIC Division, 2017-18



Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

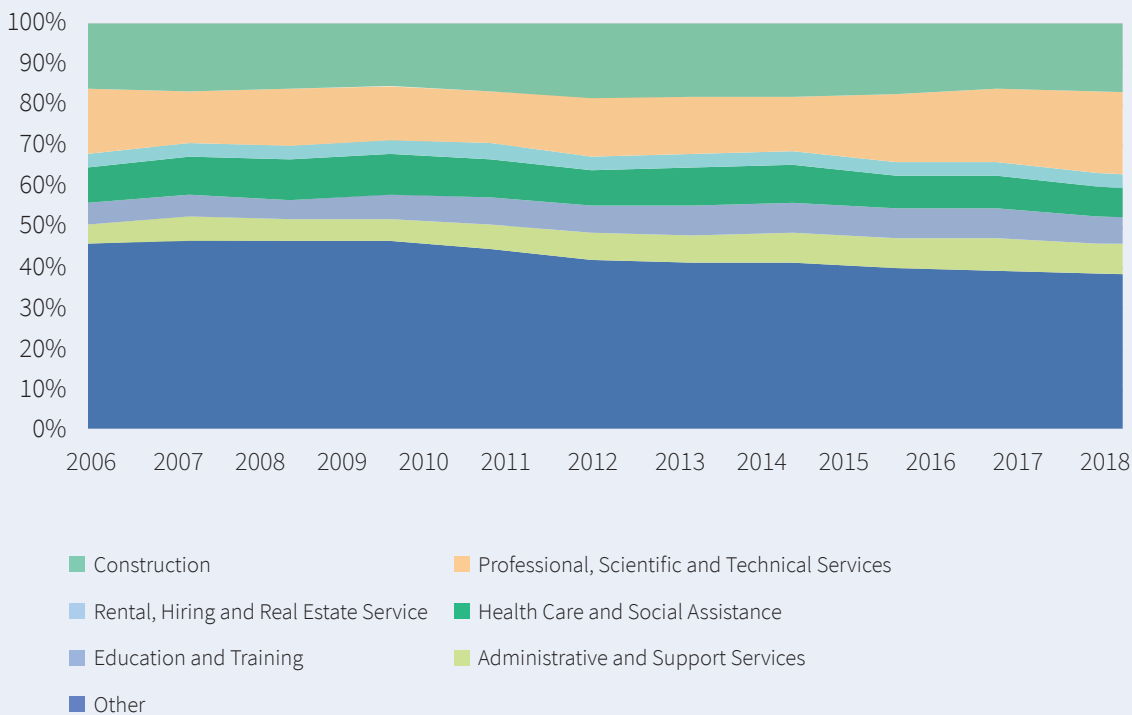
Note: The number of Indigenous businesses in the figure is 3,460 and not 3,619 because 159 Indigenous businesses have missing sectoral data.

Note: 'Other' includes Agriculture, Forestry and Fishing; Mining; Manufacturing; Electricity Gas, Water and Waste Services; Wholesale Trade; Retail Trade; Accommodation and Food Services; Transport, Postal and Warehousing; Information Media and Telecommunications; Financial and Insurance Services; Public Administration and Services; and, Other Services.

Over the period of analysis (Figure 9), the contribution of Construction and Professional, Scientific and Technical Services and Administrative and Support Services has grown as a share of all Indigenous businesses in I-BLADE on the back of strong average annual growth in numbers — 8 per cent, 8.5 per cent and 8.6 per cent respectively. On the other hand, the contribution of Health Care and Social Assistance businesses has shrunk. Since 2006, the number of businesses in this sector has remained constant in remote and major cities but has declined slightly in regional areas. The composition of Education and Training and Rental, Hiring and Real Estate Services has remained steady, as their average annual growth rates have remained about the sector average in I-BLADE.

Figure 6 shows that Indigenous businesses in I-BLADE are found throughout Australia, but at the ABS SA4 region level with at least 10 businesses, these sectors are concentrated in remote areas of Australia, especially in outback Northern Territory, Western Australia and Queensland (Figure 10). This is consistent with businesses servicing mining, tourism and health sectors in these areas. In contrast, in regional and major cities, Indigenous businesses operate across more diverse sectors and are geographically more dispersed across ABS SA4 regions so that only one SA4 area in a major city (Darwin) and a handful of SA4s in regional areas have as least 10 businesses in the ‘big six’ sectors. Figure 10 also highlights the extensive nature of the Health Care and Social Assistance sector that provides health services to remote Indigenous communities.

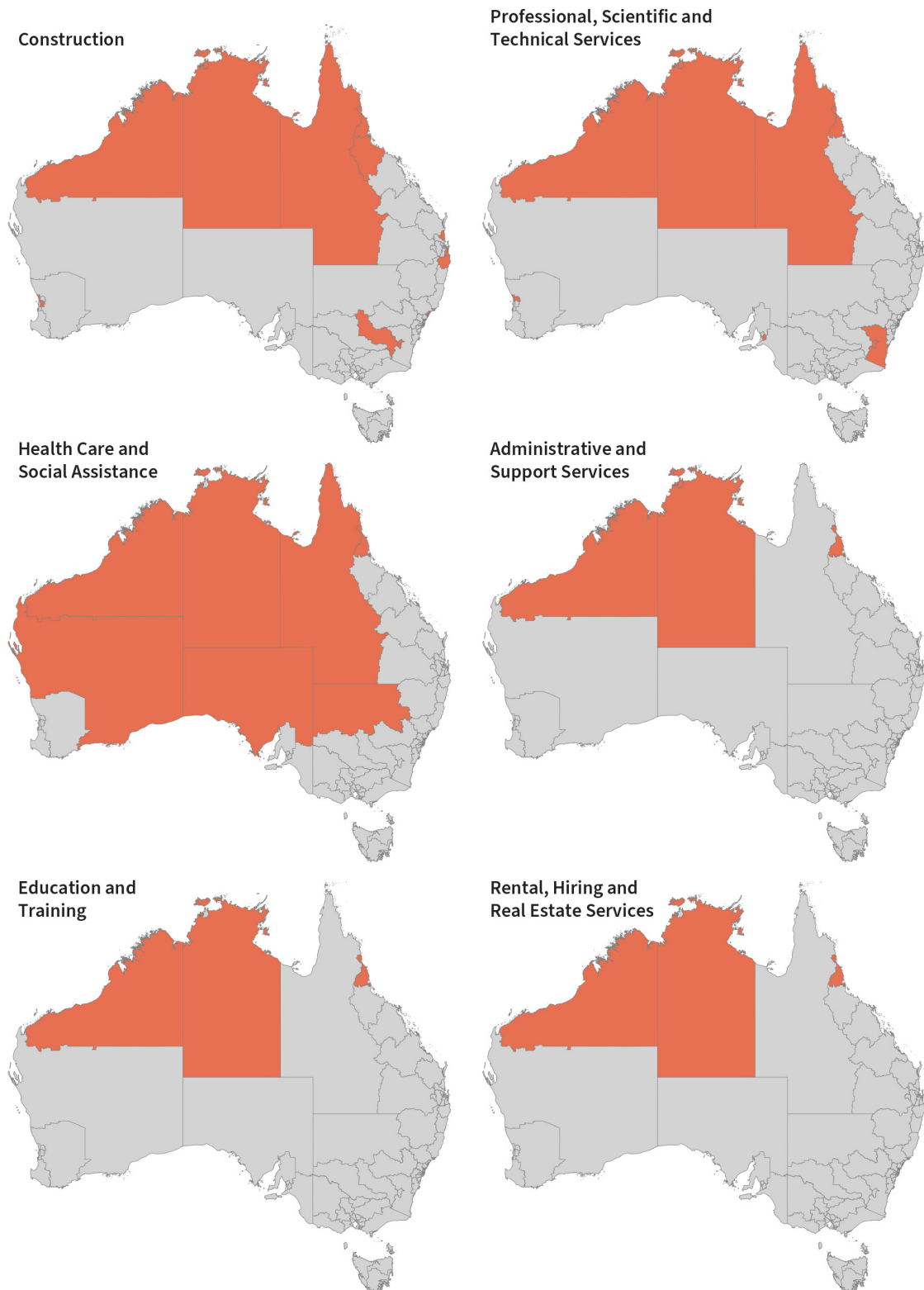
Figure 9: Composition of Indigenous businesses numbers by ABS ANZSIC Division



Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

Note: The number of Indigenous businesses in the figure is 3,460 and not 3,619 because 159 Indigenous businesses have missing sectoral data.

Figure 10: Number of Indigenous businesses by ABS Statistical Area Level 4, 2017-18



Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database).

Note: ABS SA4 regions with less than 10 Indigenous businesses are excluded (appear in grey)

Impact of the Indigenous business sector

Promoting the growth of the Indigenous business sector is part of a shift in government and corporate policy toward encouraging greater Indigenous entrepreneurship and economic participation. Statistics presented in this report demonstrate that these changes are being realised in Indigenous businesses growth and diversification. While these changes are benefiting Indigenous business owners through improved networks, business skills and financial wellbeing, these are likely to be dwarfed when considered against the wider public benefits to local communities and to all Australians.

These public benefits, often called externalities or spillovers, are incidental benefits of a growing Indigenous business sector and are over and above those that would occur if the same growth were experienced in the non-Indigenous business sector. Ultimately, it is these incidental benefits that motivate government and the corporate sector to support growth in the Indigenous business sector and it is important to articulate, and where possible, to quantify them to justify ongoing support for the sector. These benefits take many forms. First, and most directly, **Indigenous businesses deliver a range of services to local Indigenous communities, including health and education services in a culturally sensitive manner that is essential for ensuring trust and accessibility of service for the Indigenous people who rely on them. The services provided by Indigenous businesses are significant, especially in under-served regional and remote areas.** This business activity attracts associated infrastructure such as air strips, road maintenance and telecommunications.

The leading role of Indigenous health services in informing and leading the response to COVID-19 in remote communities, where no loss of life was recorded, is testament to the importance of the services that Indigenous businesses provide to their communities (Crooks et al. 2020). The Indigenous health sector leaders, doctors, professionals and workforce rapidly implemented best practice pandemic planning across all their community-controlled health and welfare organisations. They were well organised and had established collaborations with relevant government departments based on trust. This was one of the best responses of any Indigenous group in the world, saving hundreds of cases and deaths that were expected given the predicted impact of the virus, and also avoiding significant hospital and intensive care costs.

Indigenous businesses also provide cultural services to the wider community, for example through art and tourism, that help preserve and educate the wider community about the world's oldest living culture, enriching the lives of all Australians and building understanding, trust, and social cohesion.

Indigenous businesses also provide public benefits through employing Indigenous people. Evidence suggests that Indigenous businesses are more likely than non-Indigenous businesses to hire Indigenous workers (Hunter 2014), which helps overcome discrimination, a major barrier to employment for Indigenous people (Shirodkar 2019, Biddle 2013). **Increased Indigenous employment accelerates income levels and wealth generation, unlikely to occur without employment in an historically dispossessed and excluded population, and lifts individuals out of the welfare economy.** Indigenous businesses may also provide a more culturally supportive working environment that may enable sustainable and rewarding employment for Indigenous employees. To the extent that improved employment rates increase the financial autonomy, self-esteem, and wellbeing of Indigenous people, then this is likely to benefit the wider community through reduced public cost of health and income support.

More generally, exemplars of Indigenous business success can raise career and life aspirations of Indigenous people. Previous studies have found that affirmative action policies that promote minority group role models in high-status jobs can affect change by raising education and career aspirations of minority groups (see Holzer and Neumark 2006 for a review). In terms of Indigenous businesses, successful and prominent Indigenous business leaders can act as role models to others who may be considering starting their own businesses.

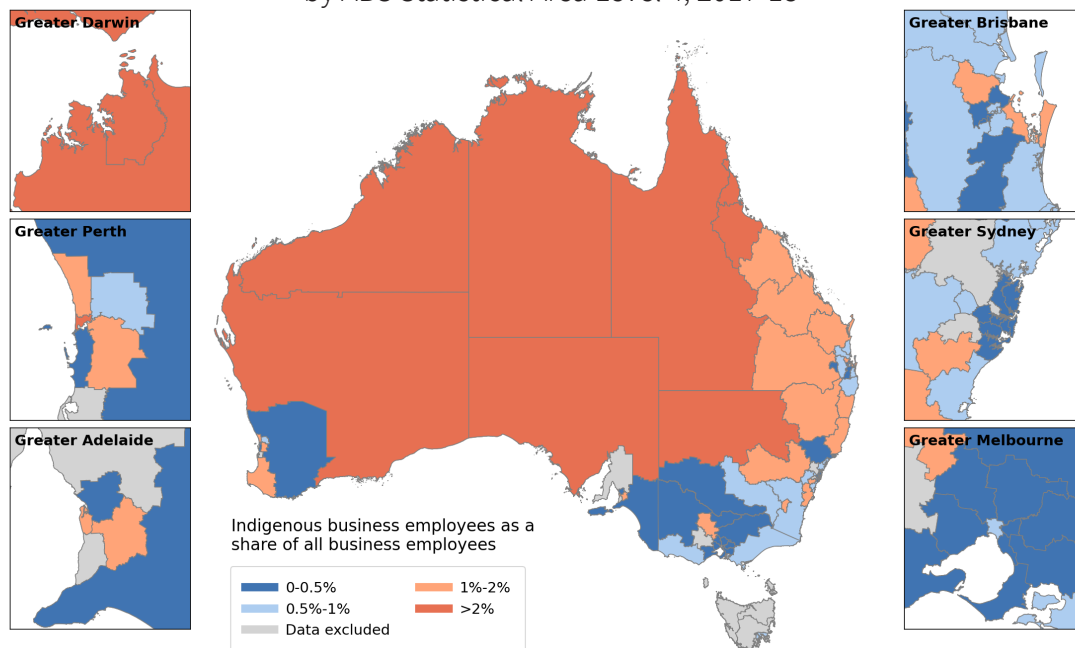
Development of a vibrant business sector where Indigenous people participate and interact on equal terms with non-Indigenous Australians also can also help build understanding and trust that is vital for healing the nation. This is consistent with the notion that greater connectedness and interactions between people from dominant and minority cultures helps build social capital, a commonly articulated motivation for affirmative action policies (Holzer and Neumark 2006).

Measuring impact

The public benefits described above are difficult but not impossible to measure. In practice, we can observe community level changes in measures that approximate or ‘proxy’ for a range of social and economic outcomes that coincide with growth in the Indigenous business sector across regions. Such changes are indicative of the impacts of Indigenous businesses, but not necessarily causal impacts — there may be confounding factors that drive both outcomes simultaneously, such as local economic trends. In I-BLADE 1.0, we have limited measures on community outcomes described above or data to construct counterfactuals to isolate possible causal impacts. This is for future research.

In I-BLADE 1.0, we start from the premise that the public benefits from Indigenous businesses, as described above, are likely to be related to the share of overall employment in the region and the associated pay, the latter being a proxy for the economic returns to the community from a job with an Indigenous business. Data in Figure 11 shows Indigenous business employment numbers as a share of overall ABS SA4 business employment in 2017-2018. One key observation is that in terms **Indigenous businesses in I-BLADE are consistently most important in remote areas, where Indigenous business jobs comprise more than 2 per cent of all jobs.** Although the employment share in regional areas and major cities is lower, its importance is growing rapidly. In 2006, Indigenous business employment as a share of total business employment only exceeded 1 per cent in 7 ABS SA4 areas in major cities or regional areas, compared to 19 in 2018.

Figure 11: Employment in Indigenous businesses as a share of all business employment by ABS Statistical Area Level 4, 2017-18



Source: I-BLADE 1.0, restricted to businesses that are active for tax purposes. Indigenous businesses are from Indigenous business registries (Supply Nation registry, ICN Gateway data, Victorian Aboriginal Business Directory or the ORIC database). Excludes employees for the top 2% of Indigenous and non-Indigenous employers.

An interesting result is that jobs with **Indigenous employees in I-BLADE 1.0 pay 3.2 per cent more than jobs with non-Indigenous employees, including in major cities (2.7 per cent higher), regional areas (10 per cent higher) and remote areas (16 per cent higher) (Figure 12)**. This may be a result of a few different factors. First, Indigenous businesses in I-BLADE 1.0 are larger than non-Indigenous businesses, which means

they may face less competition for their services/products and be better able to pay higher wages to attract staff. Alternatively, it may represent differences in the skill set of Indigenous and non-Indigenous employees. Compared to non-Indigenous businesses, Indigenous businesses are more concentrated in sectors that deliver professional services (62 per cent relative to 55 per cent) that tend to command higher wages⁶.



6. These include: Information Media and Telecommunications, Financial and Insurance Services, Rental, Hiring and Real Estate Services, Professional, Scientific and Technical Services, Administrative and Support Services, Public Administration and Safety, Education and Training, Health Care and Social Assistance, Arts and Recreation Services and Other Services.

Future developments of I-BLADE

These new findings underline the value of I-BLADE and the importance of further developing the data to better understand the drivers of Indigenous business growth, especially the role played by government and corporate initiatives, and quantifying the flow-on social and economic benefits to the public. **An important future development is working with data custodians, to expand the coverage of registries in I-BLADE and to develop and implement initiatives to grow the coverage of Indigenous owned business on these registries.** This study has shown that Indigenous businesses on these registries are large, much larger than non-Indigenous businesses on average, which may be because they self-select, or are selected by procurers, onto the registries to take advantage of IPPP, a key use of these registries. For small businesses that may not have the capacity to compete for IPPP contracts, the potential cost of time and effort to certify owner's Indigenous status may not be worth the effort (there is no fee for registration).

While only Supply Nation verifies the Indigenous status of all businesses as a condition of registration, the personal and business risk in the event of an audit may also be enough to deter some business owners from registering. The implication is that while the coverage of businesses in I-BLADE may not be representative of the entire sector (that is at least 50 per cent Indigenous owned), it may reflect businesses that stand to benefit from IPPP. We are currently working with a range of other Indigenous business data custodians that are responsible for maintaining Indigenous business registries in their states/territories, as well as with

Indigenous Business Australia (IBA) and South Australian Industry Advocate⁷, to ensure that future releases of I-BLADE will have a more comprehensive coverage. However, incorporating all Indigenous business registries into I-BLADE is only a first step; more work is needed to extend the coverage of Indigenous businesses on registries.

One option is to invite businesses with an online presence and which self-identify as Indigenous to have their ownership verified with automatic (centralised) business registration across all relevant registries to maximise their business exposure. Such an approach may be accompanied with information about the opportunities afforded under IPPP and the importance of verification. Expanding the coverage of I-BLADE will help paint a more representative picture of the Indigenous business sector and allow better understanding of which Indigenous businesses take advantage of IPPP, which do not, and why not.

Another focus for improving Indigenous registry data is synchronising the collection of business statistics such as sector, business age, industry, Indigenous verification status and location that can be used to determine the extent of difference between businesses that are linked to BLADE and those that cannot be linked. At present, only 77 per cent of business registries can be linked to BLADE and because the data collected varies markedly across registries, it is difficult to assess how different businesses that can be matched are to those that cannot. Understanding how different unmatched businesses are from matched businesses is important to understand whether the exclusion of unmatched businesses is biasing the sample of analysis.

7. SA Industry Advocate is responsible for the SA Aboriginal Business Directory <https://industryadvocate.sa.gov.au/aboriginal-business-register/>

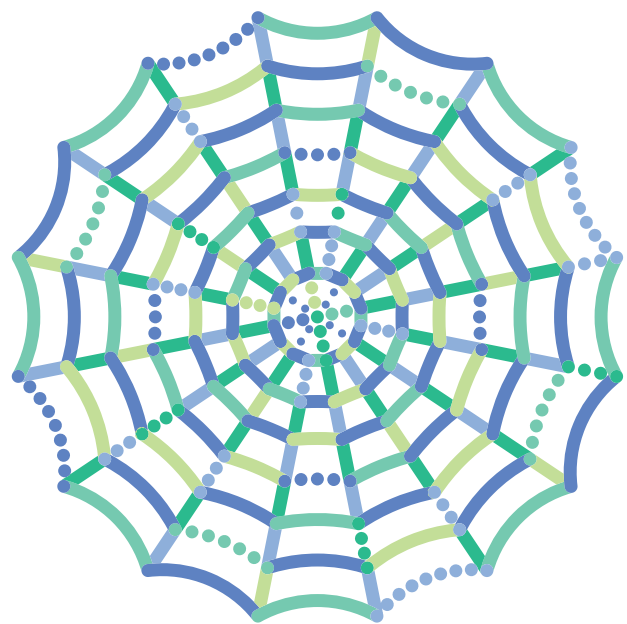
As well as helping to understand the implications of unmatched businesses, the data can also support analysis, for example, to understand the types of businesses that elect to be verified and help to improve the match rate of Indigenous business to BLADE.

In the future it is possible that such data, which is also common to BLADE, could be used to link businesses where ABN alone is insufficient. Better data from custodians can also help inform I-BLADE, for example by helping to identify the location of main business activity, which at present is based on head office postcode. Also, at present not all registries have supplied historical data, including businesses that no longer appear in registries, but information about these businesses and when they were on the registries is vital to be able to properly capture the evolution of the sector over time.

As well as working with data custodians, a priority of the I-BLADE development project is to work with the ABS to help develop BLADE. A key priority is improving the understanding of why 40 per cent of Indigenous businesses on registries are apparently inactive for tax purposes. Working with the ABS, we hope to try to identify reasons for inactivity, including identifying businesses that are attached to the same (anonymised) owner that may be inactive because of centralised reporting. Shedding light on the reasons for inactivity is important for measuring business termination/survival, a key performance measure for the sector that we hope to capture in future waves of I-BLADE. Improved identification of business ownership is also vital to identify whether any growth in the Indigenous business sector, especially associated with IPPP, is related to real 'within business' growth and not changes in activities associated with Indigenous ABNs, for example, mergers/acquisitions or changes in reporting associated with Indigenous ABNs.

Finally, future versions of I-BLADE will also integrate

government and corporate procurement data and employee and Indigenous community wellbeing data for the purpose of measuring impacts of IPPP and the flow-on public benefits to community and the rest of Australia. Integrated data to capture public benefits will include, but will not be limited to, anonymised business employee and community-level data from the Multi-agency Data Integration Project (MADIP) over time. This will enable us to measure impacts on Indigenous employees and overall impacts on Indigenous communities on measures such as financial wellbeing, employment rates, participation in education and training and health expenditure. These developments will help support research into the design and impacts of IPPP and the public benefits that flow to communities and to Australia as a whole.



References

- ABS 2001, Small Businesses in Australia 2001, cat. no. 1321.0, ABS, Canberra Australia.
- ABS 2020. Australian National Accounts: Input-Output Tables 2017-18, cat. no. 5209.0.55.001, ABS, Canberra.
- Australian Small Business and Family Enterprise Ombudsman 2019. Small Business Counts, Australian Government, Canberra.
- Biddle, N., Howlett, M., Hunter, B. and Paradies, Y., 2013. Labour market and other discrimination facing Indigenous Australian. *Australian Journal of Labour Economics*, 16(1), pp.91-113.
- Crooks, K., Casey, D. and Ward, J. 2020. First Nations peoples leading the way in COVID-19 pandemic planning, response and management Engaging First Nations peoples in public health emergencies is critical to reducing health inequities, *Medical Journal of Australia* 213(4), p. 151-152.
- Foley D 2000. Successful Indigenous Australian entrepreneurs: a case study analysis, Aboriginal and Torres Strait Islander Studies Unit Research Report Series, vol 4, University of Queensland, Brisbane.
- Foley, D. 2013. Jus sanguinis: the root of contention in determining what is an Australian Aboriginal business. *Indigenous Law Bulletin* 8(8):25–29.
- Holzer, H. and Neumark, D. 2006. Affirmative action: What do we know? *Journal of Policy Analysis and Management* 25(2) pp. 463-490.
- Hunter, B. 2014. Indigenous employment and businesses: Whose business is it to employ Indigenous workers? Centre for Aboriginal Economic Policy Research (CAEPR) working paper 95/2014, Australian National University, Canberra.
- Shirodkar, S., Hunter, B. Foley, D. 2018. Ongoing growth in the number of Indigenous Australian Businesses, Centre for Aboriginal Economic Policy Research (CAEPR) working paper 125/2018, Australian National University, Canberra.
- Shirodkar, S., 2019. Bias against Indigenous Australians: Implicit association test results for Australia. *Journal of Australian Indigenous Issues*, 22(3-4), pp.3-34.
- National Indigenous Australians Agency (NIAA) 2020, Indigenous Procurement Policy, NIAA, <https://www.niaa.gov.au/sites/default/files/publications/ipp-guide.pdf> (accessed 3 April 2020).
- Supply Nation 2020. State of Indigenous businesses, driving growth across the Indigenous business sector, Supply Nation Research Report 1, <https://supplynation.org.au/research-paper/state-of-indigenous-business-driving-growth/> (accessed 3-4-2021).

Technical appendix

Indigenous business registry data integration with BLADE

To link Indigenous business registry data to BLADE is through a 'linkage key' that maps unique ABNs in the Indigenous business registry to anonymised business identifiers in BLADE. Before the Indigenous business data is linked to BLADE, the registry data is cleaned to maximise the likelihood of the data being successfully linked with BLADE. We first remove duplicates with the same name (that appear in more than one database and also sometimes multiple times in the same registry). We rely on business name to remove duplicates (not ABN) because many registry records (3,940 out of 11,409) were missing a valid ABN, either because no ABN was provided (including, but not limited to, corporations in ORIC) or because the ABN provided was not an 11 - digit number. To identify businesses that have a unique name, we first standardise the formatting of the business names.⁸

Because ABS linkage of Indigenous business data to BLADE is based on a unique common ABN, it is vital that the Indigenous business ABNs are correct and up-to-date.⁹ For this reason, we enter all cleaned business names into the ABN Lookup tool on the Australian Business Register website (<https://abr.business.gov.au/Tools/AbnLookup>) and retrieve all ABNs that are associated with the business name that have a name character match of at least 98 per cent, which, based on our testing, is a conservative measure for a reliable ABN match. In some cases, more than one match is retrieved. In these cases, the highest match is the preferred ABN, but the alternative ABNs are retained for the data

integration with BLADE in case the preferred match is not successful. In practice businesses may have multiple ABNs if the business acts as a trustee for other businesses. It is also important to note that ABNs are not unique to a business. As long as they are the same structure (for example company, sole trader), an owner can register multiple companies under the one ABN. In these cases, we delete one of the records at random for the ease of data integration, but in practice, because businesses in BLADE are aggregated for tax purposes, the integrated data will include financial information for all businesses operating under the same ABN. After removing duplicates across and within registries and retrieving ABNs from the ABR, we are left with 8,133 businesses with unique ABNs.

Using ABNs that are common to both the cleaned Indigenous business registry and BLADE, the ABS is able to uniquely match around 6,200 of the 8,133 businesses in the Indigenous business directory, or a match rate of around 77 per cent, to form I-BLADE (Table 1). At present, because of the inconsistent nature of data in the registries, it is not possible to examine whether the characteristics of businesses that are linked are different to those that are not. This could provide insight as to whether the sample is being skewed by systematic exclusion of certain business types. For future versions of I-BLADE, it is hoped that information stored in business registries will be standardised on key business characteristics such as business sector, location, business type and age to better gauge the impacts of non-matches in future versions of I-BLADE.

8. This involves removing commas, hyphens, text between parentheses, changing 'and' to '&', removing leading and trailing spaces, removing quotation marks, removing indicators of business type (such as Ltd., Corp. etc.) and removing punctuation

9. An alternative way to link the data is through probabilistic matching. In this case, businesses would be linked on the basis of the likelihood that the business registry information belongs to a business in BLADE (e.g. based on a combination of common name and location).



23 April 2021

RE: Letter of Support for the Inaugural Indigenous Business Sector Snapshot Study

At bp our purpose is reimagining energy for people and our planet. We want to help the world reach net zero and improve people's lives.

We are honoured, along with our Ironbark Joint Venture (JV) partners, to be involved in this important research project. Indigenous businesses play a critical role in the economic, social and cultural fabric of Australia. This study highlights the contribution Indigenous businesses make to the Australian economy, the economic prosperity of Indigenous Australians and their propensity to produce employment. A strong Indigenous business sector will help drive financial independence, wealth creation and opportunities for Indigenous Australians.

bp Australia has a proud and long-standing history of building trust and respect with Aboriginal and Torres Strait Islander peoples, communities and businesses. We have been lucky to partner with Melbourne Business School's MURRA program, empowering Indigenous entrepreneurs and change makers from across Australia with business and personal development skills. These leaders are joined by a common purpose to develop business opportunities for the benefit of their communities.

This research will play a catalytic role, providing proof points for all businesses across Australia, as to the value Indigenous businesses bring to supply chains. This evidence will help to foster a thriving Indigenous business sector and add value for *all* stakeholders across Australia's economy.

bp Australia, with our Ironbark JV Partners Cue Energy, Beach and New Zealand Oil & Gas are pleased to endorse this snapshot study. We congratulate the University of Melbourne and the research team led by Dr Michelle Evans on this important work.

Yours sincerely,

Tzila Katzel
Director Low Carbon Policy & Advocacy
bp Australia

Ashley Mackay
Community & Social Performance Advisor
bp Australia



NEW ZEALAND
OIL & GAS



27 April 2021

Re: Letter of Support for the Inaugural Indigenous Business Sector Snapshot Study

Crown Resorts is one of Australia's largest entertainment groups and generates a major contribution to the Australian economy through its role in tourism, employment, training, and corporate responsibility programs. Crown's core businesses and investments are in the integrated resorts sector. Crown owns and operates two of Australia's leading integrated resorts, Crown Melbourne and Crown Perth with its third resort, Crown Sydney, recently opened in December 2020 with non-gaming operations .

The research aligns with Crown's commitment to provide real sustainable employment opportunities to Aboriginal and Torres Strait Islander people.

Crown's Indigenous Employment Program has provided over 850 Indigenous employment opportunities with a consistent focus on hiring, developing and retaining staff. Currently, Crown is on track to successfully fulfill its parity agreement with the Department of the Prime Minister and Cabinet of a 3.1% Indigenous workforce.

Crown is a key employer in Australia, and our world-class integrated resorts are among Australia's most visited tourist attractions. It is our goal to utilise our influence in the market to encourage other Australian organisations to make commitments to Closing the Gap in Aboriginal and Torres Strait Islander disadvantage.

The research will provide important data to better understand the impacts which Indigenous and Torres Strait Islander businesses have on the economy, jobs and in the community. This information will play an important role in assisting Crown to shape its future objectives in relation to its RAP programs, as well as providing key data to our supply partners so we can collectively create sustainable long-term benefits to Aboriginal and Torres Strait Islander businesses.

Crown is excited to partner with Melbourne University and be part of improving the long term social and economic benefits of Aboriginal and Torres Strait Island People. We thank you for the opportunity to partner on this important and strategically aligned research and Snapshot Study.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ben Briggs".

Ben Briggs
Group General Manager – Procurement & Supply

14 April 2021

RE: Letter of Support for the Inaugural Indigenous Business Sector Snapshot Study

Industry Capability Network (ICN) is a network of experienced industry procurement and supply chain specialists who connect Australian and New Zealand businesses to projects large and small

We are an independent organization, funded by our members and subscribers, including Australian and New Zealand federal, state and territory governments.

ICN owns a supplier and buyer database of over 80,000 Australian companies. In the 2019/20 financial year \$2.95 billion contracts were awarded to Australian companies on ICN Gateway.

Our leading product, ICN Gateway is a platform that connects Australian businesses and projects. To assist indigenous businesses stand out and be easily identified ICN Gateway flags indigenous businesses, so they can be ideally placed to secure business.

The research by the University of Melbourne is extremely well timed and welcomed. The results will be of great use to companies, governments and other stakeholders. ICN is passionate about helping Indigenous businesses thrive and grow. Our network of state and territory offices work closely with local government and authorities, many of whom are eagerly anticipating the publication of this research.

Our partners and government agencies seek to better understand indigenous business capability in their regions and in turn help these businesses to put their best foot forward to potential partners and secure new business.

ICN is pleased to endorse the research and congratulate University of Melbourne on the study.

Yours sincerely,



Warren Jensen
Executive Director

Thank you to our partners:

Australian Bureau of Statistics

National Indigenous Australians Agency

bp Australia and Ironbark JV partners Beach, Cue and NZOG

Crown Resorts

BHP

Fortescue Metals Group

Minerals Council of Australia

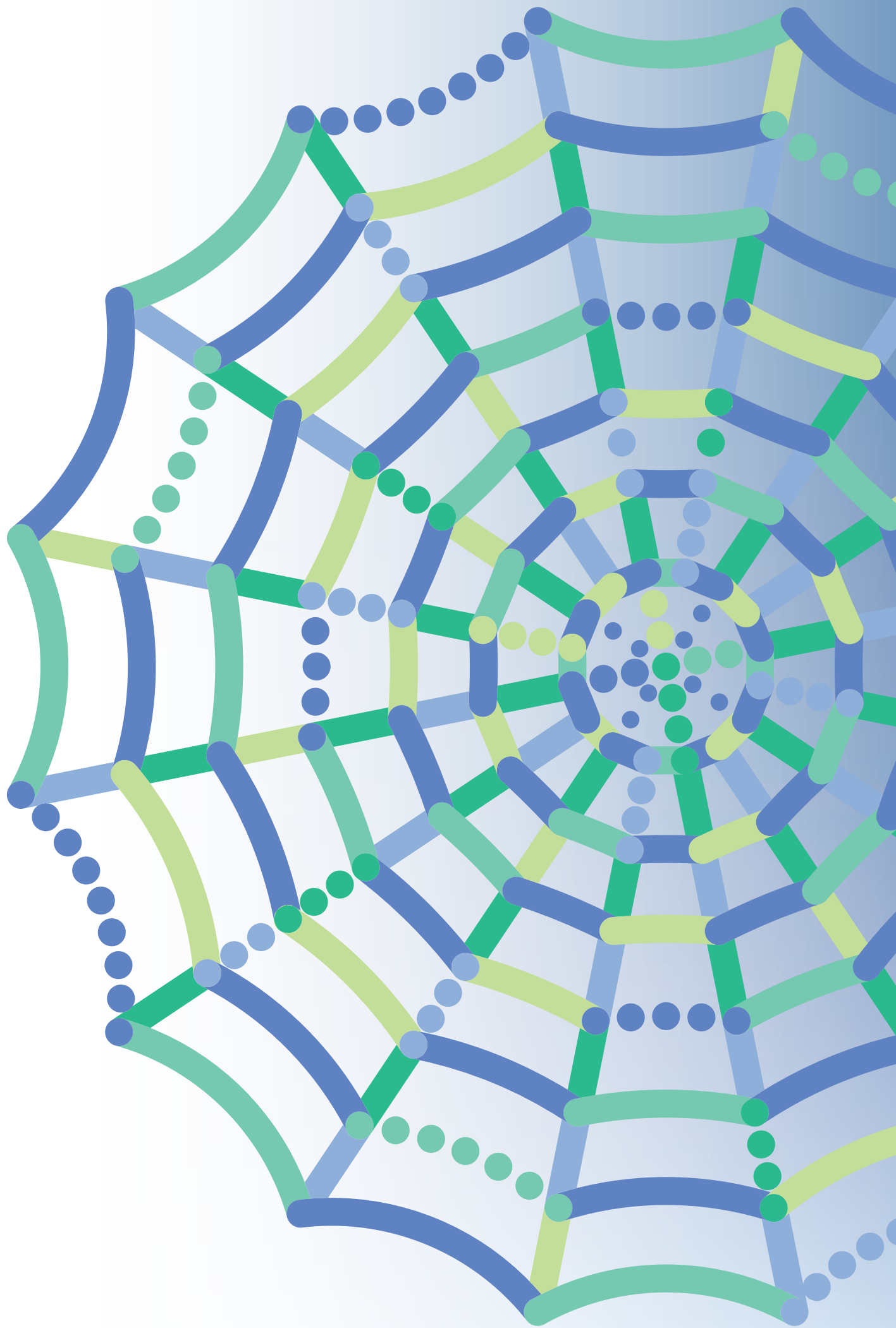
Supply Nation*

Industry Capability Network Ltd*

Department of Jobs, Precincts and Regions State Government of Victoria*

Office of the Registrar of Indigenous Corporations*

*Indigenous business data custodian





<https://fbe.unimelb.edu.au/ibl/snapshot>