The Indigenous business sector has been compared to a ‘sleeping giant’ because of the hidden potential lying beneath the surface. Some of this potential has become evident in more recent years as the giant has stirred. But it is not yet fully awake.

The central tenet of this submission is that to fully awaken the sleeping giant and unlock the potential of Indigenous business necessitates elevated levels of financial literacy and more Indigenous accountants.

Indigenous Accountants Australia (IAA) welcomes the opportunity to respond to the Government’s invitation to submit our views on its Draft for Consultation Indigenous Business Sector Strategy (Draft Strategy).

IAA is the collaborative endeavor of Australia’s two major professional accounting bodies – CPA Australia and Chartered Accountants Australia and New Zealand (CA ANZ). Our aim is to address the dramatic under-representation of Indigenous Australians in the accounting profession. Our motivation is the firm belief that more Indigenous accountants is pivotal to Indigenous success. This is most certainly the case for Indigenous business.

Over the next few pages we:

- evidence the enormity and the potential and the sleeping giant;
- make the case for why we need more Indigenous accountants in order to unlock this potential;
- illustrate the dramatic under-representation of Indigenous accountants and how this has come about; and
- discuss what can be done and invite the Government to work with IAA to address this under-representation and thereby awaken the sleeping giant.

The sleeping giant stirs

While there is some dispute regarding what constitutes an Indigenous business, there is little argument that, however defined, the Indigenous business sector is doing well:

- The Draft Strategy notes that today there is an estimated 8000 more Indigenous-owned businesses than there was a decade ago, with growth outstripping that of the rest of the economy.¹

• The Indigenous procurement policies of the Government and corporates have accelerated growth in both the number of Indigenous business beneficiaries and the value of Indigenous goods and services transacted. From an initial membership of 48 in 2009, today Supply Nation has 268 members, representing more than a fivefold increase. In less than a year following the introduction of the Commonwealth’s Indigenous Procurement Policy, Government expenditure on goods and services provided by Indigenous business leapt from $6 million to $156 million.

• The combined income of the top 500 Indigenous corporations in 2014-15, at $1.9 billion, is almost two and a half times what it was a decade earlier, representing a healthy annual rate of growth of 9.4 percent. Their assets are growing at the even faster rate of 10.5 percent, and in 2014-15 the combined value was over $2.2 billion. This is in turn supporting job growth. Employee numbers have swelled from less than 7000 in 2007-08 to over 12,000 at its peak.

These good news stories only hint at the potential. The shaded areas on the map on the following page illustrate the extent of the Indigenous Estate. Indigenous people now own or have rights or interests to a massive 40 percent of the Australian land mass under various forms of title and legislation. Studies estimate that there could be up to $10 billion in investable assets in the Indigenous Estate. The potential is even greater still as a further 20 percent of Australia’s land mass is currently under consideration by the courts. This is significant because it means that in the not too distant future, Indigenous Australians could either own or have rights or interests in more than half of the nation’s land mass.

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2 http://www.supplynation.org.au/
The case for more Indigenous accountants

The potential is huge. But so too are the risks.

The previous section shared the good news stories, such as the performance of the top 500 Indigenous corporations. But what of the ones that do not fare so well? What of the ones that fail?

In 2010, the Office of the Registrar of Indigenous Corporations (ORIC) examined 93 cases of corporate failure by Indigenous corporations. Topping the list of the 23 symptoms of corporate failure uncovered is inadequate, or non-existent processes or records for financial accounts. This was a symptom shared by a large 81 percent of cases examined. A further finding is that a clear majority (67 percent) of Indigenous corporations examined failed because of poor management or poor corporate governance. The study concludes that this illustrates the need for corporations to be able to hire staff, especially senior staff, to adequately and properly manage their daily affairs, such as the finances.

Six years on, in a report on igniting the Indigenous economy, KPMG echoes these sentiments. It advises that to take full opportunity of their Estate there is a need to enable Aboriginal and Torres Strait Islander people to develop the commercial capability necessary to make informed strategic, investment and commercial decisions.

Last year, high profile Aboriginal businessman and advisor, Warren Mundine, counselled:

“In the same way we need to understand our country to sustain and take care of it, we need to understand how to sustain and take care of our financial assets too. At the moment we are not equipped.”

His counsel was motivated not only by the need to awaken the sleeping giant and unlock the potential of Indigenous business, but by the observation that too often there are cases of financial mismanagement and even financial misappropriation that cripple Indigenous organisations and deplete Indigenous assets. At the time of making his comments, accountant, Johannes Joubett, had just been sentenced to nearly eight years prison for stealing $780,000 from Aboriginal organisations in Central Australia. In handing down his sentence the Judge’s sombre observation was that “Aboriginal people were deprived of benefit.”

Johannes Joubett is just the tip of the iceberg. Last year ABC’s Four Corners exposed how the billions of dollars of taxpayer money poured into Indigenous programs in

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6 Corporate failure is defined as a corporation that had been subject to external administration initiated by the Registrar of Indigenous Corporations.
8 Ibid, p 57.
9 Ibid, p 70.
10 KPMG, op cit, p 21.
remote communities designed to ‘close the gap’ had been squandered. In some cases the communities were victims of fraud. In others sheer incompetence made them vulnerable to exploitation and betrayal. \(^\text{13}\)

The purpose here is not to suggest that Indigenous businesses and communities should not access or rely on external financial expertise and advice. Of course they should. Just as non-Indigenous businesses can and do. To this end, IAA supports the proposed supply-side initiatives in the Draft Strategy to provide better business support and improve access to finance.

The key point we want to stress here is that in order for Indigenous businesses to build prosperity from the assets and wealth they have fought hard to obtain, and for Indigenous communities to put taxpayer monies to best use to close gaps, they need people from within with financial and corporate governance expertise. They need Indigenous accountants. That is what it means to have a truly empowered, self-supporting Indigenous business sector.

The dramatic under-representation of Indigenous accountants

Despite the critical need for Indigenous accountants there is a dramatic under-representation of Indigenous Australians who hold a professional accounting designation. We can count only 36. While this number has grown in recent years, it remains tiny when compared against the 163,000 full members of CPA Australia and CA ANZ residing in Australia. That is, Indigenous Australians represent a dismal 0.02 percent of Australia’s professionally qualified accountants.

These professional accountants are the survivors of an ever narrowing education pathway. The barriers start in school where they are faced with the same education challenges as other study and career pathways – low completion and attainment. They are frustrated by impediments that are particular to accounting. Low Indigenous attainment in numeracy, evident from the early years, forecloses accounting as a future study option for many. Further, as Warren Mundine accurately quipped, “accounting is the ugly duckling of the professions”. \(^\text{14}\) It is rarely promoted by families and communities. Their views are coloured by the historical dispossession of land and family, where the white fella accountant too often played a role. There persists a view that accounting is an Anglo-Saxon male dominated profession. And when there is only a limited pool of Indigenous role models, this is a perception that is difficult to shift.

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13 [http://www.abc.net.au/4corners/stories/2016/06/06/4474335.htm](http://www.abc.net.au/4corners/stories/2016/06/06/4474335.htm)
14 Warren Mundine, op cit.
The barriers continue into higher education where accounting lacks the sex appeal of other professions, such as education, health and law. We can count only 68 Indigenous students studying accounting. While a higher number are enrolled in Management and Commerce programs, Indigenous students represent only 0.5 percent of domestic enrolments. Compare this against two percent for Education and 1.1 percent for all fields.

### Impediments to educational and career pathways in accounting

- Bad experiences associated with accountants
- The view that accounting is an Anglo-Saxon male dominated profession
- A lack of awareness of the breadth of the accounting profession
- Westernised accounting curriculum and teaching methods
- A limited pool of Indigenous role models
- Historical dispossession and oppression
- Education barriers
- Lack of a grounding in mathematics
- Racism

Source: Luisa Lombardi and Barry J Cooper (2014) An investigation into the role of educators, employers and the accounting profession in providing opportunities for Aboriginal and Torres Strait Islander peoples to enter the field of accounting, Deakin Business School.

### Domestic students by broad field of education, 2015

<table>
<thead>
<tr>
<th>Field of Education</th>
<th>Indigenous</th>
<th>Non-Indigenous</th>
<th>All</th>
<th>Share Indigenous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>2,568</td>
<td>127,802</td>
<td>130,370</td>
<td>2.0%</td>
</tr>
<tr>
<td>Society and Culture</td>
<td>5,318</td>
<td>302,301</td>
<td>307,619</td>
<td>1.7%</td>
</tr>
<tr>
<td>Health</td>
<td>3,167</td>
<td>218,130</td>
<td>221,297</td>
<td>1.4%</td>
</tr>
<tr>
<td>Creative Arts</td>
<td>1,241</td>
<td>89,322</td>
<td>90,563</td>
<td>1.4%</td>
</tr>
<tr>
<td>Agriculture, Environmental and Related Studies</td>
<td>207</td>
<td>18,330</td>
<td>18,537</td>
<td>1.1%</td>
</tr>
<tr>
<td>Natural and Physical Sciences</td>
<td>837</td>
<td>113,701</td>
<td>114,538</td>
<td>0.7%</td>
</tr>
<tr>
<td>Architecture and Building</td>
<td>189</td>
<td>30,926</td>
<td>31,115</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Management and Commerce</strong></td>
<td><strong>1,798</strong></td>
<td><strong>368,329</strong></td>
<td><strong>370,127</strong></td>
<td><strong>0.5%</strong></td>
</tr>
<tr>
<td>Information Technology</td>
<td>282</td>
<td>60,449</td>
<td>60,731</td>
<td>0.5%</td>
</tr>
<tr>
<td>Engineering and Related Technologies</td>
<td>420</td>
<td>105,790</td>
<td>106,210</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,136</strong></td>
<td><strong>1,393,997</strong></td>
<td><strong>1,410,133</strong></td>
<td><strong>1.1%</strong></td>
</tr>
</tbody>
</table>

Of those who do progress from school to commence an accounting program less than half will see their studies through to an end. Again the impediments are a mix of those shared with all Indigenous higher education students and others that are particular to accounting. The challenges of studying away from family and community, financial barriers and juggling study, work and family commitments are shared by all. In addition, Indigenous students of accounting are faced with the loneliness of having few or no Indigenous peers, and the disconnect of a Westernised accounting curriculum, where Indigenous concepts, such as shared capital, have no place.

Currently we are aware of only 26 Indigenous Australians who have overcome these hurdles and are studying towards a professional accounting designation. Based on the performance of those who have gone before them, less than half of this number will likely see their studies through to successful completion.

How Māori have awakened their sleeping giant

The challenge of awakening the sleeping giant and unlocking the potential of Indigenous businesses today is not unlike that was faced by our Indigenous neighbours across the Tasman two decades back.

Following the Māori land rights movement from the mid 1970s, the Waitangi Tribunal was established in 1985 to investigate historic breaches by the Crown. As the century drew to a close various claims had been settled including the two largest land claims of North Island iwi (tribe), Waikato-Tainui, and South Island iwi, Ngai Tahu. Iwi has seen the return of land confiscated, received financial redress and, in some cases, a Crown apology.

Today Māori control 40 percent of fish quotas, 43 percent of forests, 25 percent of beef and lamb and 960,000 hectares of land. The estimated worth of the Māori asset base is NZ$42.6 billion.

Low financial literacy meant Māori were not prepared to protect their interests at time of settlement. This plus reliance of external advisors drove the desire by Māori to become educated - to be their own advisors. Iwi invested in developing the financial literacy skills of their people, and the Government invested in initiatives to support the same.

Today Māori account for 5.2 percent to New Zealand’s GDP. While impressive, when compared to its 6.1 percent share of the national asset base, suggests that there is room for improvement.

The New Zealand Government’s Māori economic development strategy, He kai kei aku ringa, draws its name from a Māori proverb which, literally translated means “there is food at the end of my hands.” In today’s world, it means to be responsible for the resources and capability you need to grow and develop. Māori now represent an impressive 10 percent of enrolments in Bachelor degree level or above programs of accounting. Māori professional accountants now number over 900.

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17 Ibid.
What can be done

The preceding discussion on the dramatic under-representation of Indigenous Australians in the accounting profession is deliberately set against the story of our Indigenous neighbours across the Tasman. When faced with the challenge of making best use of post-settlement assets, Māori took matters in their own hands. A big focus was on developing financial literacy skills, including pursuing studies in accounting and a professional accounting designation. This was driven by a desire to be their own advisors and not be dependent on that of external advisors.

This is where Australia needs to be and direct its efforts under its Indigenous Business Sector Strategy. As the sleeping giant stirs, Indigenous Australians need to be in a big rush to develop their financial literacy skills, and pursue studies and a professional designation in accounting.

IAA is playing its part. Three Relationship Managers Indigenous Strategies are engaged full time on the initiative. They are the arms, legs and ‘face’ of IAA. They are also its heart - together with our Advisory Committee members, where the majority are Indigenous, they provide a vital link to Indigenous culture. In addition, the initiative draws on the communication, marketing, government relations, administrative and management expertise and support of CPA Australia and CA ANZ. Key activities include:

- engaging with universities, their students, employers, and others to educate and support opportunities and careers in accounting;
- involving Indigenous accountants for the purposes of supporting their engagement with the profession and each other, and encouraging them to tell their stories, act as role models, and work with us to progress the goals of this initiative;
- using digital, social media, and other communication channels, including workshops, forums and presentations, to raise awareness with a broader audience;
- hosting student-employer networking and careers events;
- inviting Indigenous students and young professionals to become involved in the events and activities of CPA Australia and CA ANZ;
- facilitating mentoring opportunities for Indigenous students of accounting and emerging professionals; and
- leveraging stakeholders and their activities to provide reach into schools and TAFE pathways, and Indigenous communities.

To learn more about IAA and what we get up to you are encouraged to visit our website (www.indigenousaccountants.com.au) and subscribe to our eNewsletter.
IAA is a David initiative with a Goliath task. While we are making a positive difference there remains so much more to be done. Given our limited resources our efforts are focused deliberately on encouraging retention and completion of Indigenous students in accounting programs and facilitating their networks for future success. This is where we have judged there to be the greatest return on our efforts.

However, to make a real difference requires not just a focus on who is currently in the pipeline, but on who is entering, and the experiences upon exit. That is, there is a need to encourage accounting as a further study and career option for Indigenous Australians in secondary schools (years 9-12). This requires a focus on schools and other pathways and in communities. For those Indigenous Australians who go on to graduate from programs of accounting and acquire professional designations they are spoilt for choice in the job market, as demand for Indigenous accountants is well in excess of supply. Their labour market outcomes are at least as good if not better than their non-Indigenous peers. However, it is not just the quantity of demand that matters, but the quality. There is a need to encourage and support culturally safe workplaces.

To do that we need to grow the initiative and pool the energies and resources of not just the profession, but of governments and corporates. IAA invites a discussion with the Government on how we can work together to facilitate Indigenous success.

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