

‘Handful of millionaires’ benefit from indigenous funding scheme



Former head of the Government’s indigenous Advisory Council Warren Mundine has called for the indigenous Procurement Policy to be overhauled.

Staff writersNews Corp
23 February 2017

MILLIONS of dollars in Federal Government funding to boost indigenous economic development has gone to companies that employ very few indigenous workers, including one based in Malaysia.

Now there are calls to overhaul the scheme, which has been accused of creating a “handful of millionaires” rather than supporting employment for First Australians. More than \$280 million in contracts have been awarded under the indigenous Procurement Policy in the past year to companies majority-owned by First Australians, The Australian reports.

That’s a 46-fold increase on the \$6.2 million awarded under the policy just five years ago.

Former head of the Government's indigenous Advisory Council Warren Mundine told *The Australian* the scheme should be overhauled to include a strategy where "indigenous people are actually getting employment through those companies".

"At the end of the day, this is not about creating a handful of millionaires, it's about changing the economic status of indigenous people," Mr Mundine said.

"We do need to have successful Aboriginal businesses, but economic opportunities for the majority will be more likely to come through employment.

"In my view, companies that employ 70 per cent or more indigenous should also be declared an indigenous company whether they have white, black, Chinese or American owners."

The Australian reports Message Stick Communications, an audio conferencing business run by indigenous businessman Michael McLeod, has received \$4.5m in contracts from government agencies in the past five years but employs just one indigenous person in a staff of four.



Indigenous Affairs Minister Nigel Scullion has defended the procurement scheme.

All its audio-conferencing services are provided by major international companies including InterCall and BT, which until last year provided services to Message Stick clients via a team of 16 based in Kuala Lumpur.

Meanwhile, Message Stick's website spruiks indigenous business as a way of "ending poverty and welfare dependency".

Mr McLeod said his company "doesn't have the financial ability" to hire many indigenous workers.

The company is reportedly verified by Supply Nation, a certification scheme established by Mr McLeod.

Indigenous Affairs Minister Nigel Scullion said it was incorrect to say that only a handful of businesses have benefited from the IPP.

"Supporting indigenous businesses through the IPP is significant because indigenous businesses are 100 times more likely to employ a first Australian than non-indigenous businesses," Mr Cullion told The Australian.

Under the program, a business is considered to be indigenous if it is more than 51 per cent owned by an indigenous person.

But companies with no indigenous ownership can tender for contracts worth more than \$7.5m as long as they can demonstrate how they working towards a workforce where at least 4 per cent of employees were indigenous.