



22 June 2026

Productivity Commission  
Commissioners Alison Roberts and Stephen King  
Wurundjeri Country  
Level 8, Two Melbourne Quarter  
697 Collins Street  
DOCKLANDS Vic 3008, Australia

Dear Commissioners,

### **IBA Submission: Inquiry into reducing barriers to business dynamism**

Indigenous Business Australia (IBA) welcomes the opportunity to contribute to the Productivity Commission's inquiry into reducing barriers to business dynamism.

IBA's submission focuses on Aboriginal and Torres Strait Islander businesses and entrepreneurs. The First Nations business sector is a rapidly growing part of the Australian economy and represents a significant opportunity for economic participation, job creation, and national productivity growth.<sup>1</sup> Despite this, many First Nations businesses continue to face structural barriers that limit business formation, growth, and long-term sustainability.<sup>2</sup>

Access to appropriate finance remains one of the most significant constraints on business dynamism for First Nations businesses.<sup>3</sup> This is particularly evident as businesses move beyond start-up and seek to scale.<sup>4</sup> Addressing this constraint would support stronger business growth, unlock new market participation, and contribute to broader national productivity outcomes.

As the Commission examines barriers to business dynamism, we encourage close attention to the experiences of First Nations businesses. This can provide insights into how market structures, policy settings, and access to finance influence business entry, expansion, and competitiveness.

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<sup>1</sup> Indigenous Business Australia, *Aboriginal and Torres Strait Islander Pathways Through Business*, 2024, pages 9-10 ('IBA, *Pathways Through Business*'); Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs, Parliament of Australia, *Inquiry into Economic Self-Determination and Opportunities for First Nations Australians* (Report, November 2024), page 15 ('*Inquiry into First Nations Economic Self-Determination*').

<sup>2</sup> IBA, *Pathways Through Business*, pages 31-32; *Inquiry into First Nations Economic Self-Determination*, page 15.

<sup>3</sup> IBA, *Pathways Through Business*, pages 31-32.

<sup>4</sup> IBA, *Pathways Through Business*, page 31-32; *Inquiry into First Nations Economic Self-Determination*, page 45-48.

## About IBA

IBA is a Corporate Commonwealth Entity established under the *Aboriginal and Torres Strait Islander Act 2005*. Our purpose is to support the economic independence and self-sufficiency of Aboriginal and Torres Strait Islander people.<sup>5</sup>

Through our Business Solutions pathway, we provide business finance, capability development, and ongoing support to Aboriginal and Torres Strait Islander entrepreneurs and businesses. This direct engagement gives us a practical view of how businesses navigate different stages of their development, and where barriers persist.

## Aboriginal and Torres Strait Islander businesses are a growing economic force

Aboriginal and Torres Strait Islander businesses make a substantial contribution to the Australian economy. In 2022, the Indigenous business ecosystem generated more than \$16 billion in revenue, employed over 116,000 people, and paid more than \$4 billion in wages.<sup>6</sup>

In addition to their economic contribution, First Nations businesses create broader social and community benefits, including opportunities for Aboriginal and Torres Strait Islander employment, self-determination, intergenerational wealth generation, and culturally responsive services.<sup>7</sup> This combination of commercial and community outcomes is a strength, not a constraint, yet it is not always well understood within mainstream market settings.

## Access to finance is a key barrier to business dynamism

Despite strong growth and demonstrated capability, many Aboriginal and Torres Strait Islander businesses face barriers to participating fully in the mainstream economy.<sup>8</sup>

These include challenges in accessing capital, persistent negative assumptions around risk, and systemic bias.<sup>9</sup> Businesses also report gaps in tailored support, as well as limited access to mentoring, networks, and supply chains.<sup>10</sup> Across these factors, access to finance stands out as the most significant barrier to business dynamism.<sup>11</sup>

Access to capital shapes whether a business can enter the market, respond to opportunities, invest in capability, and expand over time. Where finance is limited, even strong businesses can stall.

## A persistent gap at the growth stage

The most acute financing constraint is often felt as businesses transition from establishment to growth.<sup>12</sup> Early-stage businesses may be able to draw on targeted programs, concessional lending, and capability support – including those provided by IBA. These supports play an important role in enabling entry into business. However, as businesses begin to expand, they require larger and more flexible forms of finance to increase staffing, invest in assets, enter new markets, or take on larger contracts.

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<sup>5</sup> *Aboriginal and Torres Strait Islander Act 2005* (Cth), section 146.

<sup>6</sup> Michelle Evans et al, *Indigenous Business and Corporation Snapshot Study 3.0* (The University of Melbourne, 2024), page 5.

<sup>7</sup> Ibid.

<sup>8</sup> *Inquiry into First Nations Economic Self-Determination*, pages 8 and 15; IBA, *Pathways Through Business*, page 33.

<sup>9</sup> IBA, *Pathways Through Business*, pages 32-33.

<sup>10</sup> Ibid, pages 34-37.

<sup>11</sup> *Inquiry into First Nations Economic Self-Determination*, page 45.

<sup>12</sup> IBA, *Pathways Through Business*, pages 31-32.

At this point, many First Nations business owners report difficulty accessing finance through mainstream lenders, even where they have demonstrated economic viability.<sup>13</sup>

This reflects a structural 'trust deficit' experienced by First Nations businesses, alongside persistent perceptions within mainstream institutions and parts of the financial system that First Nations businesses represent higher risk.<sup>14</sup> As a result, otherwise viable businesses delay expansion, decline new opportunities, or operate below their full potential. This has direct implications for productivity, job creation, and the overall dynamism of the economy.

IBA recently partnered with NAB to launch its Indigenous Business Guarantee, to support First Nations businesses by guaranteeing up to 50% of loans of up to \$1 million.<sup>15</sup> This new initiative will improve access to finance and encourage dynamism through business growth, job creation, and economic participation.<sup>16</sup>

### **Issues for consideration**

IBA encourages the Commission to explore the following questions as part of its inquiry:

- To what extent do current lending practices and risk assessment frameworks support or constrain access to finance for Aboriginal and Torres Strait Islander businesses?
- How well do existing policy and regulatory settings support Aboriginal and Torres Strait Islander businesses transitioning from start-up to growth and maturity?
- What assumptions or biases may be influencing lending decisions, and how do these affect investment in First Nations businesses?
- What factors contribute to the ongoing financing gap reported by some Aboriginal and Torres Strait Islander businesses, particularly at the growth stage?
- How can mechanisms such as disclosure frameworks and reporting improve the visibility of capital deployed to Aboriginal and Torres Strait Islander businesses?
- Are there opportunities to improve access to growth capital while maintaining Aboriginal and Torres Strait Islander ownership, control, and self-determination?

These questions are relevant not only to Aboriginal and Torres Strait Islander businesses, but also to improving business dynamism and productivity across the Australian economy.

If you have questions or would like to discuss our feedback further, please contact IBA's Associate Director of Strategy and Impact, Justin Vaughan by email or on

Yours sincerely,

**David Knights**  
Chief Executive Officer

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<sup>13</sup> *Inquiry into First Nations Economic Self-Determination*, page 46.

<sup>14</sup> *Ibid*, pages 39, 46, 48.

<sup>15</sup> Indigenous Business Australia, '[NAB, IBA launch guarantee to unlock lending for first nations businesses](#)' (Media Release, June 2026).