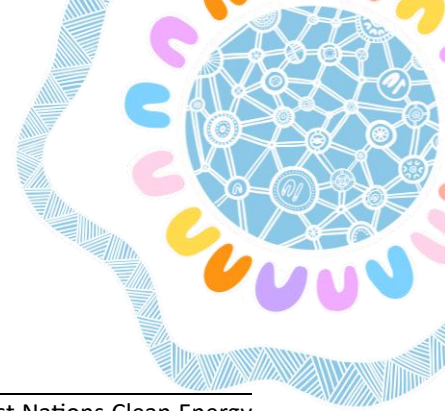


Australian First Nations Clean Energy Strategy consultation

ASFI Submission – February 2024



1. About ASFI

ASFI welcomes the opportunity to provide feedback to the Australian Government’s First Nations Clean Energy Strategy consultation paper. ASFI is a not-for-profit organisation committed to aligning the Australian financial system with a sustainable, resilient, inclusive Australia. Our members are 44 of Australia’s leading financial institutions – including major banks, superannuation funds, insurers, asset managers, and financial services firms. ASFI members collectively hold over AU\$ 18 trillion in assets under management and are committed to allocating capital to create positive social and environmental outcomes.

ASFI prioritises elevating First Nations' perspectives, emphasising the value of their lived experiences and First Nations knowledge across all facets of our operations. This approach ensures that these critical insights actively inform and shape the development of sustainable finance, policy, and practices in Australia.

As an organisation whose mission is to transform Australia’s finance system into sustainable, resilient and inclusive, we have focused our response on those most relevant to ASFI’s members and our system-changing work in the finance sector.

ASFI’s focus on elevating First Nations peoples, perspectives and outcomes in finance originated in the recommendations outlined in the Australian Sustainable Finance Roadmap¹. In 2023, we undertook scoping work to establish ASFI’s First Nations focus area and developed our First Nations Work Program.

Our four focus areas are:

1. Elevating First Nations voices, lived experiences and perspectives into all ASFI work programs,
2. Connecting, convening and coordinating First Nations activity in the finance sector,
3. Improving First Nations disclosures and,
4. Policy and regulator engagement.

As a non-First Nations-led organisation, our **First Nations Reference Group**, a diverse and nationally represented group of First Nations Traditional Owners, First Nations finance and industry professionals and ASFI members, is critical to ASFI’s First Nations work program. The Reference Group operates consultative to ASFI, and Traditional Owners are remunerated for their knowledge, skills, and guidance. Our First Nations Reference Group members are listed on our website [here](#). We welcome the Government to consider partnering with ASFI to draw on the expertise of the First Nations Reference Group as appropriate to inform the development and implementation of the Government’s First Nations Clean Energy Strategy.


Further, ASFI is dedicated to learning and building partnerships with global First Nation organisations. ASFI’s current global partners include The First Nations Major Project Coalition (Canada) and Centre for Sustainable Finance NZ (Aotearoa/ New Zealand). ASFI’s submission to the Strategy references global best practice examples that can be adapted into the Australian context.

We look forward to working with the Government, our members and broader partners to help ensure the clean energy transition delivers positive outcomes for First Nations Australians, and we will use our role as a convener of the Australian financial sector to bring together First Nations experiences and knowledge to the clean energy finance transition.

¹ ASFI, Australian Sustainable Finance Roadmap, [The Roadmap — ASFI](#)

2. Summary of ASFI's recommendations

Summary of ASFI's recommendations	
<p>Overarching Recommendation</p> <ul style="list-style-type: none"> • Incorporate the key principles of the UNDRIP into Australian domestic legislation. • Utilise a decolonising approach to First Nations policy development. • Ensure the Strategy supports the three fundamental enablers of self-determination: <ul style="list-style-type: none"> - Free Prior and Informed Consent; - Capacity building; and - Access to competitively priced capital. 	
<p>Guiding Principles</p>	
<p>Guiding Principle - "Everyone is responsible for building genuine partnerships and collaboration, underpinned by monitoring and reporting."</p>	<ul style="list-style-type: none"> • Ensure that monitoring and reporting conducted by the Australian Government adopts Indigenous Data Sovereignty Principles for fairer, more collaborative monitoring and reporting in partnerships with First Nations communities.
<p>Strategy Goals</p>	
<p>Goal - "4. Government and industry create opportunities to build deeper collaboration, consensus, and new ways of working with First Nations peoples."</p>	<ul style="list-style-type: none"> • Broaden goal to include an elevated focus on empowering First Nations businesses in the clean energy transition, addressing historical inequities and fostering economic self-determination and intergenerational wealth within Indigenous communities.
<p>Consultation Objectives</p>	
<p>Influence and develop policy frameworks and programs so that First Nations people can participate in and benefit from the clean energy transformation</p>	<ul style="list-style-type: none"> • Implement Free, Prior and Informed Consent (FPIC) principles in policy frameworks and programs to uphold the rights of First Nations communities, ensuring their involvement in decisions about their lands and resources. • Reform the CEFC Investment Mandate and other Commonwealth Investment Vehicles to include First Nations social outcome considerations alongside their clean energy and climate mandates.
<p>Support and enable coordination and capacity development in First Nations organisations to improve regional planning and support engagement with the risks and opportunities</p>	<ul style="list-style-type: none"> • Invest in the cultural capacity building of Government and Industry agents forming partnerships with First Nations businesses and communities. • Invest in long-term technical capacity building to support First Nations communities in engaging fully in the Clean Energy Transition.
<p>Ensure access to financial support: create an enduring economic legacy through government and private sector financing initiatives to enable participation at the household, community, and large-scale project levels</p>	<ul style="list-style-type: none"> • Broaden the focus of this objective to include First Nations businesses explicitly. • Explore mechanisms to unlock capital for First Nations businesses/communities who wish to purchase equity in clean energy infrastructure projects. Investigate options for establishing an Indigenous-led finance authority. • Establish tax and financial incentives to support First Nations' participation in the Clean Energy transition, such as exempting income from qualifying renewable energy projects owned or



operated by First Nations entities from certain taxes.

3. Over-arching comments

ASFI's commitment to elevating First Nations' voices in all our work shapes our evaluation of the First Nations Clean Energy Strategy. We have reviewed it with a focus on contributing insights that align with our vision of fostering inclusivity, environmental stewardship, and economic self-determination in the clean energy transition, recognising the need for significant capital and technical capacity building.

The Government and the finance sector have an influential and practical role in ensuring that First Nations communities are at the forefront of the clean energy transition on their self-determined terms.

Research from Australia and North America indicates that self-determination is associated with positive social and economic outcomes². These outcomes can be observed in industries where Indigenous people have led decision-making and designed solutions, such as health, housing, and child protection, for their communities to thrive. Empowering self-determination will help ensure the clean energy transition delivers positive outcomes for First Nations people and the broader Australian community.

Three aspects are fundamental to enabling self-determination as part of the Government's First Nations Clean Energy Strategy:

1. **Free, Prior and Informed Consent (FPIC):** The principle of Free, Prior, and Informed Consent (FPIC) is fundamental to empowering First Nations communities in the sustainable finance and clean energy sectors. FPIC not only upholds the rights of these communities to make informed decisions about their lands and resources, but it also paves the way for genuine partnerships based on respect and mutual benefit.
2. **Long-term technical capacity-building programs:** Capacity-building programs ensure First Nations communities have the skills, knowledge, and resources to lead and sustain their clean energy projects. To ensure long-term sustainable equitable partnerships, Government and Industry must invest in cultural capacity building of its stakeholders.
3. **Access to competitively priced capital:** To ensure First Nations communities and businesses can meaningfully participate in the clean energy market and ensure their ventures are viable, access to appropriate, timely, competitively priced capital is key.

The recommendations in this submission seek to identify practical opportunities for the Government to support and implement the three enablers set out above. By focusing on these key areas, we can ensure a future where the clean energy transition is inclusive, empowering, and economically beneficial for First Nations communities, thus contributing significantly to Australia's overall sustainable development goals.


ASFI welcomes the Government's First Nations Clean Energy Strategy Consultation paper as an important step towards creating a First Nations-informed Clean Energy strategy that focuses on employing FPIC; self-determination, building the long-term technical capability of First Nations communities and businesses; and unlocking appropriate capital (i.e finance and investment) to support the long-term skill infrastructure required and scalability for First Nations businesses to position themselves at the forefront of the clean energy transition.

First Nations must be equal participants and prioritised in the clean energy transformation. Rapid implementation of this Strategy will facilitate the realisation of sustainable, locally driven energy solutions that respect the cultural, social, and economic aspirations of Australia's First Nations people. Furthermore, supporting access to appropriate place-based and commercial capital will propel the development of Indigenous businesses within the Clean Energy sector.

Recommendation recap:

1. Implement Free, Prior and Informed (FPIC) principles across all Government frameworks and strategies related to First Nations people.

² Hughes, Jarrod, IndigenousX, [To achieve racial justice, we must self-determine meaningfully](#), 2020.

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2. Invest in long-term technical and cultural capacity building programs.
 3. Make available competitively priced capital.

1.1 Implementing UNDRIP

ASFI supports the guiding principles set out in the Strategy and its foundations in the United Nations Declaration on the Rights of Indigenous People (UNDRIP), the only UN declaration developed by the world's Indigenous people, including First Nations Australians³. Implementing the UNDRIP into Australian legislation will allow Australia to take a global leadership role in reconciliation and justice and strengthen our national reconciliation focus. We strongly encourage the Australian Government's position on the UNDRIP to evolve from “historic and aspirational”⁴ to incorporating key principles into Australian domestic legislation.

By fostering collaborative partnerships and aligning with the principles of self-determination and FPIC, ASFI envisions a future where First Nations play a central role in shaping and benefiting from the evolving landscape of clean energy.

1.2 Decolonising approach to policy formation

Australian Indigenous policy is deeply rooted in the history of British imperial colonialism, which has shaped governance and development approaches.

Decolonising policy is a transformative approach to dismantle the remnants of colonial influence within governmental frameworks, particularly those affecting First Nations communities⁵. This method seeks to redress the historical and ongoing injustices faced by Indigenous peoples, which have been perpetuated through policies and practices grounded in colonial ideologies. Governments can move towards a more equitable and respectful relationship with First Nations peoples by adopting a decolonising policy approach. This involves prioritising Indigenous perspectives, knowledge, and leadership in developing and implementing policies that impact their communities. For First Nations outcomes, such an approach is a matter of ethical responsibility and crucial to achieving genuine self-determination, cultural preservation, and social justice.

Implementing decolonised policies can lead to more effective and sustainable outcomes, as they are developed through meaningful consultation and collaboration, ensuring that the needs and aspirations of First Nations peoples are at the forefront of governmental agendas.

Recommendation recap:

1. Incorporate key principles of UNDRIP into Australian domestic legislation
2. Utilise a decolonising approach to First Nations policy development

4. Response to “Guiding Principles for Australia’s Clean Energy Transformation”

“Everyone is responsible for building genuine partnerships and collaboration, underpinned by monitoring and reporting.”

ASFI supports the spirit of this guiding principle but invites the Government to reflect on the monitoring and reporting processes. Often, First Nations people, communities and businesses enter into partnerships with government or industry where the outcomes and reporting metrics have been determined without consultation or consent of the First Nations partner. This can create downstream issues such as:

1. Timelines and expectations not realistic or in line with communities’ expectations or capacity;
2. Can create potential compromises for First Nations communities and
3. Can undermine FPIC.

³“The Declaration is particularly significant because Indigenous peoples, including Aboriginal and Torres Strait Islander peoples, were involved in its drafting.” [UN Declaration on the Rights of Indigenous Peoples | Australian Human Rights Commission](#)

⁴ Jenny Macklin MP, Minister for Families, Housing, Community Services and Indigenous Affairs, 2009, “Statement on the United Nations Declaration on the Rights of Indigenous Peoples”, Canberra.

⁵ Tuhiwai Smith, Linda, *Decolonising Methodologies: Research and Indigenous Peoples*, 2021



Partnerships between First Nations people and government/industry should embrace equal participation, with jointly agreed monitoring and reporting standards. Through Indigenous Data Sovereignty and Governance, First Nations individuals and their governing bodies can authentically convey their narratives, equipped with tools to discern effective strategies.

1. **Indigenous Data Sovereignty:** Refers to the right of Indigenous peoples to own, control, access, and possess data derived from their communities, lands, cultures, and identities. It is based on the principle that Indigenous peoples have inherent sovereignty over their data, just as they do over their lands and resources. Data Sovereignty emphasises the right of Indigenous communities to govern the collection, use, interpretation, and sharing of their data. It is fundamentally about recognising and respecting the inherent rights of Indigenous peoples to control information about their people and territories.
2. **Indigenous Data Governance:** Refers to the mechanisms, structures, and policies through which the principles of Data Sovereignty are implemented and upheld. Data Governance includes the processes by which data is collected, stored, accessed, managed, and protected. It involves the practical aspects of ensuring that data is handled in a way that respects the rights and wishes of Indigenous communities. Data Governance includes decision-making about who has access to data, how it is used, how long it is stored, and the ethical considerations in its management.

Data Sovereignty is about the right and principle of control over data, while Data Governance is about the practical implementation of this control. For Indigenous communities, both are crucial for ensuring that data about them is used in ways that are beneficial, respectful, and aligned with their values and priorities.

Robust Indigenous Data Governance empowers Aboriginal and Torres Strait Islander communities to make informed decisions aligning with their developmental needs. It also upholds the right of Indigenous peoples to determine data sharing, respecting ownership and rights. Early agreements with government and industry should define access to outcomes data and associated reports.

Examples of organisations and initiatives in Australia that exemplify Indigenous Data Governance include the [Maiam nayri Wingara Aboriginal and Torres Strait Islander Data Sovereignty Collective](#) and [the Indigenous Data Network at the University of Melbourne](#).

Recommendation recap:

1. Ensure Indigenous Data Governance is employed in all Government policy and strategy frameworks.

4. Response to “Goals: Australia’s clean energy transformation”

“4. Government and industry create opportunities to build deeper collaboration, consensus, and new ways of working with First Nations peoples.”

A flourishing First Nation’s economy will support a First Nations-informed and led clean energy transition. The clean energy transition allows the government to prioritise economic self-determination and intergenerational wealth transfer for First Nations people.

ASFI invites the Government to consider broadening the goal or adding an additional goal prioritising First Nations business and economic opportunities within the existing goals.

By empowering First Nations businesses to lead the clean energy transition for their communities, the Government can address the systemic inequities created by colonisation. Land and the built infrastructure are a substantial source of wealth in Australia. By stimulating First Nations businesses and enterprises, land can be leveraged for economic ventures, access capital, and transfer wealth to the next generation.

The clean energy transition presents a chance for economic expansion for First Nations businesses, whose substantial economic, social, and cultural contributions to Australia often remain overlooked.⁶

⁶ University of Melbourne, Indigenous Business Sector Snapshot 1.1, 2021



Before the pandemic, an estimated 12,000 to 16,000 Indigenous-owned businesses operated in Australia⁷. It is a sector experiencing strong growth, where the number of reported Indigenous enterprises has more than tripled between 1991 and 2016, growing at 12.5% annually⁸. More First Nations people are striving for economic independence by engaging in business⁹. The Government has an opportunity to create the right enabling environment within the Clean Energy transition to accelerate Indigenous business growth.

Developing a robust and sustainable Indigenous economy is essential for realising self-determining futures and facilitating sustainable, resilient, independent communities.

ASFI suggests adopting the following goal as a standalone goal or incorporating it into goal [#4]: **“Government and industry create opportunity for Indigenous businesses to be at the forefront of the clean energy transition.”**

Prioritising Indigenous business growth has direct and indirect benefits for Indigenous communities, such as empowering economic self-determination, growth of First Nation SMEs, localised skill development and jobs created and sustained and positive emotional and social well-being for communities.

Recommendation recap:

1. Broaden goal to include an elevated focus on empowering First Nations businesses in the clean energy transition, addressing historical inequities and fostering economic self-determination and intergenerational wealth within Indigenous communities.

5. Response to Consultation Objectives

Objective: Influence and develop policy frameworks and programs so that First Nations people can participate in and benefit from the clean energy transformation

ASFI supports the Government's acknowledgement that First Nations communities have the right to determine how they participate in the clean energy transition. FPIC must be embedded in all aspects of the Strategy to achieve this.

Injecting capital into this transition is critical for its success; this can be achieved through policy frameworks. We suggest the Government consider the most appropriate delivery channel of capital to First Nations businesses and communities. ASFI welcomes the Government's consideration in consulting with our First Nations Reference Group and First Nations Work Program to explore further.

ASFI invites the Government to consider the following policy framework reforms and programs:

1. Implement FPIC into policy frameworks and programs to uphold First Nations communities' rights.


Free, Prior, and Informed Consent (FPIC) is not merely a procedural guideline; it is a fundamental expression of sovereignty and self-determination for Indigenous peoples, particularly in clean energy transitions. At its heart, FPIC acknowledges the inherent rights of Indigenous communities to govern their lands, resources, and cultural heritage, which are often intricately tied to their identity, spirituality, and social structures. This principle is enshrined in international law, notably in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It serves as a testament to the global recognition of these intrinsic rights.

FPIC is critical because it empowers communities to make informed decisions about their future and the future of their ancestral lands. While beneficial in combating climate change, clean energy projects can profoundly impact the land and resources that Indigenous peoples have stewarded for generations. Without FPIC, these

⁷ Department of Foreign Affairs and Trade, Showcasing Indigenous businesses, 2019.

⁸ Supply Nation, The Sleeping Giant, A Social Return on Investment Report for Supply Nation Certified Suppliers.

⁹ PwC Indigenous Consulting, The Contribution of the Indigenous business sector, 2018.



projects risk perpetuating a legacy of colonisation and disenfranchisement, where decisions are made without the meaningful involvement of those most affected.

Implementing FPIC in clean energy transitions affirms respect for Indigenous communities and traditional knowledge systems, which hold invaluable insights into sustainable land and resource management. When Indigenous peoples are given the respect and space to lead and input into these projects, it results in outcomes that are not only environmentally sustainable but also culturally congruent and supportive of Indigenous self-determination.

Globally, the implementation of FPIC has been used to create equitable partnerships. In Canada, for instance, the [Tsilhqot'in Solar Farm](#) is an example of what can be achieved when Indigenous peoples drive projects on their lands, ensuring benefits like economic development and energy sovereignty align with their community values and needs.

When the principles of FPIC are not respected, it can negatively affect the health and well-being of indigenous communities. A recent example of this neglect occurred in Sabah, Malaysia. Here, the state government agreed with a Singaporean company regarding carbon trading. This deal gave the company exclusive rights to manage carbon and other natural resources in two million hectares of Sabah's forest for 100 years, with an option to extend this period. The concerning aspect of this agreement is that it was made without the consent of the Indigenous people of Sabah¹⁰. This situation highlights a significant issue: even clean energy projects, which are generally seen as positive, can lead to injustices if they overlook the rights of Indigenous people to participate in decisions about their traditional lands.

- **Any Commonwealth Investment Vehicle (CIVs), such as the Clean Energy Finance Corporation and the National Reconstruction Fund, should be reviewed and aligned with the desired outcomes of this Strategy.**

The Clean Energy Finance Corporation (CEFC) plays a key role in supporting the deployment of clean energy technologies and building the market for clean energy in Australia. CEFC's position as a government-owned and funded, catalytic investment vehicle positions it to influence emerging market norms among clean energy project proponents, investors, financiers, and service providers regarding respectful and appropriate engagement and investment with First Nations Australians. There is experience in other CIVs that can and is being drawn on, for example in the Northern Australia Infrastructure Facility. The CEFC should lead by example in its investment and portfolio management practices, adopting Free, Prior and Informed Consent (FPIC) principles and Indigenous data governance as non-negotiable standards. This is imperative for ethical and responsible investment in the clean energy sector and will drive broader market adoption of these standards.

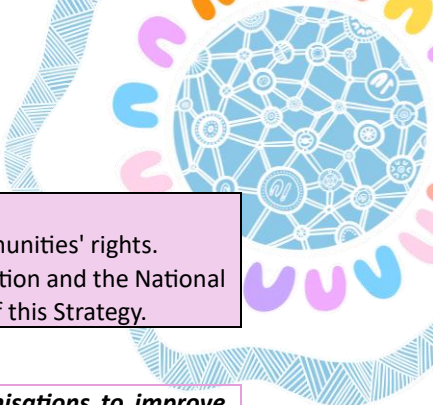
Similarly, the National Reconstruction Fund and other Commonwealth Investment Vehicles (CIVs) must follow suit. Wherever their investments intersect with First Nations communities and interests, these principles should be mandatorily applied, not considered as an afterthought. With additional resources and capability, CIVs, including the CEFC should play a strong leadership role by establishing and demonstrating respect and inclusivity towards First Nations communities as paramount across all clean energy investments.

This could be done through amendment of the CEFC Investment Mandate Direction 2023 to include a robust application of FPIC and First Nations disclosures when assessing its investments by reference to;

- the extent of ownership by First Nations of the project,
- whether Traditional Owners have been afforded a right of Free, Prior and Informed Consent;
- the extent to which the proponent has engaged with Traditional Owners;
- the extent to which the investment will deliver economic or social benefits/opportunities for First Nations.

Furthermore, we suggest a comprehensive review is undertaken to assess the cultural knowledge and processes within CIVs to ensure the optimal enabling environment is established to support First Nation communities accessing capital.

¹⁰ The International Working Group for Indigenous Affairs, [A Secret carbon trading agreement in Malaysia, can reap dire consequences for Indigenous Peoples for generations to come](#), 2023.



Recommendation recap:

- Implement FPIC into policy frameworks and programs to uphold First Nations communities' rights.
- Any Commonwealth Investment Vehicles, such as the Clean Energy Finance Corporation and the National Reconstruction Fund, should be reviewed and aligned with the desired outcomes of this Strategy.

Support and enable coordination and capacity development in First Nations organisations to improve regional planning and support engagement with the risks and opportunities.

- **Invest in the cultural capacity building of Government and Industry agents forming partnerships with First Nations businesses and communities.**

Government and industry must prioritise cultural capacity building to foster long-term, equitable partnerships. This entails dedicating resources and effort to enhance the cultural understanding and competencies of those involved in initiating and nurturing collaborations with First Nations businesses and communities. First Nations communities must typically educate their Government and Industry counterparts about their language, protocols, and custodianship principles. This responsibility should be more evenly distributed. By investing in cultural capacity building, stakeholders can create a foundation for partnerships that are not only sustainable but also respectful and mutually beneficial.

- **Invest in technical capacity development to enable First Nations businesses and communities to participate fully in the clean energy transition.**

Investing in technical capacity development to enable First Nations businesses and communities to participate fully in the clean energy transition requires capital investment to support communities in developing the clean energy workforce and increasing the scale required to execute clean energy infrastructure projects.

The capacity building required to fulfil this goal needs to be grounded in the context that Indigenous communities nationwide are at different stages of considering clean energy projects on their lands. There's a need for a government initiative to offer a range of education and training to those communities wanting to learn more about clean energy. This step is essential before fully considering projects, ensuring they can make informed choices based on Free, Prior, and Informed Consent (FPIC).

The Government has an opportunity to draw inspiration from the [First Nations Financial Management Board in Canada](#), which has effectively enhanced the financial capabilities of First Nations communities. This Board provides a framework for these communities to further develop and apply their financial management skills to global standards and generate accurate financial reports.


Adapted for Australia, such a model could open significant opportunities for First Nations communities in the clean energy sector. It would empower First Nations communities to leverage their financial skills and knowledge in efficiently managing clean energy ventures and making informed decisions about investments in clean energy projects on their lands. This approach is about building on the strengths and potentials of First Nations communities, enabling them to take a leading role in the clean energy transition.

The Government should consider strengthening the resourcing of the Australian Indigenous Governance Institute to support First Nations communities and businesses to enhance their technical capabilities and risk management processes to support their participation in large-scale clean energy projects.

We invite the government to consider the following strategies to support capacity development.

1. Using Commonwealth funding and policy levers (e.g. CEFC funding, Rewiring the Nation funding, Capacity Investment Scheme rules, Renewable Energy Transformation Agreements, National Reconstruction Fund), establish:

- a. A pool of funding for First Nations businesses to access training and skill development required for the clean energy transition.
- b. Partner with industry partners to deliver skill development for First Nations businesses.

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- c. Establish a funding stream and dedicated program to grow the number of First Nations businesses participating in the clean energy sector and its supply chains.

Recommendation recap:

- Invest in technical capacity building of First Nations communities and businesses.
- Establish a funding pool for First Nations businesses to access training relevant to the Clean Energy sector.
- Partner with Industry to deliver skill development training.

Ensure access to financial support: create an enduring economic legacy through government and private sector financing initiatives to enable participation at the household, community, and large-scale project levels

- **Broaden objective to emphasise First Nations business participation in the Strategy.**

In pursuing self-determination, “Indigenous businesses and community enterprises have become important vehicles for generating pride, independence and financial stability for their owners and employees and use their business activities to create positive futures for themselves, their families and Community”.¹¹

The intersection of the growing opportunity of the clean energy transition and the rapidly growing Indigenous business sector has an opportunity to create a multiplier effect (in addition to clean energy outcomes) on longstanding social challenges in Australia.

First Nations businesses have a competitive advantage over non-First Nations businesses in the clean energy industry due to the intrinsic knowledge contained in their unique culture and the immense opportunity associated with the use of Indigenous-owned and controlled lands¹². Critical to sustaining this growth is easy access to competitive capital.

First Nations businesses contribute positively to their economy and tend to hire and train more First Nations workers, generating a multiplier effect that promotes additional economic development and wealth creation¹³. First Nations businesses can be integral in upskilling the workforce needed to support the clean energy transition.

- **Review and reform existing investment vehicles.**

Our response to this objective is framed by: 1. Reforming existing investment vehicles and policies, and 2. Exploring innovative, First Nations led mechanism to unlock capital for First Nations communities and businesses to participate in the clean energy transition.

As noted above, the Government should review and reform existing CIVs to ensure First Nations impacts are prioritised in investment due diligence and awarding of capital.

- **Explore options for localised capital delivery and decision-making supporting self-determination.**


It is widely understood that mainstream finance and capacity-building services do not reach the Indigenous business sector; a specific response is needed¹⁴. This calls for research into the best delivery method of capital to First Nations business participating in the clean energy transition.

¹¹ Supply Nation, The Sleeping Giant, A Social Return on Investment Report for Supply Nation Certified Suppliers.

¹² House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, ‘Open for Business: Developing Indigenous enterprises in Australia’, Parliament of the Commonwealth of Australia, 2008, p 20. At: http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=atsia/indigenousterp rises/report.htm

¹³ PwC Indigenous Consulting, The Contribution of the Indigenous business sector, 2018.

¹⁴ Department of Industry, Innovation and Science, Supporting Indigenous Business Project, 2018.



To support First Nations businesses to participate fully in the clean energy transition, timely access to capital is required. Although financial providers exist to serve Indigenous businesses, the existing capital delivery and decision-making mechanisms often do not fully address the unique requirements of First Nations communities and businesses.

Due to historical economic exclusion, First Nations businesses and communities struggle to access timely and appropriate capital. Indigenous communities in Australia have faced challenges in accumulating and transferring wealth across generations. Communities/businesses often find it more difficult to access loans from personal networks like friends and family and frequently lack the necessary collateral to secure mainstream financing. This situation has resulted in limited access to readily available capital for many First Nations people, constraining their participation in the broader mainstream economy¹⁵.

There is a significant challenge in aligning the risk profiles of mainstream lending institutions with the business opportunities of emerging Indigenous enterprises. While small business loans are available, many Indigenous businesses, primarily small to medium, struggle to satisfy the stringent requirements for commercial loans. These requirements typically include demonstrating a substantial trading history, presenting strong financial forecasts, and providing a well-structured business plan and execution strategy.¹⁶

Furthermore, in the procurement domain, securing a substantial, multi-year contract can be financially burdensome for Indigenous contractors. Mainstream financial institutions often find the revenue projections of these contracts to exceed their lending criteria. Struggling to access appropriate capital can have multiple effects,

- a. Indigenous businesses may turn to alternative lending sources like 'pay-day' lenders, which frequently charge excessively high or even predatory interest rates.
- b. Indigenous businesses may lose the opportunity to participate in growth economy industries (like clean energy).

The approach of investment professionals often inadvertently sidelines Indigenous businesses from capital opportunities. This is due to prevailing attitudes that create barriers to investing in these businesses, such as:

- A reluctance to invest time in seeking out or fostering relationships with First Nations businesses and communities.
- A tendency towards 'traditional blindness' in deal-making, where fund managers gravitate towards opportunities that mirror their experiences and backgrounds.
- An underestimation of the skills and capacities inherent in Indigenous businesses.
- A prevalent lack of understanding or interest in Indigenous governance structures, a misconception that is especially pronounced regarding regional and remote communities.
- Imposing unrealistic investment criteria or expecting short-term returns, which do not align with the growth patterns of many Indigenous enterprises.
- Racial biases and misconceptions lead to a perception that Indigenous businesses are inherently less competent¹⁷.

These factors create a challenging environment for Indigenous businesses seeking investment, underscoring the need for a paradigm shift in the investment community's approach to inclusivity and diversity. To ensure that FPIC and self-determination are upheld within clean energy projects, the government must explore localised making and distribution of capital at the local level.

ASFI recognises the valuable efforts of Indigenous Business Australia and the Indigenous Land and Sea Corporation in fostering economic opportunities for First Nations businesses. As we transition to a clean energy future, these will be crucial. In this spirit, we propose reviewing and enhancing the existing financial frameworks and support mechanisms. This would ensure they are optimally aligned with the dynamic needs of First Nations

¹⁵ First Australians Capital, Brave Action for a more just, impact-led economy, 2021

¹⁶ Ibid.

¹⁷ Department of Industry, Innovation and Science, Supporting Indigenous Business Project, 2018.



businesses, particularly in the rapidly advancing clean energy sector. By doing so, we can unlock further potential and drive more impactful, inclusive economic growth in line with our sustainability goals.

Global examples of localised decision-making and capital delivery exist for the Government to draw from, such as [The First Nations Finance Authority in Canada](#). The First Nations Finance Authority was established under the **First Nations Fiscal Management Act (FMA)**. First Nations leaders designed it to enhance their communities' revenue-raising powers to provide access to capital markets to obtain long-term finance to fund large-scale infrastructure and community projects¹⁸.

Access to capital is essential for the growth of the Indigenous business sector. A robust and flourishing Indigenous business sector benefits all Australians. It's clear that additional private capital, encompassing both debt and equity, is crucial. The private sector, including banks, superannuation funds, venture capitalists, and impact investors, plays a vital role in this growth. In certain instances, these entities must embrace culturally appropriate and informed collaboration methods with First Nations people. This adaptation is key to fostering continued expansion in the Indigenous business sector¹⁹.

ASFI would welcome the opportunity to discuss how it might partner with the government and other partners to further develop these proposals. By drawing on the lived experiences and technical expertise of our First Nations reference group and our internal expertise and partnerships with the Australian Government, institutional investors and leading international organisations on blended finance, we would be pleased to discuss a partnership to explore the best delivery method of capital and the most appropriate financial product options to enable Indigenous businesses and communities to thrive.

- **Consider establishing tax and innovative financial incentives that increase industry and government investment into First Nations-led clean energy infrastructure projects**—addressing the challenge of securing appropriate capital timely, establishing a tax credit scheme for contributions to First Nations-led clean energy infrastructure projects that allow eligible investors to claim a percentage of their investment as a tax credit, including Private Ancillary Funds and Public Ancillary Funds. As supported by PwC's, "the economic contribution of Indigenous business sector is growing" report, the Government should create a policy environment that encourages growth of the sector²⁰.

Other financial incentives include:

- exempt income from qualifying renewable energy projects owned or operated by First Nations entities from certain taxes.
- Offer deductions or credits for investments in renewable energy projects benefiting First Nations communities.
- Enhance research and development tax incentives for First Nations entrepreneurs engaging in innovative renewable energy technologies and clean energy manufacturing supply chains.
- Introduce tax credits for businesses or investors involved in training and employing First Nations individuals in the renewable energy sector.
- Offer tax deductions for First Nations businesses or individuals implementing energy efficiency improvements or upgrades in their operations or homes.

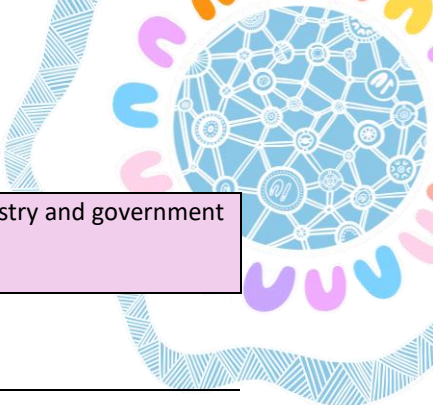
Recommendation recap:

- Broaden objective to emphasise First Nations business participation in the Strategy.
- Review and reform existing investment vehicles (i.e CEFC) to demonstrate leadership in First Nations Clean Energy investments.
- Explore options for localised capital delivery and decision-making supporting self-determination through partnership with ASFI.

¹⁸ Schembri, Lawrence L. *The Next Generation: Innovating to Improve Indigenous Access to Finance in Canada*, 2023.

¹⁹ PwC's Indigenous Consulting, *The Economic Contribution of the Indigenous business sector is growing*, 2023.

²⁰ PwC's Indigenous Consulting, *The Economic Contribution of the Indigenous business sector is growing* 2023.

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- Consider establishing tax and innovative financial incentives that increase industry and government investment into First Nations-led clean energy infrastructure projects.

6. Final remarks

ASFI's submission to the Australian Government's First Nations Clean Energy Strategy consultation is a deep commitment to elevating First Nations perspectives and knowledge in developing sustainable finance strategies. ASFI, representing a significant portion of Australia's financial sector, emphasises the importance of First Nations communities being at the forefront of the clean energy transition, guided by self-determination and Free, Prior, and Informed Consent (FPIC) principles.

ASFI's recommendations focus on ensuring genuine equitable partnerships, building long-term technical capacity, providing access to competitively priced capital, and embedding FPIC in all aspects of clean energy policy. The Government can focus this Strategy on reforms and programs that support Indigenous-led financial institutions, tax and financial incentives for First Nations-led clean energy projects, and review existing clean energy policy frameworks to align with these principles.

ASFI highlighted the potential of the First Nations economy to lead the clean energy transition, which can address systemic inequities and contribute to economic expansion and wealth transfer within First Nations communities.

Overall, ASFI envisions a future where collaborative partnerships and alignment with principles of self-determination and FPIC position First Nations communities at the centre of Australia's clean energy landscape, contributing significantly to the nation's sustainable development goals.