

# What is black cladding?

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Black cladding can mean different things to different people and can therefore be subjective and nuanced depending on how an individual decides to define an Indigenous business.

Supply Nation's definition of an Indigenous business is at least 50% owned by an Aboriginal or Torres Strait Islands person(s). This definition is also applied by Federal and State Government and most corporate organisations. Any business that is 50% or more owned by Indigenous Australians is eligible under the IPP and state-based Indigenous procurement policies. The Indigenous party in the business should receive equal benefit from the arrangement. This is why Supply Nation undertakes checks to ensure that the business arrangement is equitable, and the Indigenous party is protected.

Supply Nation considers 'black cladding' the practice of a non-Indigenous business entity or individual taking unfair advantage of an Indigenous business entity or individual for the purpose of gaining access to otherwise inaccessible Indigenous procurement policies or contracts. Unfair advantage involves practices and arrangements that result in the disadvantage or detriment to an Indigenous business, or that do not represent a genuine demonstrated level of equitable partnership and benefit.

## What does Supply Nation do if we receive notification that a business may be 'black clad'?

If Supply Nation is formally notified of a claim that a business may be 'black clad', it will review the notification and determine if the information provided warrants further investigation. Where an investigation is warranted based on the details provided, the business is immediately suspended from Indigenous Business Direct while a full audit of the business is conducted. If the business is found to be 'black clad', they are permanently removed from the directory. If the business is found to be a legitimate Indigenous business per Supply Nation's definition, then the business is re-set to live on Indigenous Business Direct.

We also have the capacity in the case of serious fraud or criminality as part of the registrations process to consider legal proceedings and referrals to police and/or other relevant statutory authorities.

## What does Supply Nation do to mitigate the risk of black cladding?

Supply Nation exists to help give governments and corporates seeking to diversify their supply chain the benefit

of a robust verification system they can depend on. We have the most robust process in the country for verifying, monitoring and auditing the Indigenous bona fides of businesses.

That gives legitimate, verified Indigenous enterprises the best chance of succeeding in the marketplace and mitigates the risk of 'black clad' businesses on our directory.

Supply Nation actively guards against black cladding through our rigorous, world-leading, [five-step verification process](#). We encourage anyone who believes that they know of a case of black cladding to confidentially [report it](#) to us directly.

## What is not black cladding?

While Supply Nation has a clear working understanding of black cladding, we acknowledge that this is not the only perspective in the sector. Our approach to testing whether or not a business is black clad is aligned to our definition and our verification and audit processes.

We have gathered a list of scenarios that often arise as people question whether or not a business is black clad, and how Supply Nation assesses such scenarios. See overleaf.

## How to report instances of black cladding?

Should you believe a business is 'black clad', please report this to Supply Nation and we will evaluate the business in question against our criteria.

Download the confidential notification form <https://supplynation.org.au/wp-content/uploads/2019/11/Supply-Nation-reporting-form-black-cladding.pdf>

# Is this black cladding?

Scenario	Supply Nation's approach
An Indigenous business loses out on business to a genuine joint venture operating under the IPP requirements for joint ventures.	An Indigenous Joint Venture that has satisfied Supply Nation registration requirements is an Indigenous business and eligible under the IPP because it recognises critical business decisions are made by Indigenous Australians.
Any arrangement that has at least 50% Indigenous ownership.	<p>Supply Nation's definition of an Indigenous business is one that is at least 50% owned by an Aboriginal or Torres Strait Islander person/s.</p> <p>If the business is registered with Supply Nation, it has satisfied that requirement which recognises Indigenous businesses can enter into structures that work for them whilst maintaining control.</p>
An Indigenous business that does not employ a prescribed number of Indigenous employees.	<p>Indigenous employment is not part of the definition of an Indigenous business.</p> <p>If a business is registered or certified with Supply Nation, then they have met or exceeded the requirements of 50% ownership. There are no requirements that Indigenous businesses operate any differently from other businesses in Australia.</p> <p>However, the evidence shows that Indigenous businesses are far more likely to invest and employ in their communities.</p>
An Indigenous business that is represented in public or at a meeting by non-Indigenous owners / representatives.	<p>Businesses may have non-Indigenous employees representing them in public or at meetings.</p> <p>If a business is registered or certified with Supply Nation, then they have met or exceeded the requirements of 50% ownership. There are no requirements that Indigenous businesses operate any differently from other businesses in Australia.</p>
Where an Indigenous owned business utilises a relationship with a capability partner supplier to access and use their resources for the benefit of the Indigenous business, where there is a commercial arrangement in place to do so.	<p>Many (Indigenous or non-Indigenous) businesses have commercial relationships in place with other suppliers (Indigenous or non-Indigenous) to deliver their products or services.</p> <p>If a business is registered or certified with Supply Nation, then they have met or exceeded the requirements of 50% ownership.</p> <p>There are no requirements that Indigenous businesses operate any differently from other businesses in Australia.</p>
An Indigenous business that is not 100% owned by an Indigenous person	<p>Supply Nation's definition of an Indigenous business is one that is at least 50% owned by an Aboriginal or Torres Strait Islander person/s.</p> <p>This allows for equal partnerships with non-Indigenous business owners and allows Indigenous entrepreneurs to enter into business structures that work for them, and for example, access capital and capability as they grow.</p> <p>The main issue is that it is a decision taken by Indigenous owners and they retain control of their own fate. If the business is registered with Supply Nation, it has satisfied that requirement.</p>
Where an Indigenous owner doesn't look Indigenous.	It is immaterial that a business owner does not meet an expectation of how an 'Indigenous' person should look. The checks that Supply Nation complete include the Indigenous heritage of the business owner as per the three-part legal definition.
An Indigenous business that does not have a shop-front or physical location in a particular state or region.	How a business chooses to situate itself in terms of physical presence in a state has no bearing on its status as an Indigenous business.
An Indigenous business that doesn't procure product from another Indigenous business	<p>While Supply Nation encourages all businesses to procure from Indigenous businesses, there is no expectation or requirement that Indigenous businesses procure from other Indigenous businesses.</p> <p>If a business is registered or certified with Supply Nation, then they have met or exceeded the requirements of 50% ownership. There are no requirements that the business operate any differently from other businesses in Australia.</p>
An Indigenous business that doesn't provide a percentage of profits back to community.	Whilst many Indigenous businesses provide support back to the community, there are no requirements that they do so.