



**Supply Nation**

# Joint Venture Indigenous Business Direct Registration Criteria

**May 2019**

# Applicable definition of a Joint Venture

Supply Nation will use the below definition to classify if a business applying for registration is to be classed as an Indigenous Joint Venture (IJV).

For registration purposes, Supply Nation defines an Indigenous Joint Venture as being “a commercially independent incorporated entity that is formed through the incorporation of an Indigenous business and a non-Indigenous business”.

## Registration criteria for a Joint Venture

For an IJV to be registered by Supply Nation, Supply Nation will apply the following primary criteria:

1. An IJV relationship **must** result in the creation of an independently incorporated company that is registered with ASIC or ORIC<sup>1</sup>.
2. The IJV **must** be at least fifty percent (50%) owned by an Aboriginal and/or Torres Strait Islander person(s), either through direct individual shareholding or cumulative shareholding through a parent or holding company

**e.g. Individual ownership:**

- a. Aboriginal and/or Torres Strait Islander applicants own at least fifty percent (50%) of an IJV individually, or

**e.g Cumulative ownership:**

- b. Aboriginal and/or Torres Strait Islander applicants own one hundred percent (100%) of a holding/parent company, which owns at least fifty percent (50%) of an IJV.

*To meet cumulative ownership requirements, the more a holding/parent company owns of an IJV, the less the holding/parent company needs to be Aboriginal and/or Torres Strait Islander owned in its own right until the cumulative Indigenous ownership percentage of the JV drops under fifty percent (50%).*

3. The Indigenous joint venture must be able to demonstrate at least fifty percent (50%) Indigenous control of the joint venture and Indigenous involvement in the management of the joint venture, with Indigenous persons being actively involved in and aware of the key business decisions regarding the JV's finances, operations, personnel and strategy;

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<sup>1</sup> Updated May 2019 to include the provision for Joint Ventures to incorporate as an Aboriginal Corporation with ORIC.

4. Non-Indigenous members cannot control the Board of Directors following any agreement among the shareholders of the corporation or by any other means;  
i.e Indigenous participants cannot be totally excluded from the decision making process at the highest level (Board) through super majority or simple majority voting arrangements
5. The IJV **must** be for profit in that the JV is able to distribute its equity to its shareholders and not be a registered charity in it's own right;
6. The IJV **must** be trading as a business in its own right
7. The IJV **must** be registered in Australia, and
8. The IJV **must** be able to demonstrate Commercial Independence.

In addition to these requirements, the Indigenous Joint Venture must also have in place:

- a) a strategy to build the capability and skills of the Indigenous business partner through a Skills and Capability Transfer Plan, and;
- b) an Indigenous workforce strategy through an Indigenous workforce plan;

## Definition of Commercially Independent

In determining if an IJV is Commercially Independent, Supply Nation will apply the following definition:

“To be Commercially Independent, an IJV must reflect a collaboration of the JV parties’ resources, skills and assets and not totally or fundamentally depend on non-commercial relationships and use of resources (e.g. equipment, personnel, facilities, financial or bonding support) with another non-Indigenous enterprise or enterprises to deliver its core service offering(s).”

## Demonstration of Commercial Independence

In determining if an IJV is Commercially Independent, Supply Nation **will** require the IJV to demonstrate that it:

1. Is a separate Incorporated Commercial Entity
2. Has Indigenous involvement at the executive and/or board level with either of the following:
  - a. A separate Board of Directors where an equal or majority vote is exercised by Indigenous directors and an Indigenous Chair;
  - b. an Indigenous MD; or a non-executive management structure that reports to a higher Indigenous held position (e.g.: CEO or Chair)
3. Has clear delegations of authority and power
4. Has a constitution that reflects the Indigenous involvement in the control and management of the joint venture
5. Has a Joint Venture Agreement or Shareholders Agreement that reflects the Indigenous involvement in the control and management of the joint venture;
6. Commercially sources and acquires their resources
7. Has a Shared Services Agreement with its non-Indigenous partners if accessing resources from said partner
8. Has internal associated costing and cost centre allocations

9. Has independent procurement powers outside of a parent/partner entity
10. Has an independent brand identity and control over its branding
11. Has independent billing and financial controls with independent client engagement authority
12. Ensures that the Indigenous member of the JV is responsible for a clearly defined portion of the work to be performed with its own forces.

## Documentary proofs required to demonstrate compliance

To register an JV as “an Indigenous Joint Venture”, **the JV MUST provide to Supply Nation the following documentation:**

1. A completed registration application;
2. Confirmation of Aboriginality or Torres Strait Islander Heritage Documents for its Indigenous owners, and executive management in positions of management and control, including board members
3. A copy of the businesses current and up-to-date Company Constitution
4. A copy of the businesses Joint Venture Agreement or Shareholders Agreement which clearly outlines profit distribution, delegations of authority and power, clearly defined work portioning levels and the businesses trade/branding and procurement permissions or restrictions
5. A copy of a Shared Services Agreement or Commercial Agreement with its non-Indigenous partners defining the arrangement for the IJV accessing the partner’s resources
6. A Skills and Capability Transfer Plan.

The plan should:

- a) identify what the Indigenous JV partner is hoping to gain from their non-Indigenous business partner and through the JV relationship, and;
- b) include how the joint venture company will demonstrate how the transfer of capability to the Indigenous business will occur, such as the inclusion of milestones, KPIs, annual reporting etc;

7. An Indigenous Workforce Plan.

The plan should:

- a) include identifying Indigenous employment goals and continued skills training of Indigenous employees

## How will Supply Nation verify the application for registration as an Indigenous Joint Venture?

In verifying an application for registration as an incorporated joint venture, Supply Nation will follow its five (5) x step verification process, which includes:

1. assessing your online application for accuracy and compliance, including examining the provided supporting documentation;
2. verifying the ABN/ASIC for company name and current registration;
3. verifying owners Confirmation of Aboriginality documents;
4. verifying ownership document to identify owners – ensuring that at least 50% of the business is Aboriginal and/or Torres Strait Islander owned;
5. conducting interviews/site visits to verify Indigenous involvement in the management and control of the joint venture.

## Continued compliance

To ensure that an IJV continues to maintain its adherence to the registration criteria, all registered joint ventures will be reviewed annually to confirm that the joint venture is operating in accordance with the plans submitted to Supply Nation. In addition, random spot checks will be conducted.

These reviews will include conducting a follow up site visit/interview and may require the submission of updated governance documents and plans.

it is the responsibility of the IJV to advise Supply Nation of any changes to shareholdings, management positions or key agreements which may shift the JV relationship to outside that of the registration criteria.