NATIVE TITLE POLICY PAPER 4

National picture: growth of Prescribed Bodies Corporate

Belinda Burbidge **AUGUST 2017**





FINDINGS

Numbers of PBCs

There has been a large increase of PBCs over the past five years

The number of PBCs increased from 78 in 2010–11 to 155 in 2015–16. The Northern Territory had the highest increase of PBCs: from six to 21. New South Wales and South Australia had a **200%** increase from two to six and five to 15 PBCs respectively. Queensland had the highest number of PBCs at 54 and a growth rate during the period of **184%**. ¹

Victoria experienced a smaller increase of **33%** from three to four PBCs, due to land holding groups having the option of settling their land justice aspirations using the *Traditional Owner Settlement Act 2010* (TOS Act) instead of native title. The Torres Strait Islands had the lowest growth rate at just **5%**, as there were already a large number of resolved claims in the region.

Image: Guugu Yimithirr country, QLD.

Credit: Caden Pearson

Size of PBCs

Although corporation size is increasing, the majority of PBCs remain small

Nationally, from 2010–11 to 2015–16, the number of small PBCs increased **85%** (from 62 to 115), medium PBCs **154%** (from 13 to 33) and large PBCs **250%** (from two to seven) ²

Nonetheless, the numbers of small PBCs remain much higher than medium or large PBCs. During the five year time frame, Western Australia developed two more large PBCs, South Australia and Victoria developed two large PBCs each and Queensland went from one to 10 medium sized PBCs by 2015–16.

Three of the seven large PBCs are located in WA

There are 2 large PBCs in both VIC and SA

The largest number of small PBCs is located in QLD

Distribution of small, medium and large PBCs by state





National totals of PBC financial wealths

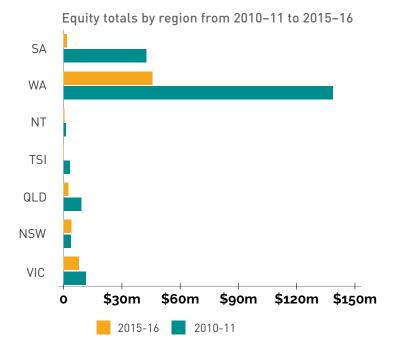
There was national growth in net totals of income and equity over the past five years

Nationally, PBCs are developing financially. There were demonstrated increases across income, assets, and equity totals and mean values in all states, except for New South Wales and Western Australia. In New South Wales there was a slight increase in totals due to one new PBC but a decrease in average values. While there was a **9%** growth rate in national total income, the higher growth rate in PBC numbers (99%) reduced the actual total national income growth.

Income totals by region from 2010-11 to 2015-16



The graphs show that a majority of income and equity is held by one state, Western Australia, which despite experiencing a substantial decrease in income between 2010–11 and 2015–16 experienced a massive 207% increase in equity holding 66%, or just under \$139 million of the sectors equity. South Australia, Victoria and the Torres Strait Islands all experienced growth in income which corresponded to higher growth rates in equity. Queensland and the Northern Territory experienced high income growth however, while they also experienced growth in equity, it was at a lower rate than income growth. Despite New South Wales slight growth in total income, there was a slight decrease in equity which is due to one larger PBCs loss dominating the sector.



Credit: Amity Raymont

Average financial growth per PBC

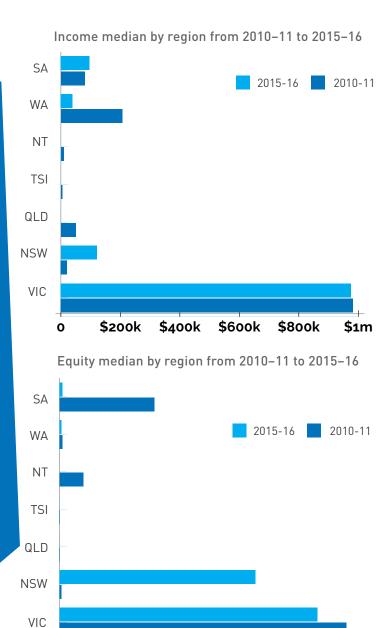
There was little financial growth for the typical PBC in the past five years

National growth is dominated by the larger PBCs and wealth is unevenly distributed across the sector in terms of geographical variation and corporation size. However, this growth did not include PBCs who were exepmt from or who had reported to ORIC and most likely had little to no income or equity. Including these PBCs would most likely bring the median growth rate down to zero.



Uneven distribution skewed towards the larger PBCs means the majority of growth is localised and restricted to a small number of PBCs; therefore not representative of most. This is represented in the differences between mean and median values: while there was large growth in the national totals and most averages, the median income only marginally increased and mean income decreased.

South Australia experienced high growth rates in income as well as more even distribution of income between PBCs compared to the other states/territory. Queensland also had more even distribution of income and equity across PBCs, but little wealth in terms of totals and averages. Western Australia had higher levels of wealth: assets and equity growth overall, although the national growth is dominated by the larger PBCs and wealth is unevenly distributed across the sector in terms of geographical variation and corporation size.



Established PBCs
Established PBCs
experienced more consistent
development than new PBCs

Nationally and within all states, the established PBCs (those that appear in both data sets) had grown financially and had more wealth in terms of both totals and averages than new PBCs (except for South Australia where new PBCs demonstrate wealth also). Among established PBCs, wealth was more evenly distributed than new PBCs; median income increased from zero to \$82,000 and median equity increased from zero to \$27,000.

Image: Bardi Jawi country, Dampier Peninsula, WA. Credit: Belinda Burbidge





\$50k

\$1m

\$1.5m \$2m \$2.5m

\$3m

About the PBC comparative data series

The PBC comparative data series has been developed to share findings from the Native Title Research Unit's (NTRU) analysis of publicly available data submitted to the Office of the Registrar of Indigenous Corporations (ORIC) on the financial growth and development of PBCs from the financial year 2010–11 to 2015–16. The findings in this series are based on research conducted within the broader NTRU 2017 PBC Capability Project; a project that aims to develop a long-term national picture of the patterns, trends and changes across the PBC sector.

Financial growth is only one indicator of PBC capacity and must be considered against other factors, including governance, relationships and support. The research does, however, indicate a national picture of PBC economic values and growth over the past five years.

The financial data is self-reported from PBCs to ORIC within their annual, general and financial reporting. The research was calculated in terms of net totals and growth rates in the areas of income, assets, equity and staff.³



CONTACT

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- For the purposes of this analysis the Torres Strait Islands have been addressed as a separate region from Queensland.
- 2 PBC size is determined using ORIC's classification system which uses consolidated gross operating income, consolidated gross assets and employees to separate Indigenous Corporations into three subsections or sizes that determine the reporting requirements of the organisation. The consolidated gross income and asset figures are defined as the total value of things owned by the corporation and any entities it controls. The size listed on a corporations general report

is calculated by the corporation and not by ORIC. During data collation it was noted that a number of corporations have incorrectly reported their size. This is most notable among large PBCs, with ORIC listing three of the four large as medium, and upon applying the ORIC guidelines during data analysis it was determined that only three of the large PBCs were correctly identified as such.

While ORIC relies on totals and mean averages when assessing PBC income, assets and equity, it is more typical to apply a median calculation, which is statistically less susceptible to extreme values. The mean is

another term for average and takes the total of all of the numbers in the dataset together and divides them by the number of entries. The median is the mid-point in the dataset; representing the most typical value.

Additionally, while ORIC relies on the consolidated gross operating income to determine PBC size, this research uses the reported total income, which excludes the self-reported grants income. This approach limits the artificial inflation of income due to grants being reported on in both the grants and income sections of the ORIC reporting.



Image: Tableland Yidinji Country, Lake Barrie, QLD.

Credit: Luis Aguilar