



NATIONAL CENTRE OF  
**INDIGENOUS** EXCELLENCE



AUBCC 2022 Case 3

## Case 3

This case is prepared solely for use in the **Australian Undergraduate Business Case Competition 2022**.

The Australian Undergraduate Business Case Competition is run jointly by QUT and the UNSW Business School.

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Any views expressed in this case are those of the author only and do not represent the view of any other party, including NCIE, the Indigenous Australian community, QUT or the UNSW Business School. The author has relied solely on publicly available information in preparation of case materials.

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### Partner Universities



# Introduction - NCIE

The National Centre of Indigenous Excellence (NCIE) is a not-for-profit social enterprise that aims to build capability and create opportunities with and for Aboriginal and Torres Strait Islander peoples across Australia.

The NCIE hosts a variety of programs, services and enterprises that are all designed with the sole purpose of creating long-term improvements in wellbeing.

The NCIE currently offers services including fitness and aquatic programs, conferencing and catering, job ready programs, children's programs, Indigenous digital excellence and a Talking About Tobacco Use program.

The NCIE started in 2006 when the land where the old Redfern Public School in Sydney operated was bought by the Indigenous Land and Sea Corporation (ILSC). NCIE was developed as a subsidiary to be the operator of all services provided on this new development. The Redfern site had minor redevelopment completed and the NCIE opened its doors in 2010, offering its activities, enterprises, and programs.

The Indigenous Land and Sea Corporation has owned and operated the NCIE since its initial development in 2006. The ILDC is an Australian federal government statutory authority that helps Aboriginal and Torres Strait Islander people to acquire land and to manage assets to achieve cultural, social, environmental and economic benefits for Indigenous peoples in Australia.



# Purpose and Philosophy

NCIE's self-proclaimed point of difference is their strengths-based approach - with culture at the core - to deliver outcomes. Through a foundation of positives, NCIE is able to recognise and celebrate the existing and emerging assets in Aboriginal and Torres Strait Islander communities.

**“We build capability and create life-changing opportunities for young Aboriginal and Torres Strait Islander peoples to positively impact wellbeing”**

## Values

**Excellence:** Excellence in everything we do and in everything we deliver

**Integrity:** Integrity through honesty and consistency in our actions

**Inclusiveness:** Inclusiveness by embracing diversity, fairness, equality and equity

**Growth:** Growth through recognising opportunity in challenges and embracing change



## Pathways

**CULTURE:** We respect, honour and celebrate the unique and diverse cultures and heritage of Aboriginal and Torres Strait Islander peoples, and recognise the importance of embedding culture in all that we do.

**WELLBEING:** We recognise wellbeing encompasses all facets of an individual's life, including social, cultural, economic and environmental factors, and extends beyond the individual to include family and community.

**LEARNING:** We acknowledge the importance of education, training and employment in providing the foundation for intergenerational wellbeing.

**INNOVATION:** We strive to create a strong and robust business model that encourages innovation to deliver sustainable benefits to Aboriginal and Torres Strait Islander peoples.

**COLLABORATION:** We value the contribution of others with a shared vision, and we seek to work in partnership to maximise value and impact.

# Services

## Tours & Experiences

### **NCIE Fitness**

The National Centre of Indigenous Excellence Fitness Centre combines state-of-the-art equipment and facilities with expert personal trainers, a cafe and a relaxed community atmosphere



### **Swimming**

The NCIE has multiple pools on site, including an undercover heated pool. Regular entry is available along with learn to swim classes, squad training and aqua aerobics classes.



## Programs

### **Job Ready**

Job-ready partners with TAFE NSW to deliver educational courses that given Indigenous Australians formal qualifications

### **Children's Programs**

Additional literacy programs through external partners to improve the English capabilities of young Indigenous people

### **Conferencing**

Heritage listed meeting and conference spaces on-site that can host up to 150 people. Cultural activities and experiences also available

### **Catering**

The NCIE Kitchen has been running for over 10 years, doing on-site and delivered catering with Indigenous-inspired food and ingredients.



## Talking About Tobacco Use

### **Education Workshops**

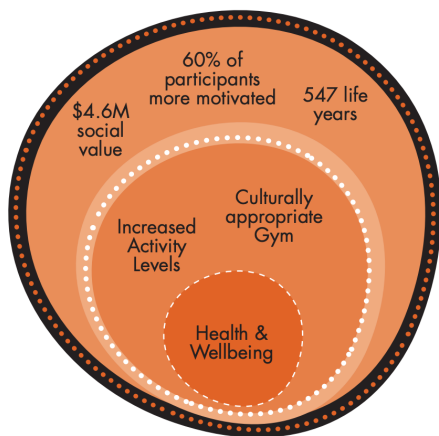
NCIE offers compelling workshops that inspire Indigenous communities and encourage healthy lifestyle choices. Facilitators engage community and stake holders to become smoke-free ambassadors

# Social Impact of NCIE

**In 2018-19 NCIE returned \$3.10 in social value for every dollar spent,** representing a total of \$13.9 million in social value delivered. As a place where Aboriginal and Torres Strait Islander peoples can access opportunities, NCIE has been highly successful through its impact, with over 193,000 people reached during 2018-19.

As an impact-driven organisation, NCIE's goal is to maximum the social value per dollar spent on programs and initiatives for Indigenous people.

NCIE also supported 25 Aboriginal and Torres Strait Islander businesses in 2018-19 through on-site retail and sector collaboration with the Asia Pacific Impact Investment Summit and Sankalp.

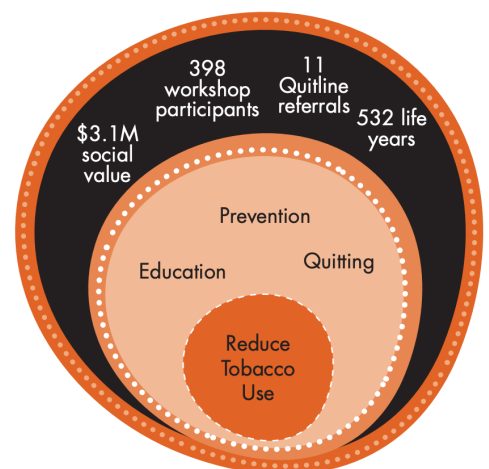


## Aquatic & Fitness Centre - 24% Aboriginal and Torres Strait Islander members

"Really great classes and love the community feel. Staff are smiley happy but importantly, skilled. I've learned how to train smarter, feel like I belong"

## Talking About Tobacco Use - Reducing smoking take-up rates by 12%

"This workshop was super informative for me and my workmates. The elders were completely engaged, my supervisors were impressed with the content and the skills of the staff delivering it"



## Job Ready - delivering money, self-esteem and connections that benefit the community

"They are all such a good bunch of people, the teachers were so flexible. I was supported and encouraged in every way in my course. It was such a nice and positive environment to learn in"



# Recent updates for the NCIE

The land that the NCIE centre was built on was divested to the NSWALC in December 2021. This divestment occurred as under the Aboriginal and Torres Strait Islander Act, the ILSC was required to divert property to an Indigenous entity. ILSC would retain the license for the operation of the centre. In early August 2022 it was announced that the NCIE would be closed from 8 August 2022, after the ILSC and new owners of the site since 30 June, the New South Wales Aboriginal Land Council (NSWALC) could not agree on ongoing support for the centre.

All 50 staff members, most of them Indigenous Australians, were told they would lose their jobs with one week's notice, being offered redundancies and one-off payments in exchange for signing a non-disclosure agreement.

The official procedure to reclaim some of the facilities would involve a three-year waiting period followed by an expression of interest for the fitness and aquatic centre. The community was assured by NSWALC that they would get the first option at tender once this process commences.

Minister for Indigenous Australia Linda Burney addressed members of the community over the closure of the NCIE, saying "I am convinced we can find a resolution to this, we have to" and that she has expressed very clearly that the site must stay open. She strongly encouraged both organisations to work together to find a solution that effectively fulfils community goals.



Signs protesting closure of the NCIE location

# The Value of Social Impact

When it comes to measuring success of a non-for-profit organisation, the community's measure of success is at odds with a traditional business model solely focused on profit. The ILSC's ventures need to be economically sustainable while also providing positive outcomes to community that can be measured and tracked effectively.

While the NCIE has high social impact outcomes (considering the aforementioned \$3.10 social return per dollar figure), as an organisation they operate at a deficit. The NCIE's operating loss before grant funding from the ILSC was \$1,805,827. In addition to concessional leases for property, this means that the funding needed for the NCIE has been a threat to the ILSC's long term economic viability. [See Appendix for financial information]

The NCIE's Impact Report displays key successes within the business including employment outcomes, cultural connections between Indigenous and non-Indigenous people, training outcomes, Indigenous procurement benchmarks and number of clients. In their reporting they only report on social return per dollar instead of revenue that the organisation is receiving.



Community member's attending the NCIE's last meeting before closure.

The NSWALC CEO Yuseph Deen's official statement advised that "not one more dollar should be spent on the property because that state fund is set up for all First Nations people in NSW". He stated that the ILSC and NSWALC said they had worked together in good faith to secure the future of the centre but were not able to reach agreement on terms for ongoing support of the organisation, leading to its closure.

In the ILSC's most recent corporate action plan from 2022-26, they have stated that they "will continue to work towards the divestment of the ILSC's remaining subsidiaries and associated landholdings".

<https://www.abc.net.au/news/2022-08-02/Indigenous-social-hub-redfern-to-close-next-week/101291634>

<https://www.sopact.com/perspectives/social-return-on-investment-calculation>

<https://www.socialventures.com.au/sva-quarterly/sroi-revolution-or-evolution/>



# Considering all Stakeholders

When considering what the future of the NCIE looks like, all stakeholders must be considered.

The NCIE location is operated by the ILSC. The NCIE site is also a hub for other Aboriginal and Torres Strait Islander organisations: National Aboriginal Sporting Chance Academy (NASCA), Australian Indigenous Mentoring Experience (AIME), Tribal Warrior Aboriginal Corporation, Inner Sydney Empowered Communities (ISEC) and Redfern Youth Connect (RYC), whose own activities from the NCIE site support thousands of Aboriginal and Torres Strait Islander people.

Hundreds of community members gathered at the NCIE in Redfern to protest the closure of the centre. These community members include staff, program participants and children.

THE ILSC who owned and operated the facility operates on an impact investment model that assesses value for money in investments.

The NCIE is one of the ILSC's most significant urban assets. ILSC have the view that the property would be better utilised if divested to an Indigenous corporation.

The ILSC has announced that the fitness and aquatic services will keep operating for the foreseeable future, with the the goal of making both of these programs economically profitable. This response was "cautiously welcomed" by 10 Aboriginal community organisations.

The NSWALC have stated that as the new owners of the site, they wish for it to continue to be a hub for the community.



**"our vision has always been to build on the legacy"**

## NCIE Stakeholders



# The ILSC's Theory of Value Creation


The ILSC's revised performative framework builds upon the pathways of change that the council wants to achieve through their management of their organisations. This framework was introduced in their 2020-21 vision as an evaluation methodology which considers ILSC performance from the four perspectives of economy, efficiency, effectiveness and equity.

This framework gives insight into the key issues that were raised by the ILSC and NSWALC when coming to the decision to discontinue their services.

- 1. Economic viability** - Choosing the right investments that not only provide a high social return on capital but are able to self-sustain in the medium-long term.
- 2. Equity of effects** - with services being localised to those within travelling distance of Redfern, the investment is geographically limited to a small population.
- 3. Effectiveness** - the ILSC's decision to divest the property to an Aboriginal corporation that could more effectively handle the management of programs, or use it for a different purpose altogether.

These issues will need to be addressed if the NCIE's programs are going to continue long term.

## Theory of Value Creation



<b>LONG-TERM OUTCOMES &amp; VISION (IMPACT)</b>	'Harvest fruit'	<b>RETURN ON PURPOSE (impact)</b> Indigenous Australians are generating ongoing cultural, social, environmental, and economic returns	<b>EQUITY</b> Inclusive of all Indigenous people	Sustainable, profitable enterprise
<b>IMMEDIATE &amp; MEDIUM-TERM OUTCOMES</b>	'Nurture & grow'	<b>EFFECTIVENESS</b> Growing cultural, social, environmental and economic capital		Use the tractor to improve productivity
<b>ACTIVITIES &amp; OUTPUTS</b>	'Prepare ground, plant seeds'	<b>EFFICIENCY</b> Doing the right things in the right ways		Buy a tractor
<b>ILSC RESOURCES &amp; INPUTS</b>	We help buy the ground, the seeds, the fertiliser and know how	<b>ECONOMY</b> Choose the right investments, good stewardship of funding		Provide funding, staff, knowledge, connections
<b>PROGRAM LOGIC / THEORY OF CHANGE</b>	<b>THEORY OF VALUE CREATION</b>			<b>EXAMPLE</b>

# The NSWALC

The New South Wales Aboriginal Land Council is NSW's peak representative body in Aboriginal affairs, and aims to assist in the fight for land rights. Their strategy to 2022 and beyond involved few key areas:

- **Diversification of economic activities** with new enterprises is needed to deliver integration with, and a fair share of the NSW economy
- The statutory investment fund needs to be an **exemplar of self determination** - it is Aboriginal money, managed by Aboriginal people for the benefit of future generations of Aboriginal people
- The statutory investment fund must be used as a **long-term, beneficial resource** for all Aboriginal people in NSW, and it must continue to grow as an inheritance for future generations



## Social Return on Investment

Social Return on Investment (SROI) is a framework used to help improve decision making about social programs and analyses the impact that they have on communities. This can be measured in a variety of ways, often which means are catered to the programs being measured.

These SROI measures are the primary indicators of success that the NCIE uses in their social impact reports, measuring their \$3.10 return for every dollar of investment spent.

SROI can also be measured differently by different services, depending on the value assigned to the change being created as part of the measured initiative. The incongruence between different organisation's measurement of SROI can be the difference between recommended management strategies, of which the ILSC and NSWALC differ. This was a contributing factor to the dialogue between the two organisations leading to the preliminary closure of the facilities.

**How will the NCIE react to the NSWALC's "investment fund" management attitude towards Indigenous empowerment?**

## Case Question

Your team has been asked to prepare a brief presentation to be viewed and reviewed by the NSW Aboriginal Land Council and the Indigenous Land and Sea Corporation. Your team should deliver recommendations that are informed by the cultural and community-led obligations of the NSWALC and ILSC. Propose a business plan that specifically addresses the following question:

***How can ILSC confidently transfer the ownership of the NCIE to NSWALC ensuring NCIE's economic sustainability meeting both its core community needs and multi stakeholder requirements? What strategies would you recommend to ensure NCIE remains true to its purpose and values, drawing on diverse income streams to ensure it can be economically viable in both the short and long term?***

### Considerations

- How does the theory of change inform decisions and actions included in your recommendations?
- What measures do you recommend be used to monitor progress and signify success?
- Given the requirement of bodies receiving public funding to demonstrate social impact, how would you incorporate SROI into your recommendations?



# Appendix A: NCIE Financial Information

**National Centre of Indigenous Excellence Ltd**  
**Statement of Comprehensive Income**  
**for the year ended 30 June 2021**

	Notes	2021 \$	2020 \$
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	1A	4,901,112	4,898,465
Suppliers	1B	4,465,738	4,028,557
Cost of goods and services		431,580	334,330
Depreciation and amortisation	1C	203,411	239,285
Losses from asset sales		505	6,009
Other net loss / (gain)	1D	7,620	(12,430)
<b>Total expenses</b>		<u>10,009,966</u>	<u>9,494,216</u>
<b>Own-source revenue</b>			
Revenue from contracts with customers	2A	3,212,351	3,025,664
Grants	2B	2,504,641	1,655,816
Interest		-	121
Other revenue	2D	501,862	538,878
<b>Total own-source income</b>		<u>6,218,854</u>	<u>5,220,479</u>
<b>Net cost of services</b>		<u>(3,791,112)</u>	<u>(4,273,737)</u>
<b>PARENT CONTRIBUTION</b>			
Financial support from parent – ILSC	2F	4,493,446	4,878,396
<b>Gain for the year attributable to the member of the entity</b>		<u>702,334</u>	<u>604,659</u>
<b>Other comprehensive income</b>			
Changes in asset revaluation reserve	4B	(56,624)	100,477
<b>Total comprehensive income attributable to the member of the entity</b>		<u>645,710</u>	<u>705,136</u>

# Appendix B: NSWALC Financial Information

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated		Parent	
		2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>REVENUE</b>					
Investment Revenue	7	42,817	16,680	42,811	16,680
Grants and Contributions	8	8,393	4,922	8,010	4,910
Other Revenue	9	1,870	4,778	1,710	4,763
<b>Total Revenue</b>		<b>53,080</b>	<b>26,380</b>	<b>52,531</b>	<b>26,353</b>
<b>EXPENSES EXCLUDING LOSSES</b>					
Employee Related Expenses	12	21,647	20,407	20,154	20,236
Depreciation	24	2,000	1,741	1,147	928
Amortisation	25	59	12	59	12
Doubtful Debts and Debt Write Off	3c (iii)	987	557	987	557
Funding to Local Aboriginal Land Councils	13	17,625	17,239	17,625	17,239
Grants	14	2,537	2,114	5,912	4,086
Legal Expenses		877	974	877	974
Election Costs		–	947	–	947
Interest Expense on Lease Assets		572	643	176	165
Other Operating Expenses	15	7,925	6,515	6,935	6,411
Program Expenses	16	885	682	885	682
<b>Total Expenses Excluding Losses</b>		<b>55,115</b>	<b>51,831</b>	<b>54,757</b>	<b>52,238</b>
Gain/(Loss) on Disposal of Property, Plant and Equipment	10	(414)	(9)	(414)	(9)
Other Gains / (Losses)	11	55,908	(23,101)	55,908	(23,101)
<b>NET RESULT</b>		<b>53,460</b>	<b>(48,561)</b>	<b>53,268</b>	<b>(48,995)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to Net Result</b>					
Actuarial Gain/(Loss) on Defined Benefit Superannuation		221	5	221	5
Net Increment on Revaluation	24	2,878	–	2,878	–
<b>Total Other Comprehensive Income</b>		<b>3,099</b>	<b>5</b>	<b>3,099</b>	<b>5</b>
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE YEAR</b>		<b>56,559</b>	<b>(48,556)</b>	<b>56,368</b>	<b>(48,990)</b>