



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE
ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS**

“INQUIRY INTO INDIGENOUS BUSINESSES”

**SUBMISSION BY THE
ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION**

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INTRODUCTION

The following is the Aboriginal and Torres Strait Islander Commission's submission to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into indigenous businesses.

Part one summarises the recently completed "*Policies and strategies for achieving economic equality for Indigenous Australians.*" ATSIC strongly believes that economic development is more than assisting indigenous people into business, although small business development is seen as one of the most effective tools for economic development because it offers the potential for economic independence whilst retaining cultural values.

The remainder of the submission is directed at the terms of reference and highlights the need for a strategic change to focus on very small or micro businesses as having the greatest potential for increasing indigenous economic status and job creation. It is felt that a separate submission being prepared by the CDC will provide the inquiry with sufficient information relating to large scale or joint venture projects.

Part two deals with the *success of existing Commonwealth programmes*. It highlights the history of this involvement and the business development programmes of ATSIC.

Part three looks at the *barriers to the establishment, acquisition or development of indigenous businesses*.

Part four looks at *possible future policy directions and administrative arrangements*. This details why ATSIC believes the Commonwealth government should direct its future policies to support micro businesses and the fact that government must retain specific programmes for supporting indigenous businesses.

Part five looks at some means of *raising the profile of indigenous businesses*.

Several reports soon to be released may also be of interest to the inquiry. These include:

- The final report of the Micro Business Consultative Group (c/- Office of Small Business);
- The independent evaluation of NEIS (c/- DEETYA); and
- The Centre for Aboriginal Economic Policy Research (CAEPR) report on demographic changes in the 1996 Census.

EXECUTIVE SUMMARY

Economic development includes activities leading to increased employment, income generation and enhanced financial independence within indigenous communities. It also includes economic interdependence with the wider community.

ATSIC believes that there continues to be a strong role for government in the funding of indigenous economic programmes. Indigenous people need specific business development programmes because they are significantly disadvantaged, compared to other Australians, in income and employment status.

There are three major objectives to be achieved in the economic development of indigenous individuals and communities:

1. The development of indigenous businesses and entrepreneurs
2. Increased employment and skill development
3. Greater accumulation and utilisation of indigenous assets, including land, to create wealth and increase income levels.

ATSIC and its predecessors, often operating with limited resources, have successfully financed several hundred businesses in a wide range of industries. Without this assistance it is unlikely many, if any, of these businesses would have been established.

Commonwealth assistance programmes have gone through many changes in the last thirty years. Presently, ATSIC has two programmes that directly support indigenous businesses. These are the Business Funding Scheme (BFS) and the Indigenous Business Incentive Programme (IBIP). In addition, the Community Development Employment Projects (CDEP) scheme has been utilised by a number of CDEP organisations as a foundation upon which to develop businesses.

The benefits of these businesses to the community are difficult to quantify but improvements in employment opportunities, skills development and transfer, capital acquisition and income cannot be denied. In addition, increased income, particularly in the hands of women, is typically invested in the health, education and housing of the family, creates a substantial demand for goods and services, and provides for greater engagement in economic activity.

However, there is a range of structural and cultural hurdles that must be overcome by indigenous communities and individuals in business. In particular indigenous people generally have less access to credit and capital and have limited skill levels and business knowledge.

All levels of government, of which ATSIC has an important but minor part, must contribute to creating and maintaining an environment that enables indigenous Australians to improve their economic status. Inherent in this is the improvement in access to government programmes and their delivery in a culturally sensitive manner.

Some people have perceived the processes of ATSIC as slower than those of financial institutions. However, ATSIC provides support that would not be available through other lending sources, such as banks: a range of developmental services, mentoring and support.

The private sector can also participate in indigenous economic development in a number of ways. First, there must be a significant increase in the number of indigenous people employed in mainstream enterprises. Second, there must be better support for indigenous businesses, including access to finance for business development and supporting infrastructure, within the context of normal private sector competition.

ATSIC has identified a number of key policy directions to achieve its economic development objectives. These are:

1. Enhanced support through ATSIC programmes of grant, loan and mixed funding to entrepreneurs and community organisations for small and micro businesses;
2. Strategic partnerships with key private sector companies from which opportunities for small and micro businesses can flow and which provide investment opportunities (including through cooperation with the Aboriginal and Torres Strait Islander Commercial Development Corporation);
3. Targeting micro businesses as an entry point for indigenous entrepreneurs; and
4. Business development by CDEP organisations.

Raising the profile of successful indigenous businesses is crucial to encouraging other indigenous people to enter into business. This should be approached in many ways, including publicising successful businesses and improving the statistical data on the performance of indigenous businesses.

PART ONE – POLICIES AND STRATEGIES FOR ACHIEVING ECONOMIC EQUALITY FOR INDIGENOUS AUSTRALIANS

Disparity

The economic status of indigenous Australians is well below that of other Australians. This is due to a range of locational, structural and cultural factors, and the legacy of exclusion from the benefits of economic and social development.

Recent government policies have focused on improving programme delivery and outcomes for indigenous Australians. There is, however, an underlying demographic trend which could see the economic status of indigenous Australians worsen.

The 1996 Census statistics demonstrate that the indigenous unemployment rate is critical at 23% compared to the national unemployment rate of 8.2%. Without the CDEP scheme, which provides subsidised employment for more than 30,000 indigenous people, the indigenous unemployment rate would exceed 40%.

In the report, *The Job Ahead: Escalating economic costs of indigenous employment disparity (1997)*, Taylor and Altman conservatively estimated (based on the 1991 Census and 1994 National Aboriginal and Torres Strait Islander Survey) that by 2006 the indigenous population of working age will be almost 30 percent greater, with 56,000 more adults, which is more than twice the rate of increase in the non-indigenous population.

Additionally, in 1994 the average income for indigenous adults was \$14,000 per annum, some 30 percent lower than the average for all Australians of \$20,000. To achieve income equality the incomes of indigenous Australians would need to increase by \$1.1 billion (at current prices).

Moving towards economic equality for indigenous people will provide considerable cost savings to governments. It will also assist the economic and social development of many regional areas where there is a significant indigenous population.

Economic Development

For Aboriginal and Torres Strait Islander peoples and communities, economic development is a process that will assist them achieve greater independence from governments and improve their capacity to make life choices. It includes activities leading to increased employment, income generation and enhanced financial independence within indigenous communities. It also includes economic interdependence within the wider community.

There are three major objectives to be achieved in the economic development of indigenous individuals and communities:

- A. The development of indigenous businesses and entrepreneurs
- B. Increased employment and skill development
- C. Greater accumulation and utilisation of indigenous assets, including land, to create wealth and increase income levels.

A The Development of Indigenous Businesses and Entrepreneurs

The success of Aboriginal and Torres Strait Islander peoples in fostering a positive business culture and in establishing and developing indigenous businesses will be the main determinants of their advancement to economic equality with other Australians.

Many Indigenous people encounter significant barriers to accessing capital from commercial financiers (such as no credit history, lack of equity, and limitations on the kinds of security that can be used). Without support from government these people would not be able to establish a business.

However, the financial and other resources required to improve the economic status of indigenous Australians will greatly exceed those available from government sources. Therefore, finance and investment will have to come increasingly from commercial financial institutions.

Strategies under this objective include:

1. Identifying opportunities for and promoting the growth of indigenous businesses;
2. Supporting traditional businesses and community activities;
3. Improving access to finance and business services; and
4. Promoting training opportunities for potential entrepreneurs.

B Increased Employment and Skills Development

The enhancement of employment skills of indigenous people will be a key determinant of their employment in mainstream labour markets. In this respect indigenous Australians are no different from other Australians. What is different is the lack of opportunities for employment of indigenous people in most private enterprise and many government agencies.

It is not clear whether the lack of employment opportunities is due to lack of skills, or whether the lack of skills is due to the lack of opportunities. What is clear is that both problems must be addressed simultaneously. Indigenous people will be reluctant to acquire skills if they believe that they will not obtain employment, and employers will be reluctant to engage indigenous people unless they are sufficiently motivated to acquire skills.

Measures to increase indigenous employment have limits imposed by the educational and health profile of the indigenous population. In this sense, equal opportunity can only be achieved in the longer term when these factors have been addressed. This emphasises the requirement for an

integrated approach that links both labour market and non-labour market strategies and that is responsive to economic conditions.

Changes in the Australian workforce are reflecting wider changes in the industrial base of the nation. Labour is being redistributed as new growth industries emerge. Strategies for indigenous employment must take account of these changes. The strategies must also account for differing economic conditions and be able to adapt to changes in the economy.

Strategies under this objective include:

1. Increasing indigenous employment through a fair share of job growth;
2. Increasing the skill levels of indigenous Australians through improved educational and vocational training opportunities; and
3. Provision/coordination of accredited industry based training with flexible delivery.

C Greater Accumulation and Utilisation Of Indigenous Assets and Wealth Creation

The further accumulation and appropriate utilisation of assets are important determinants of economic independence of indigenous Australians. Assets can be used as a vehicle for economic self-sufficiency of communities and to promote self-empowerment.

Access to land underpins economic development in indigenous communities.

This will require strategies to enhance savings and investment opportunities to cater for both large and small needs. The creation of indigenous credit unions in places where banks have withdrawn their services is one example of how we can encourage indigenous people to accumulate savings. According to information provided by Creditcare, there are currently some 16 indigenous communities which have had a credit union established or to be established through the Creditcare scheme.

There is also growing interest from mainstream enterprises to enter into joint ventures with indigenous communities to take advantage of their assets. In turn, indigenous communities must be enabled to participate as equal partners in these joint ventures, providing both equity and loan capital.

Indigenous support for joint ventures with mainstream enterprises will depend upon the provision of employment and skill development in addition to the income and asset accumulation provided. Approval by the indigenous community will also be dependent upon the culturally acceptable utilisation of these assets.

Strategies under this objective include:

1. Enabling the accumulation of assets, including land, by indigenous people and communities and their utilisation to create economic development opportunities; and
2. Maximising the return to indigenous people and communities from their investment in enterprises.

PART TWO – THE SUCCESS OF EXISTING COMMONWEALTH PROGRAMMES

History

Following the 1967 referendum, a range of changes has occurred in respect of support for business development and the not unrelated responsibility for commercial development of indigenous held land.

In 1968 a capital fund was established by the Aboriginal Enterprise (Assistance) Act. The objective of the fund was to enable Aboriginal people to engage in business enterprises which could demonstrate prospects of becoming or continuing to be successful. The fund could make loans or provide bank securities, subscribe or acquire shares or stock, and make payments relating to the investigation of business proposals.

In 1974, the Aboriginal Enterprises (Assistance) Act was repealed which abolished the capital fund. It was replaced with the Aboriginal Loans Fund administered by the Aboriginal Loans Commission (ALC). The ALC had two funds: an Aboriginal enterprises fund and a housing and personal loans fund.

In 1980 the Aboriginal Development Commission (ADC) was created which, inter alia, provided a legislative capacity to grant fund enterprises as well as making enterprise loans.

In 1990 ATSIC and the Aboriginal and Torres Strait Islander Commercial Development Corporation (CDC) started. ATSIC absorbed DAA functions and the land acquisition, land management, housing loans and housing grants functions of the ADC together with the enterprise grants function and the smaller and more high risk loan function from the ADC. The CDC absorbed the capital assets of the ADC together with responsibility for larger commercial investments and loans.

In June 1996 the Indigenous Land Corporation (ILC) was created which, inter alia, transferred ATSIC's land acquisition and land management programme to the ILC. The ILC also took on responsibility for the commercial development of indigenous owned land.

What history shows is that there has been a continual movement of programme activity between structures and different intentions applied at different times. From 1968 to 1980, enterprise loan activities were channelled through single structures where support was restricted to activities which were likely to become or remain commercially viable.

The creation of ATSIC and the CDC in 1990 provided for the first time statutory rigour for both enterprise loans and grants. The CDC was required to act in accordance with sound business principles (s. 148 (1)). ATSIC, through its legislation, was explicitly required to fund only those enterprises that were assessed as likely to become, or continue to be, commercially successful. The relevant legislative provision was subsequently repealed for a range of reasons including a recommendation from the Royal Commission into Aboriginal Deaths in Custody (RCIADIC) that a softer business support programme was required in order to assist communities where some enterprise

potential existed but which could not meet the requirement of the Act and ATSIC's Business Funding Scheme (BFS) loan criteria. This recommendation resulted in the establishment of the Community Economic Initiatives Scheme (CEIS).

In 1997 Indigenous Business Incentive Programme (IBIP) was formed to take over CEIS. The IBIP focuses on seed funding for individuals, partnerships and community organisation, but also provides 100% grant funding for community organisations to enter into joint venture projects or to establish satellite businesses from Community Development Employment Projects (CDEP).

CDEP is a programme for Aboriginal and Torres Strait Islander peoples which initially began in 1977 by providing part time work and training in remote communities, as an alternative to unemployment benefits. The CDEP scheme has since expanded to include Indigenous participants who live in rural and urban areas (although about 70% of participants are in remote communities). CDEP has now grown to be ATSIC's single largest programme. CDEP currently employs more than 30,000 participants in more than 270 communities across Australia.

Since 1990, action taken by ATSIC to improve outcomes from its commercial programmes has included:

- in August 1991, a moratorium on new loans until arrears had been reduced
- transferring administration of the Business Funding Scheme (BFS) from regional offices to state offices,
- restructuring of the programme on 1 July 1992 as a result of the RCIADIC to introduce CEIS and to clearly separate loans from grants and from wage subsidies.
- reform of the BFS in July 1993 to tighten the rules relating to commercial lending criteria and to make it primarily a loans programme; the initial introduction of business agents also took place on an ad hoc basis.
- establishment of an arrears task force for 12 months in 1993;
- the introduction in Feb 1994 of a national network of external contracted business agents to improve the quality of assessment;
- the introduction in Feb 1995 of a centralised Loans Management unit to assist and provide training
- the introduction of business advisory and mentoring services to improve the survival rate of existing businesses;
- from 1996 a process of centralised loans arrears management to improve follow up and after care;
- imposition of time limits on business agents in assessing proposals;
- introduction of arrangements to block fund the CDC to avoid overlap and duplication in joint venture proposals; and
- replacing the CEIS programme in June 1997 with a more commercially focused Indigenous Business Incentives Programme (IBIP).

Presently, ATSIC has two programmes that support indigenous businesses, the Business Funding Scheme (BFS) and the Indigenous Business Incentive Programme (IBIP). The CDEP scheme has also been utilised by CDEP organisations as a foundation upon which to develop businesses.

ATSIC Processes and Philosophies

ATSIC is not a bank, rather it enables indigenous people and communities to enter business through a variety of means such as loans, guarantees, grants and advisory and support services. We do not use return on assets or return on equity as indicators of success. The outcomes required are wealth creation, involvement in economic activity, employment and the acquisition of skills for indigenous people.

ATSIC provides grants and loans to enterprises that are generally unlikely to obtain commercial financing and to a group of people that are disadvantaged economically compared to other Australians. Commercial financiers do not offer equity gap funding or the services that ATSIC provides through its business programmes.

The time it takes for the Commission to deal with these applications varies considerably and depends on the type of venture proposed, whether the proposal is well developed, the entity applying, availability of a business plan, skills and training needs of the applicant and compliance with programme funding criteria.

Nevertheless, it takes (on average) 2-6 months to process loan applications from the time of inquiry to funding. The timeframe for IBIP grants is more difficult to quantify because of the programme's pre-requisite training requirements.

ATSIC uses similar funding criteria to banks. Security, equity, viability, client history/profile and management ability are all relevant. While ATSIC is not as strict with the above criteria, thereby accepting a greater risk, like banks, there is a requirement to recover loans. The capacity to repay is therefore a primary consideration.

ATSIC provides additional services that are generally not available to applicants approaching banks, including:

- assisting with proposal development;
- providing expert advice;
- through a NEIS managing agent, assessing the client for prior learning and determining and providing the appropriate business training (if any) for the client;
- assisting BFS clients with the development of a business plan;
- assisting the client to finalise a formal proposal (application form); and
- obtaining valuations.

In addition to this, ATSIC:

- lends money at concessional interest rates;
- pays for the first \$500 of legal fees;
- pays for the first \$1000 for valuations;
- provides aftercare assistance to our clients in the form of:
 - monitoring;
 - mentoring; and
 - expert industry advice.

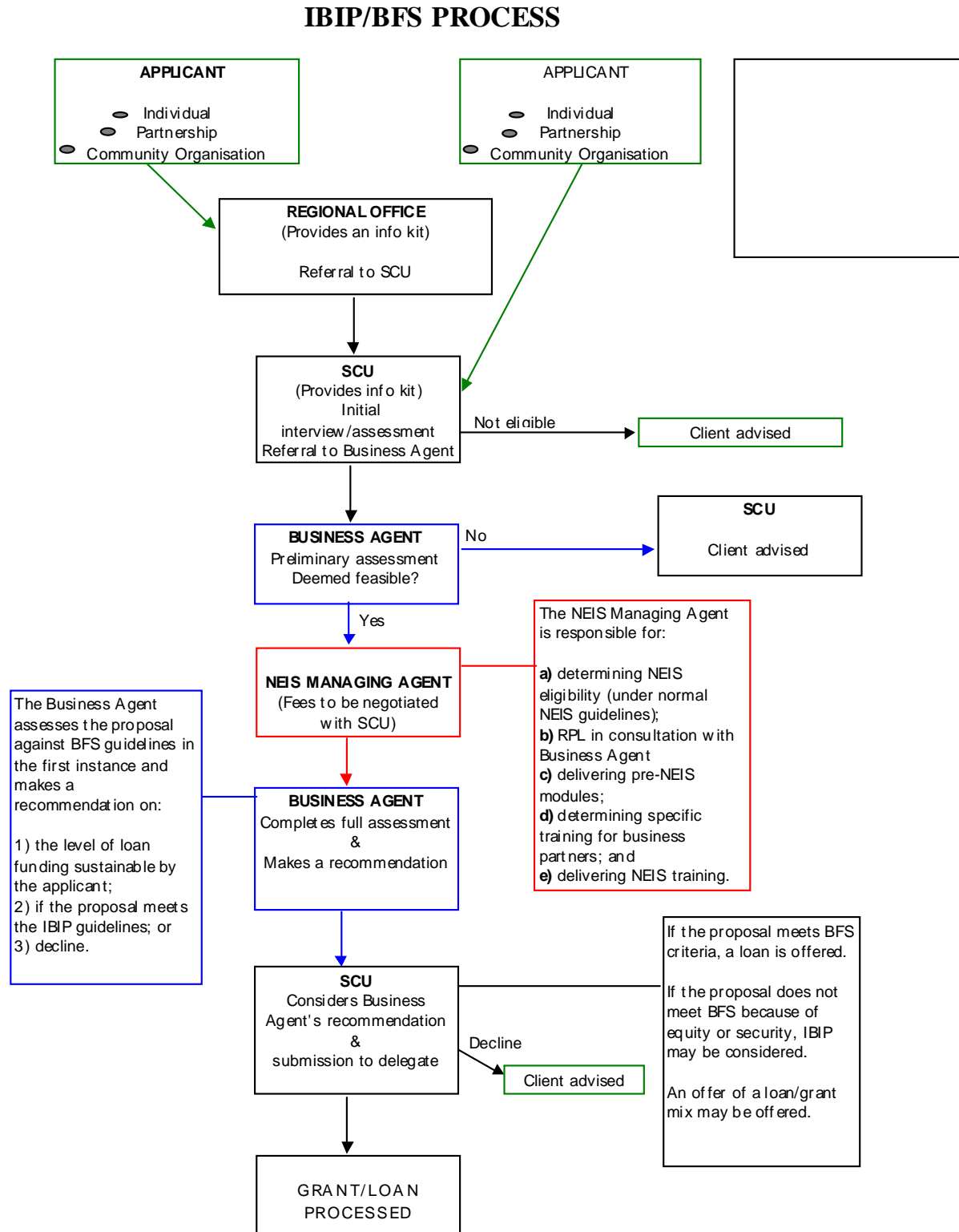
With the exception of the legal and valuation fees, all of the above are provided at no cost to the client.

Therefore, while ATSIIC's processes might be perceived as more difficult than those of banks, ATSIIC provides developmental and mentoring services and other business assistance designed to enhance business outcomes. For indigenous people, of course, ATSIIC is often the only option.

The Indigenous Business Incentive Programme and Business Funding Scheme Processes

The following chart illustrates ATSIC's business funding processes.

CHART 1 IBIP/BFS Processes



The Business Funding Scheme (BFS) (Loans)

The objective of the Commission's business programmes is to promote the economic independence of Aboriginal and Torres Strait Islander individuals and corporations by facilitating the acquisition, ownership and development of commercially successful businesses and community enterprises through the use of loans.

ATSIC delivers two business programmes; namely, the BFS and IBIP. Whilst both programmes aim to achieve the same result they are fundamentally different in that the BFS is a loan programme and the IBIP is a pure grant programme.

The BFS provides concessional loans, support and advisory services and there is also the provision to provide grant funding to organisations entering into a joint venture with the CDC.

The BFS operates within commercial parameters – funding criteria are closely aligned to those applied by commercial lending institutions.

The attraction of the scheme is low interest loans and the availability of business advice and assistance to borrowers.

Through the scheme clients have access to:

- Concessional finance in the form of loans, guarantees and grants; (Interest rates for BFS loans are set from time to time by the ATSIC Board of Commissioners).
- Wages subsidy support (for up to 12 months); and
- Access to expert advice and expertise for the establishment and/or on-going management and operation of the business.

Since the 1993 reform of the BFS, Business Agents have been contracted in every state and the Northern Territory to provide professional services to both the client and the Commission.

The Business Agent assists the applicant to develop a sound business proposal and business plan. The Commission relies on the Business Agent to deem the venture feasible (or otherwise) in the first instance and subsequently to assess the proposal for viability, security and equity and makes a recommendation to the delegate taking into account the programme guidelines.

The Indigenous Business Incentive Programme (IBIP) (Grants)

In 1997 IBIP took over from the former CEIS programme. The CEIS focused on economic and enterprise viability whereas the IBIP has a more focused approach to the creation of sustainable employment. To achieve greater employment outcomes IBIP, inter alia, provides small grants to individuals to establish small scale businesses that create at least one sustainable full time job.

IBIP aims to assist indigenous persons who might otherwise not be able to enter in to business. The emphasis is on providing seed funding (grants), training and other support to newly established businesses.

The focus of the programme to date has focused on the following areas:

- Support for new enterprises;
- Facilitating full-time employment and enterprise development outcomes from CDEP;
- Support for joint ventures; and
- Support services.

With the introduction of IBIP came the requirement that all applicants must undertake small business training; if the applicant is able to demonstrate prior learning or experience, the requirement for training may be waived or modified accordingly. ATSIC chose the National Enterprise Initiatives Scheme (NEIS) as the principal training tool based on the success of NEIS over many years. Training services, including NEIS, are provided by the existing NEIS Managing Agent network.

TABLE 1 *Expenditure (\$millions)*

	1994-95	1995-96	1996-97
Business Funding Scheme	15.8	13.5	17.5
Community Economic Initiatives Scheme	17.9	20.1	20.3

TABLE 2 *Allocation (\$millions)*

	1997-98
Business Funding Scheme	14.5
Indigenous Business Incentive Programme	30.0

The Community Development Employment Projects (CDEP) scheme

The CDEP scheme involves approximately 30,000 indigenous people on a voluntary basis in community managed activities such as business enterprises, municipal works, community welfare services and cultural pursuits. More than 270 CDEP organisations administer the CDEP scheme with 70% of these located in remote Australia.

In 1997/98 the CDEP programme allocation amounts to approximately \$360 million with almost \$278 million of this directed to CDEP wages (largely offset from notional DSS income support benefits). Recurrent funding of \$53 million is consumed in the administration of CDEP organisations and in the provision of the materials and equipment necessary to provide participants with meaningful work. The capital allocation of \$30 million is used to purchase major infrastructure, machinery and equipment items also necessary to provide work. The CDEP scheme is therefore not funded specifically to facilitate the development of business enterprises although linkages have been established with other ATSIC programmes such as IBIP and BFS. In 1995/96 for example 60 CDEP organisations received funding from the former Community Economic Initiatives Scheme (CEIS) for business development activities. While the objective of CEIS was for economic sustainability, rather than employment outcomes, more than 160 unsubsidised jobs were created in that financial year.

In 1997 the Government initiated an independent review of the CDEP scheme. A primary objective of the review was to examine the scheme's effectiveness in equipping participants to transfer to other employment. Mr Ian Spicer, former CEO of the Australian Chamber of Commerce and Industry, undertook the review and reported to ATSIIC in December 1997. Chapter 7 of Mr Spicer's *Independent Review of the CDEP Scheme* reports specifically on business development and the role that the CDEP scheme has played, and might continue to play, in sponsoring business development.

Mr Spicer reported that 'a critical challenge for CDEP is to ensure that it does not become an employment destination for its participants but enables people to move in increasing numbers into unsubsidised employment'. He found that 'the extent and range of employment options is significantly enhanced when CDEP organisations develop and operate their own business enterprises' (page 66, *Independent Review of the CDEP Scheme, December 1997*). There is a diverse and innovative raft of businesses conducted by CDEP organisations ranging from building Internet web sites to glass making to dairy farming to house construction to coffin manufacturing and decorating.

The review found that there is often limited opportunity for business enterprises in remote CDEPs although there is evidence that not all opportunities have been identified or examined. Urban and rural CDEPs on the other hand have greater opportunities to develop a wide range of CDEP based enterprises.

Mr Spicer reported on the outcomes that might be achieved from CDEPs establishing businesses, including:

- employment;
- job skills;
- increased income generation;
- asset accumulation; and
- import substitution especially in remote communities.

Mr Spicer recommended that ATSIIC establish a CDEP specific business development fund to target the identification of CDEP business opportunities and the assistance necessary to prepare business plans, train participants and obtain business expertise and mentoring from the wider community.

ATSIIC Commissioners have given in principle support to Mr Spicer's recommendations and work has commenced on the development of a CDEP Business Preparation Scheme.

The Success of ATSIIC's Business Programmes

Business Funding Scheme (BFS) (loans)

Since 1970 ATSIIC and its predecessors have provided 1457 loans worth \$80 million.

The status of loans provided is:

TABLE 3 **Loans provided and status**

Loan Status	Number
Active	403
Inactive	127
Completed	651
Written Off	276
Total	1457

Active loans represent the current loan portfolio (those still making repayments) but also includes those borrowers who have entered into an arrangement regarding repayments and those borrowers who have been referred to legal recovery action.

Inactive loans are loans whose account has been frozen. Normally this is because legal action has been completed and there is a residual balance waiting to be written off.

Completed loans are those that have been fully repaid.

Written off loans are those that have been referred to legal action and an unrecoverable balance written off.

These loans have provided opportunities in a wide variety of industry sectors.

TABLE 4 **Number of loans and venture type**

Venture Type	Number	Percentage
Agricultural	116	7.96%
Pastoral	77	5.29%
Fishing	69	4.77%
Mining	3	0.20%
Manufacturing / Industrial	69	4.77%
Crafts / Artefacts	54	3.72%
Food Processing	27	1.83%
Building	317	21.80%
Passenger Transport	45	3.07%
Goods Transport	72	4.96%
Shipping	3	0.20%
Wholesaling	24	1.63%
Retailing	317	21.80%
Contract Services	182	12.47%
Professional Services	74	5.09%
Unclassified	8	0.46%
Total	1457	100%

Almost 70 percent of the loans are in the Agricultural, Pastoral, Building, Retailing and Contract Services Industries.

The loans have been distributed across states as follows.

TABLE 5 **Number of loans by state**

State	Number of Loans
ACT	12
NSW	288
NT	209
QLD	447
SA	94
TAS	54
VIC	143
WA	210
Totals	1457

Internal analysis shows that the active loans are centred predominantly around capital cities. Previously there have been greater numbers of loans in regional areas particularly in NSW. This may indicate that the current programmes do not have the outreach they once had which may be due to a number of factors including the tightening on eligibility requirements and the centralising in each state of the management of the programme. The Indigenous Business Incentive Programme (IBIP), which has as a priority promoting businesses in remote areas, was developed in part to address this issue. The Commission attempts to address the equity issues, with respect to remote communities, with IBIP by giving an additional allocation of funds to state offices (including NT) that encompass remote areas. Whilst this in itself may not achieve the equity aimed for, the additional funds can be used to seek industry expertise to initially identify potential business opportunities. The additional funding may also be used to provide small business training to willing participants who express a desire to establish a small enterprise at some time in the future. ATSIC believes that by having indigenous people in remote areas trained in small business management, which includes marketing and business planning, will raise business awareness and should ultimately result in medium term outcomes (ie establishment of small businesses) for remote communities.

The development of more business opportunities through CDEP will also provide greater national coverage.

Loan sizes vary as follows.

TABLE 6 Loan Sizes

Loan Size	Loans made prior to 1993 review		Loans made post 1993 review	
	Number	Percentage	Number	Percentage
0 to 25000	586	50.52%	85	25.07%
25001 to 50000	219	18.88%	98	28.91%
50001 to 75000	111	9.57%	41	12.09%
75001 to 100000	76	6.55%	46	13.57%
100001 to 200000	104	8.96%	26	7.68%
200001 to 500000	47	4.05%	41	12.09%
More than 500000	17	1.47%	2	0.59%
Totals	1160	100.00%	339	100.00%

NOTE: The total number of loans recorded (1499) differs from the previous tables as included in these figures are loans that have been approved but not taken up by the borrowers.

TABLE 7 Mean, Median and Modal Figures

Statistic	Loans made prior to 1993 review	Loans made post 1993 review
Mean	\$62,401.19	\$94,164.92
Median	\$25,000.00	\$50,000.00
Mode	\$10,000.00	\$50,000.00

Mean is the average size loan. The modal figure is the most commonly occurring loan amount. The median figure shows that prior to the 1993 reforms 50 percent of the loans were below \$25,000. However, since 1993 loan sizes have increased.

Loan arrears are.

TABLE 8 Loan Arrears

Arrears Indicator	Loans Under Arrangement	Overdue 31 – 90 Days	Overdue 91 + Days	Loans Under Legal Action	Total Overdue
Value of late payments	\$558,423	\$78,094	\$1,281,917	\$2,677,148	\$4,595,583
As % of outstanding portfolio (\$39,631,937)	1.41%	0.20%	3.23%	6.76%	11.6%
Number of late borrowers	42	34	42	68	186
As % of total active borrowers	10.24%	8.29%	7.80%	16.83%	43%

- The unpaid balance of a loan is placed in an ageing category depending on the number of days the earliest delinquent payment is overdue.
- Loans under arrangement are included as an account in arrears.

The Commission has not included loans which are overdue by less than 30 days. This is in keeping with commercial practise. Nevertheless, the Loan Management Unit in Central Office monitors these accounts, along with others, and issues reminder letters to clients which are at least seven days overdue.

Since the BFS was restructured in July 1993 applicants for business loans have had access, at no cost, to support services through business agents and monitoring accountants. This has ensured that only those businesses which are considered viable, or likely to become viable, are funded under the programme.

Under this new arrangement the quality of business lending has improved considerably. As an example, the percentage of arrears to discharge balance for pre-reform loans is 21.56% whereas for post-reform the figure is 3.70%. This illustrates a remarkable improvement in both the quality of assistance provided for clients in the application process as well as aftercare and the ability of indigenous people to run businesses with the proper support. Applicants have a much greater chance at success because of the way ATSIC assesses business proposals through a professional business agent network.

Community Economic Initiatives Scheme (CEIS) (Grants)

516 CEIS grants were provided for five years commencing in 1992 which total \$68.1 million. The CEIS ended on 30 June 1997 after which the IBIP was launched and addressed business grant funding needs. The CEIS focused on economic and enterprise viability whereas the IBIP has a more focused approach to the creation of sustainable employment.

Indigenous Business Incentive Programme (IBIP) (Grants)

IBIP grants to date total 84 with a value of \$7 million; in addition, NEIS activity (related to IBIP grants) is summarised below.

TABLE 9 *IBIP Statistics NEIS Statistics*

	NEIS Completed	Currently NEIS course	Anticipated to 30/6/98
NSW	3	0	14
VIC	3	5	50
QLD	8	16	8
SA	70	0	50
WA	4	42	50
TAS	1	0	18
NT	1	6	5
Total	90	79	195

This table indicates the training activity underway in relation to IBIP funding. It is anticipated that clients currently undergoing training will be IBIP applicants in future.

Pre-NEIS is an awareness course lasting only five days. This course is designed to make the client aware of the requirements of going into business and is also a means for ATSIC to measure aptitude and commitment prior to enrolling the client in a full NEIS course.

Some Examples of Successful Indigenous Businesses

Following are some examples of successful indigenous businesses funded through ATSIC's business development programmes and CDEP.

Business Development Programmes

1. Located in Coober Pedy this opal mine commenced operations in 1982/83.

The business comprises a mine (in which tours are conducted), an opal shop (where you can obtain an opal and have it made into a piece of jewellery), and two underground theatres. One theatre screens a film on the history of opal mining in Coober Pedy and the other theatre shows a dream time story of how opals were formed. Also part of the experience are two underground houses, one older than the other, that shows tourists the changing living conditions in the town. The business employs seven casual staff.

There are several areas in which the business excels. One of which is that opal jewellery is exported all over the world. Another is that staff are encouraged to speak more than one language, therefore providing tourists with guides who can have a more interactive role when taking international groups through the mines.

2. This is a family owned farm established twenty years ago growing wheat, barley and field peas. In 1980 the family decided to start a tannery. So between 1980 and 1984 a warehouse was built and machinery purchased with production starting in 1984.

The tannery processes raw materials to different stages depending on the needs of the buyer. There are contracts for skins to be processed to a pickled state that are then exported. They also process skins to a bark tan leather from which saddlery and craft items can be made. The leather is sold locally and nationally. There is also a shop that sells items from the tannery along with a mail-order section for national buyers.

3. Begun in 1995, this business retails and services chainsaws in Mount Gambier. It employs the owner and one full time staff member. Most of the income comes from servicing the machinery in sawmills throughout the east coast of Australia.
4. Located in mid Western Australia, this business is the only commercial Aboriginal radio station in Western Australia. It was purchased in late 1994 and commenced operation in February 1995. When the station first started, airtime was only thirty hours a week. Over the three years of operation business has grown substantially and now operates twenty-four hours a day, seven days a week.

The Radio Station is a viable business by way of selling airtime to customers and providing programmes to local radio stations. The station has seven full time staff and also recruits indigenous persons from the Perth Radio Training Programme.

5. After working for several railways, receiving several awards for his services, the owner of this business purchased a truck to establish a water carting business. Within twelve months another truck had been bought to cover maintenance and breakdowns. Further to this the business received a contract with the Department of Main Roads in South Hedland where the business is located.

In 1990 the business owner received the Commercial Aboriginal Enterprise Award for his business.

6. Run by a company which uses ATSIC's CDEP participants for staffing, this hotel business offers accommodation and provides training for indigenous people in Oodnadatta, South Australia. The company bought the Hotel in 1979/80. There are twelve rooms to rent, a dining room and a lounge. All meals are available. A couple manages the Hotel.
7. In 1983/84 this general store was bought on a walk in/walk out basis by an Aboriginal company. It provides everything from hot food and general supplies to petrol. When the local hotel burnt to the ground, the company obtained a liquor licence that enabled the indigenous community to retain the only liquor licence within Oodnadatta. The store also provides lunches for indigenous children at the local Aboriginal School.
8. Started in January 1995 and located in Brisbane this business supplies hospitals and others in the medical, engineering and plumbing industries with liquid nitrogen. The owner is just starting to expand the business in medical supplies to the Gold and Sunshine Coast areas.

The liquid nitrogen is supplied to medical practices for the use of freezing sun cancers, warts and is also used in hospitals for different programmes such as IVF and research. The business also provides the instruments and containers associated with the use and storage of liquid nitrogen.

Engineers use liquid nitrogen in association with different steels as it shrinks metals to a certain degree, which enables maintenance to be carried out with much ease on machinery that companies such as BHP use.

Plumbers use it to freeze pipes to undertake repair work in many different places.

9. In 1988 the family purchased a fishing boat and licence to start an inshore or 'tunnel net fishing' based in Wynnum, Brisbane.

The fish are sold to both local and interstate markets and also exported. The business has grown with the addition of another motor boat and fishing gear. The owners have ensured that the upgrading the boats and gear has been in keeping with new technology and better materials.

The owners have applied for a further BFS loan to complete a fishing boat that was bought as a shell and the family is fitting out.

10. In 1995/96 an unstocked dairy farm located at Preolenna near Devonport in Tasmania was purchased by an Aboriginal family.

Over the last three years most of the hard work has been completed to bring the farm up to a well-maintained state. This has included the purchase of dairy cows and replacing the entire boundary fence with a better quality material to stop intruding animals from the national park (which meets the property at the boundary). The milk is transported to Devonport to be processed and distributed locally as well as exported as cheese and dry milk.

11. An indigenous individual together with an indigenous corporation started this business in May 1995 with an idea and a pre-existing retail building. The business services Queenstown and the West Coast of Tasmania in the supply and service of tyres, motor vehicle parts and the service of vehicles with 90% of work in tyres. Three full time staff and one part time office person are employed by the business.
12. An established business dealing with the sale, fitting and service of towbars and exhaust was purchased with a BFS loan in 1990. Located in the light industrial area of Lalor, Melbourne, the area is currently expanding with a new shopping complex that will hopefully bring more business. A family runs the business with one other full time employee.
13. After successfully completing the NEIS business course, the owner of this business secured a loan to buy beehives and associated materials required to produce honey. The family runs the business with success and has approached ATSIC again to obtain another loan to expand, as the business needs to provide 50 000kg per year in the current market. The honey is distributed throughout SA, NSW and Victoria.
14. In 1990 this business started manufacturing leather belts and other items. These are mainly sold locally now, but the business has exported goods both overseas and interstate. The business is located in Elstern Wick, Victoria.

The business is different to other manufacturers in that a customer can select a particular type and style of belt to be made and watch the process from start to finish.

15. This business which provides water bottles and containers for commercial and home use, started from an idea in 1993. The business located in Ballarat, Victoria, expanded into bottled water in 1996.

The business is versatile in water and water filtration, employing four full time and two part time staff along with the owners.

16. Established in 1995, this business operates a house boat hire business on the Snowy River at Marlow, Victoria. The owners are also involved in a joint venture with another business in Melbourne providing guided tour holidays of the Snowy River area.

Two houseboats and a four-wheel drive are used for the guided tours.

17. Using a business loan, this indigenous entrepreneur started a small supermarket in Alice Springs. Within a year the business had expanded into the wholesale market and supplied outlying Aboriginal communities with fresh fruit and vegetables.

The owner used ATSIC's loan to fund the business, which he believes is now contributing to improved health and nutrition as well as providing training and employment for local indigenous people.

ATSIC has obtained the permission of all business people listed above to forward names and contact details if required.

Community Development Employment Projects (CDEP)

Yulella Enterprises (Meekatharra WA)

Yulella now employs some 105 participants involved in Yulella's six enterprises as well as other community projects, such as housing maintenance and repair. Some of Yulella's participants are also working as trainees with local businesses and mining companies.

A metal fabrications training course for eight indigenous people in 1990 has evolved into Yulella Fabrications Aboriginal Corporation - a thriving multi-faceted business which includes:

- Yulella Smash Repairs
- Yulella Mechanical Workshop
- Cogla Downs Station (sheep and cattle)
- Yulella Vision Retail Outlet, marketing whitegoods and electrical appliances
- Metal Fabrication Workshop, providing a wide range of metal products
- Concrete Products, which are in demand by the mining industry and domestic market.

The majority of expenses associated with the expansion of Yulella's enterprises have been met from Yulella's own income. In fact, Yulella's current portfolio of four houses and four industrial sites has been purchased with profits made from Yulella enterprises.

An additional two retail blocks owned by Yulella, situated on the Meekatharra main street, were bought through a private bank loan.

Yulella has also established a significant portfolio of housing and industrial real estate interests.

Yarnteen (Newcastle NSW)

Following a successful tender process, Yarnteen is registered as a training provider with the Department of Employment, Education, Training and Youth Affairs (DEETYA).

Yarnteen Commercial Enterprises is the mainstream business arm of Yarnteen and conducts the following businesses:

- bulk warehousing
- cleaning/grading and bagging rural commodities
- landscape gardening
- commercial cleaning
- lawn maintenance contracts .

Yarnteen is widely recognised as an efficient business enterprise in the Newcastle region.

Manyallaluk (Katherine NT)

Manyallaluk CDEP, situated 100 kilometres southeast of Katherine, conducts the following activities:

- production and sale of artefacts
- steel fabrication
- community store
- buffalo domestication
- housing repairs and maintenance
- landscaping
- tourism

Manyallaluk has been very successful in its tourism ventures which began in 1991. It conducts guided tours where Aboriginal people show tourists Aboriginal culture through a variety of one day and multi-day tours. The success of Manyallaluk's Aboriginal Cultural Tours has been of great benefit to the community and involves the use of CDEP participants, as guides and in the general running of accommodation areas.

Manyallaluk Aboriginal Cultural tours have received Australian Tourism Awards (Aboriginal and Torres Strait Islander Tourism Award) in 1993, 1994 and 1995 and in 1996 were inducted into the Australian Tourism Hall of Fame, the first Aboriginal organisation to achieve this prestigious honour. Manyallaluk Aboriginal Cultural Tours have also received the Northern Territory Tourism Brolga Award in 1993, 1994, 1995 and 1996.

Goulburn Valley CDEP (Victoria)

Currently there are 90 Koories participating in a range of projects, including panel beating, woodwork, gardening, furniture/upholstery, sewing, screen-printing and farm operations.

Financial independence — especially through Koorie-owned enterprises — remains the central goal for Goulburn Valley CDEP which operates a business incubator sponsoring the development of several small businesses. The CDEP has been successful in winning contracts for the manufacture of surgical garments and is providing accredited on-the-job training for participants.

Goulburn Valley CDEP has also successfully negotiated seven apprenticeships, which last for four years. After their first year, a mainstream employer provides a percentage of the apprenticeship wage in return for electrical, plumbing, mechanical or carpentry services. Thirty participants are undergoing twelve-month traineeships.

PART THREE – BARRIERS TO INDIGENOUS BUSINESSES

According to the 1991 census, more than 30 percent of indigenous people live in rural and remote areas. This has considerable impact on those wishing to enter business. All of the barriers listed here are increased the more remote the business.

The development of businesses by indigenous people, particularly those in remote areas, is influenced by:

- a) underdeveloped technical and entrepreneurial skills;
- b) sometimes-contradictory cultural values;
- c) a lack of local and regional infrastructure;
- d) a lack of access to capital, and land; and
- e) lack of awareness of opportunities.

Underdeveloped technical and entrepreneurial skills is the first barrier that must be addressed before the government can stimulate indigenous businesses. To be successful in business requires more than an idea or a working knowledge of the operations of the business. It requires skills in areas such as marketing and financial management. The government has a role in lowering the hurdles for indigenous entrepreneurs to gain at least basic knowledge in business.

Research shows that despite remoteness there is considerable interest in pursuing further education among indigenous Australians. For example, the 1994 National Aboriginal and Torres Strait Islander Survey (NATSIS) found that 46% of people aged fifteen years and over, who had left school, wanted to do further study or training. However, for those wishing to undertake business related courses the survey also found that 43% of indigenous people living in remote areas were more than 100 km from the nearest TAFE, and almost 81 percent were more than 100 km from the nearest University.

Particularly in remote areas *language barriers, cultural considerations* of various kinds and history all negatively affect the development of entrepreneurship and indeed the concept of wealth creation.

Remoteness also results in a lack of *local and regional infrastructures* to support business. These include banking, insurance and advisory services. The government has already identified this problem and initiatives such as CreditCare have been established as one means to combat the lack of services.

In relation to *access to capital*, indigenous people are disadvantaged by:

- lack of savings;
- limitations on the kinds of security that can be used and are available;
- land title restrictions on individuals who may wish to use land as security;
- competition from applicants with above average income who have greater access to credit;
- little or no employment opportunities from which to accumulate equity;

- little or no track record in business;
- no credit history;
- difficulties by lending institutions in screening and monitoring borrowers; and
- limited information available to lending institutions on indigenous businesses and borrowers.

Risk mitigation associated with community lending is labour intensive and consequently expensive. Many commercial lenders could not, or will not, bear the costs of these activities (including the costs of screening, counselling, educating, monitoring and acquiring information about lending risks) and still pay a return that would attract deposits and investment capital.

Internationally, some banks have sought support from third parties to screen applicants and work with borrowers and others to share risks by forming loan consortiums. Organisations can fill this need by creating specialised financial institutions to bridge the gaps from commercial banks.

The barriers faced by indigenous people in securing access to credit, including trade credit, and difficulties in obtaining insurance can be a result of a lack of information but it can also be a result of racial discrimination. These prejudices often have considerable detrimental impacts, particularly in more rural or remote areas. For example, it can be difficult for indigenous people to rent housing and business space.

Lastly, indigenous individuals and communities, particularly in remote areas, may not be aware of opportunities for business development or indeed programmes of governments that can assist them to take advantage of opportunities. Locational disadvantage relates not only to access to government services and programmes, but also to those of the private sector, such as banks.

PART FOUR – POSSIBLE FUTURE POLICY DIRECTIONS AND ADMINISTRATIVE ARRANGEMENTS

The promotion of self-employment is a basic component of economic development and social policy in most developed countries. Small business development is seen as one of the most effective tools for economic development because it offers the potential for economic independence whilst retaining cultural values.

ATSIC has identified a number of key policy directions to achieve the key objectives of:

- the development of businesses and entrepreneurs;
- increased employment and skill development; and
- wealth creation.

These are:

1. Continued support through ATSIC programmes of grant, loan and mixed funding to entrepreneurs and community organisations for small and micro business;
2. Strategic partnerships with key private sector companies from which opportunities for small and micro businesses can flow and which provide investment opportunities (including through cooperation with the CDC);
3. Targeting micro businesses as an entry point for indigenous entrepreneurs; and
4. Business development by CDEP organisations.

However, ATSIC recognises that there could be further improvement in programme delivery to meet the changing expectations of our clients. We are open to suggestions of alternative models to improve access by indigenous entrepreneurs to business finance.

Such a model may be an Indigenous Capital Corporation wherein ATSIC and other funders pool some resources for on-lending. However, considerable work is required to research and develop such an approach.

1. Continued Support Through ATSIC Programmes

We believe that continued support should be provided by the government to the main indigenous business programmes (comprising loans, grants, mixed funding and support services), with more emphasis being given to small and micro businesses.

An improvement in programme delivery since the reforms in 1993, particularly through the use of professional business agents, ensures that proposals are professionally assessed.

In addition, our clients gain benefits from ATSIC, over that they would receive from financial institutions, because of the pre-business training and support that ATSIC offers. ATSIC is able to provide concessional finance in the form of loans, guarantees and grants to individuals, partnerships and corporations to acquire or develop commercially successful business enterprises. It also provides access to professional independent advice and expertise, at no cost, for the establishment,

management and operation of the businesses funded.

Over the next few months, ATSIC will be reviewing its business funding processes, with a focus on timing, in order to better satisfy loan/grant requests under BFS and IBIP.

2. Strategic Partnership

ATSIC is also seeking to strengthen our strategic partnerships with the CDC (through continued joint venture funding) and with the private sector. Joint ventures between private sector companies, such as those involved in the mining and pastoral industries, and indigenous business have significant potential for employment and wealth creation and the development of small business offshoots of the larger enterprises.

ATSIC is currently negotiating a Memorandum of Understanding with a major mining company which, it is hoped, will lead to cooperation at all levels with the objective of increasing business, employment and training opportunities for Aboriginal and Torres Strait Islander people.

Preliminary discussions have commenced with another company, aimed at reaching agreement on a general cooperative relationship which will be beneficial to Aboriginal and Torres Strait Islander people.

In 1996-97 ATSIC supported three joint ventures:

1. Between the Jawoyn Association and Henry Walker Contracting to provide mining services to the owners of the Mount Todd gold mine;
2. To the Koutha Aboriginal Development Corporation to provide an equity interest in Queensland Bulk Haulage. Queensland Bulk Haulage has a transport contract with the MIM Ernest Henry Mine; and
3. To the Tasmanian Investment Corporation, representing six Aboriginal groups, to further develop the Burnie K-Mart shopping centre.

3. Targeting Micro businesses

The micro business sector has significant potential for generating new indigenous businesses and improving economic and employment outcomes.

According to the Australian Bureau of Statistics (ABS), in 1995/96, there were 751,000 non-Agricultural micro businesses in Australia. These accounted for about 80 percent of all small businesses. Micro businesses also generated most of the net employment change in Australia in 1995/96, contributing 120,000 new jobs or 57 percent of the job generation. During the same period employment by the large business sector actually declined.

Several characteristics of micro businesses make them particularly attractive to ATSIIC. These are:

- start-up capital costs and scale of the business are often small;
- they are often less complex to manage and operate;
- paid employment per business ranges from 1.2 to 1.8 full-time persons on average. In addition family members often help in the business;
- owners can gain experience as the business grows; and
- they are appropriate across remote, rural and urban locations.

The success of Australian schemes such as NEIS that establish a significant number of new small and micro businesses each year proves the potential of focusing on this sector.

Other features provide confidence that targeting will be successful. For example:

- micro businesses already comprise a large part of ATSIIC's BFS clients;
- ATSIIC figures suggest that smaller loans (those less than \$30,000) are more likely to be repaid. They represent good value for programme funding;
- sixty percent of the indigenous population is under twenty-five. ATSIIC believes that micro businesses, because of their small scale, low complexity and lesser capital requirements, are more likely to be pursued by these young people;
- the average income for an indigenous person is small, making microbusinesses more affordable. Saving the equity required for a small loan is easier than for, say, the \$12,500 required for the median ATSIIC loan of \$50,000;
- ATSIIC believes that the larger the business the greater the barriers. For example the larger the business the greater the capital and the more highly developed technical and entrepreneurial skills required; and

4. CDEP Business Development

ATSIIC Commissioners have given in principle support for Mr Spicer's "*Independent Review of the CDEP Scheme*" and its recommendations. ATSIIC acknowledges that the CDEP scheme provides a targeted clientele of 30,000 individuals in 270 localities where business development provides the best opportunity to move from welfare dependency to increased economic independence.

ATSIIC is in the process of developing a CDEP specific Business Preparation Fund with three components, namely:

1. identifying business opportunities which is especially critical in remote localities where such opportunities are more limited. ATSIIC will be seeking the assistance of agencies such as Australian Executive Service Overseas Programme, the Overseas Services Bureau and local Chambers of Commerce and Industry;

2. business preparation where assistance might be provided in the development of business plans and training strategies, funding for feasibility and marketing studies and capital establishment costs and obtaining business mentoring advice from the wider community and private sector; and
3. CDEP business and joint venture funding under current ATSIC programmes including the Indigenous Business Incentive Programme and Business Funding Scheme. A quarantined amount of funds would be set aside for CDEP business development from these programmes.

ATSIC proposes to target 15-20 CDEPs with the potential to develop business enterprises and pilot the proposal in this financial year. An important element will be linking the enterprise development to structured accredited training making full use of flexible delivered methods. ATSIC proposes to seek the support of the Australian National Training Authority Ministerial Council, DEETYA and the private sector in this regard. Successful CDEPs would be used as best practice role models for other CDEP organisations.

PART FIVE – MEANS OF RAISING THE PROFILE OF INDIGENOUS BUSINESSES

Raising the profile of successful indigenous businesses is crucial to encouraging other indigenous people to enter into business. The old adage that ‘nothing succeeds like success’ is true for developing indigenous businesses. Successful businesses have the effect of encouraging other indigenous people to establish a business as a means of increasing their income and wealth.

ATSIC suggests the following as some of the ways of raising the profile of indigenous businesses:

- 1) Publicising successful businesses. For example ATSIC would like to see the Telstra Indigenous Business Awards become an annual event and publicised on television. International experience has shown that the private sector can and will support such awards and that these are most effective when the judging is by people in business, both indigenous and non-indigenous.
- 2) Creating an increased awareness of indigenous businesses. ATSIC will continue to prepare case studies on successful indigenous businesses but would like other relevant agencies, such as DEETYA, to provide additional case studies on businesses which they come into contact with or have information about.
- 3) Improving the statistical data on indigenous business performance available to commercial financiers for them to make decisions on providing finance to indigenous people. This has an increasing importance as more commercial financiers rely on ‘credit scoring’ in making lending decisions.

As an extension of the collection of statistical data, ATSIC is assessing whether it is feasible to conduct a baseline study of indigenous businesses to determine the impact of such businesses to the indigenous economy and individual households.

- 4) Improving knowledge of business opportunities and successes through the ATSIC Regional Council network.
- 5) Increasing the number of indigenous businesses participating in business networks. This will establish contacts between successful entrepreneurs both indigenous and non-indigenous to provide mutual support and assistance. ATSIC is about to commence collating lists of indigenous businesses to promote successful businesses. We hope to include such information on ATSIC’s homepage. This will enable indigenous entrepreneurs to network with each other and potential venture partners.
- 6) Supporting indigenous businesses to display their products or services at national and international exhibitions.
- 7) Encouraging Aboriginal and Torres Strait Islander businesses to use the Internet to promote their products and services.

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**APPENDIX DEFINITION OF MICRO, SMALL, MEDIUM AND LARGE
BUSINESSES**

The Committee should note that there is no internationally accepted definition of micro businesses, nor are there fully accepted definitions for small, medium or large businesses. For the purposes of this submission we have adopted the following definitions:

Micro businesses are taken to be those employing less than five people.

Other small businesses are taken to be those with between five and nineteen people.

Medium businesses are those with between 20 and 199 people.

Large businesses are those employing more than 200 people

These definitions differ slightly from those used in the ABS publication “Small Business in Australia” (ABS Cat No. 1321.0) where the small business category also includes manufacturing firms with less than 100 employees.