

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE**

**2005-2006 BUDGET SENATE ESTIMATES HEARING
30, 31 MAY and 3 JUNE 2005**

EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

QUESTIONS ON NOTICE

Indigenous Business Australia

Question Number: W377-06

Question:

Senator Carr provided in writing:

Would businesses which are assessed as not being viable without ongoing subsidies meet the criteria for funding under any of the programmes managed by IBA?

Answer:

Indigenous Business Australia (IBA) currently offers two programmes associated with business and economic development which include the IBA Equity and Investment programme and the Indigenous Business Development Programme (IBDP).

The Equity and Investment programme is aimed at large investments generally with a value greater than \$500,000 and usually involving a joint venture arrangement. Under IBA legislation it is required to operate on a commercial basis. This includes achieving a commercial rate of return consistent with industry standards on each investment. As a result IBA will only consider an investment where it is assessed as commercially viable, which by definition precludes businesses reliant on ongoing subsidies to remain viable.

The IBDP programme is a commercial lending programme generally aimed at small to medium sized businesses. The IBDP guidelines require a business to be commercially viable before it will be considered for finance under the programme. That being said the programme historically has considered proposals, generally community based businesses, which utilise subsidies in the short term to achieve commercial viability.