

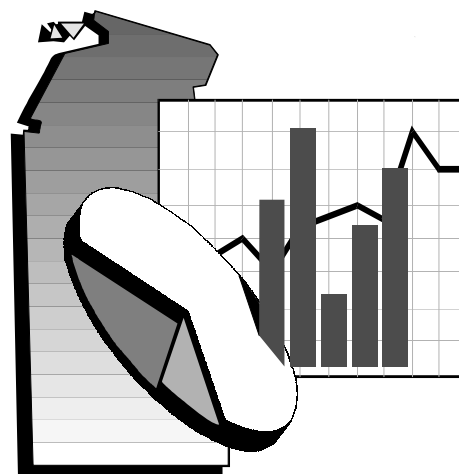
Indigenous Enterprise Development Pilot Project

Prepared By:

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February 1998

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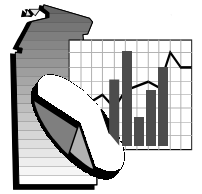
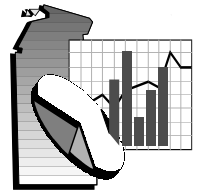


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1.0 EXECUTIVE SUMMARY

1.1 A multitude of reports have been produced in Australia over the period 1993 - 1996 addressing the need for coherent indigenous industry development and strategies for the National Aboriginal and Torres Strait Islander cultural, tourism and rural industries are near finalisation (ATSIC (c), 1996; ATSIC(r), 1994; ATSIC(t) 1994; Pritchard, W. and Gibson, C. 1996; Pitman, B. 1994; OND, 1993;). Several of these reports and strategies identified pilot projects designed to test specific objectives of the enterprise development process without clear reference to the other studies. The recommendations from these reports often fail to differentiate between the task of supplying public services to the community and the maximisation of income to the indigenous entrepreneurs, thus confusing the issues of community development with those of enterprise development.

1.2 A discussion paper produced by the Centre for Aboriginal Economic Policy Research concludes *inter alia*, "that the most recent government programs aimed at increasing levels of Indigenous self management and economic self-sufficiency are constrained by pursuit of social goals" and calls for a methodology that better illustrates the costs of mixing economic and social goals (Arthur, W.S. 1996).

1.3 At least three distinct Government policies reference the need for developing indigenous enterprise, viz,

1.3.1 NT Government Business and Industry Election Commitment No. 7.07

Title: Business Opportunities for Indigenous Australians.

Details: Place an emphasis on networking with ATSIC and other aboriginal groups to develop business opportunities for Indigenous

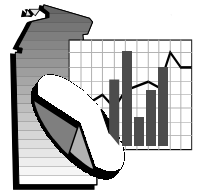
Australians.

1.3.2. NT Government Interdepartmental Memorandum Number A 961460

From the Minister for Aboriginal Development.

RE: Training Workshop - Enterprise Development and Small Business. (Appendix A)

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1.3.3. National Aboriginal and Torres Strait Islander Industry Strategy ; response to recommendations 300,304,308,311 and 312 of the Royal Commission into Aboriginal Deaths in Custody (Appendix B).

1.4 A plethora of Federal and Territory Government programs exist which could be easily and inexpensively modified to assist indigenous enterprise development. This project will build on the knowledge and experience gained from, amongst others, the:

- AusIndustry Business Development Consultancy Scheme
- AusIndustry Business Networks Program
- Australian National Training Authority
- Office of Aboriginal Development Research
- National Aboriginal and Torres Strait Islander Industry Strategies
- Northern Territory Task Force for Aboriginal Tourism Strategy.

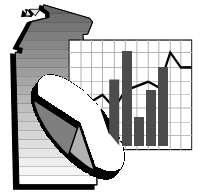
1.5 Implementation of industry development programs is impeded by the fragmentation of agencies and a lack of co-operation and co-ordination between State/Territory agencies and the Commonwealth equivalents. Problems are currently addressed on a case by case basis using an annual funding cycle. This results in a lack of long term security or stability with little feedback and minimal evaluation of the process. Mainstream agencies, even with a comprehensive knowledge base and a wide range of advisory services, have not developed specific programs for indigenous enterprise development.

1.6 Various NT Departments viz. Asian Relations, Trade & Industry (DARTI), Primary Industry & Fisheries (DPI&F) have the experienced personnel to administer suitable enterprise improvement programs; funding this project would provide the resources to co-ordinate Federal and Territory Government agencies that would need to be involved to ensure successful outcomes.

1.7 There has been a tendency within government to view the community or larger group as the unit of Indigenous development and consequently considerable political pressure has been applied to establish businesses with some form of collective

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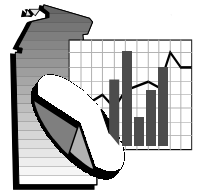
ownership. However, there is evidence to show it maybe more appropriate for the owners of businesses to be smaller family groups and a good argument for shifting the funding focus from community enterprises to individuals, families and small homogenous groups.



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1.8 Joint ventures as a method of enterprise improvement has the greatest potential for increasing Indigenous involvement in business. Indigenous groups are generally poorly skilled, especially in management, and joint venturing allows the non-Indigenous partner to contribute their management skills to the project. Ideally, over time, with support and with input from various training agencies, the Indigenous partners develop their own business and technical skills. Joint venturing with an established non-Indigenous business also secures Indigenous people a place in an existing market and reduces financial risk by utilising the venture capital of the partner.

1.9 It is recommended that a model enterprise development plan in selected indigenous enterprises using techniques developed from the process of enterprise case study be implemented. Existing studies funded by AusIndustry and/or CIDP and managed by DARTI e.g. DESART, TIWI TOURS, MANYALLALUK, GAGADJU etc. indicate that a review of success factors, development of appropriate education modules then staged implementation in well prepared communities, will result in a model that can be used by a variety of agencies Australia wide.



2.0 SCOPE OF PROJECT.

2.1 STAGE 1

REVIEW PROCESS (6 months)

- perform audit of existing indigenous enterprises (IE) to identify opportunities and establish generic benchmark criteria by industry
- investigate existing IE management training programs both in Australia and overseas (e.g. Saami, Inuit, Navajo.)
- aggregate identified IE's into regional clusters and establish geographic and/or industry affinity groups (e.g. joint tourism marketing networks)

2.2 STAGE 2.

CURRICULUM DEVELOPMENT (9 months)

- use existing programs and develop culturally appropriate new vocational education modules (e.g. expand THE MONEY STORY into a generic financial management training program)
- deliver modified enterprise improvement programs to both IE's and individuals at a appropriate level to encourage the formation and development of sustainable businesses (liaise with ATSIC CDC, ADU and DARTI Business Councillors)

2.3 STAGE 3.

FACILITATE IMPLEMENTATION (12 months)

- co-ordinate existing committees and provide secretarial support to source information (e.g. AusIndustry, NT Govt. Agencies, Land Councils etc. etc.) for IED advisory board
- construct a model for IE based on successful case studies
- implement model in identified IE's by utilising proven AusIndustry programs

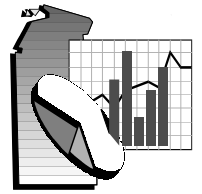
2.4 STAGE 4

PROJECT REVIEW & EVALUATION (3 MONTHS)

- prepared by project co-ordinator

3.0 FUNDING

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3.1 The major cash cost of the project will be the employment of the project co-ordinator over a two year period. Most of the other costs can be met from existing programs and allocations made to meet the special needs of indigenous entrepreneurs. For example during Stage 1 (Review process) much of the research data could be derived from the ATSIC Commercial Development Corporation (see examples of CDC joint ventures Appendix C). In addition a new opportunity exists for liaison with the Northern Territory University, Co-operative Research Centre in Tourism to undertake research and prepare benchmarks.

3.2 Stage 1 and Stage 2 should be run concurrently prior to Stage 3, with the project evaluation report ready by the end of 24 months; all project costings make allowances for contribution in kind (e.g. curriculum development by CREATE) and funding should be subject to multi lateral agreement between both Federal and Territory departments to ensure that all agencies are kept abreast of project progress. In this way the results and outcomes will automatically be available to all parties involved.

3.3 Review process

- engage consultant to audit existing indigenous enterprise (involving ATSIC CDC, OEA, ADU, indigenous networks, established joint ventures eg. current BFS commercial evaluation)
- ANTA and/or CREATE provides in kind assistance to detail existing indigenous management training programs,
- study of overseas indigenous management training programs

- Navajo Community College (Shiprock, New Mexico,);
- Aboriginal Business Canada, (Ottawa, Ontario, Canada);
- Norwegian Institute of Technology (Oslo, Norway);

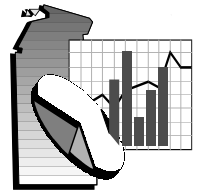
- engage consultant to prepare geographic and industry benchmarks.

3.4 Curriculum development - engage consultant to assess need for new vocational educational training modules and liaise with ANTA and CREATE from Stage 1,

- support the development of Pangeaa model into generic financial management training program,

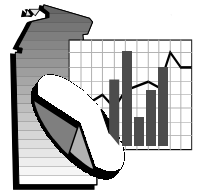
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- AusIndustry to provide in kind modified enterprise improvement programs, specifically tailored to individuals and small family groups.



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- 3.5 Case studies - analyse existing businesses on a regional or industry basis using benchmarks developed in Stage 1,
- AusIndustry contribution in kind detailing successful networks including indigenous enterprises resulting from the Business Networks Program,
- 3.6 Implementation phase - establish and fund a multi agency IED advisory board to ensure consistent, coherent dissemination of project progress and outcomes,
- engage consultants (eg. Pangeaa) to deliver modified enterprise improvement programs developed in Stage 2,



4.0 BACKGROUND

This paper attempts to review the strengths and weaknesses of current Northern Territory and Commonwealth government Indigenous enterprise development policy and practice, suggesting a new paradigm for program delivery based on networking/joint venture small groups rather than supporting communal enterprise development.

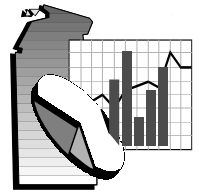
*(Much of the following is edited from;
The Australian National University
Centre for Aboriginal Economic Policy Research
“The Aboriginal and Torres Strait Islander Commercial Development
Corporation: a new approach to enterprise ?”
W.S. Arthur No. 113/1996)*

4.1 Strategic investment

In discussing progress towards achieving the goal of involving Indigenous people in projects in specific industries it may be useful to consider two categories of project within the field of commercial development. The first would include projects where the gains are short-term and direct (such as employment), which have limited strategic influence and which are in industries that have a low public profile. This is the category of project which the Indigenous bureaucracies have focused on in the past and which is characterised by the term 'enterprise'. The second would include larger-scale projects in which the gains are long-term and which present a strategic position within industries that have a relatively high public profile and/or which generate regional economic and political benefits.

Mining and tourism projects are classified as strategic because they are industries considered to have a high public and political profile and they involve land. The Mt Todd mining contract in the Northern Territory is a joint venture between the Jawoyn people, the ATSI Commercial Development Corporation (CDC) and the Henry Walker mining group.

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Henry Walker first approached the CDC in 1993 with a view to jointly purchasing an engineering company in Western Australia (Ryan 1996: 2). A bid was worked up but for a number of financial reasons it was not submitted and the project did not eventuate. However, because of the relationship formed, Henry Walker decided to continue the association and offered the Corporation the opportunity to become equity shareholders, including an undertaking to provide on the job training to Indigenous people in their projects wherever possible (Ryan 1996: 3). In taking up this offer, the CDC purchased \$3.5 million worth of convertible notes representing a stake of 8 per cent in the Henry Walker group (*The Australian* 12 July 1993).

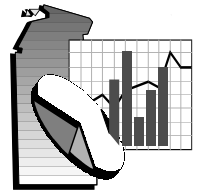
(The CDC increased its equity in the Henry Walker group during 1994-95 when it purchased an additional \$1 million worth of shares.) Also in 1993, the Jawoyn people agreed not to lodge native title claims over the land on which the Mt Todd mine is located, in return for a package of concessions from the mine owners and the Northern Territory Government in, for example, education and employment. At about the same time, and as a direct spin-off to the Mt Todd agreement, the Jawoyn people, the CDC and Henry Walker held consultations with a view to forming a joint venture to undertake work at the mine (Altman 1994: 13; Ryan 1996: 4). Henry Walker had considered tendering independently but, as they believed that it was necessary to form a good relationship with the local Indigenous people, they saw the advantage in a trilateral joint venture of this kind. The CDC played a central role in the negotiations for this to occur (Ryan 1996).

These arrangements at the Mt Todd mine presented the Burns Philp shipping company with a model for their tender to the McArthur River mine in the Gulf of Carpentaria. This resulted in the Carpentaria Shipping joint venture between Burns Philp, the Borroloola community and the Corporation.

Burns Philp intended tendering for a shipping contract with the McArthur River Mine (Altman 1994, 1995; Smith 1996) but felt that, as in the Mt Todd case, the support of the local Indigenous people was necessary for the bid to be viable. Furthermore, the company considered that the combination of their technical expertise with the Corporation's knowledge of the local Indigenous community would prove a strong

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combination in their bid (Freund 1996: 5). After negotiations with the CDC the joint venture was formed.



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These two joint ventures attracted a great deal of positive press coverage and it can be argued that this alone will create long-term benefits, such as strengthening the position of Indigenous people to mount further joint ventures and deals in the Northern Territory as well as in other parts of the country. For example, in the cases described, the initial Mt Todd agreement led to the Henry Walker joint venture, which itself was then used as a model at McArthur River. The strategic long-term benefits that can flow from these kinds of projects cannot easily be measured nor are they necessarily observable in the short term. But they do appear to have some impact on the Indigenous approach to the market.

After the Jawoyn formed the joint venture with Mt Todd mine, they went on to break further new ground in Indigenous relationships with the mining industry in the region, by applying for membership of the Northern Territory Chamber of Mines (*Centralian Advocate Northern Territory* 19 April 1994).

The joint ventures described above involved both the mining industry and land, and they suggest the possibility of other strategic arrangements and alliances. For instance, partners are now well placed to provide commercial advice to organisations like the Indigenous Land Corporation, regional land councils, Native Title Representative Bodies and regional royalty associations.

The strategy of joint venturing has enabled the involvement of Indigenous people in a wide range of industries and project types. It is also a useful device for enabling better contact between Indigenous and non-Indigenous business people and so may help alleviate some racial tensions and break down some of the racial stereotypes that have the potential to inhibit economic self-sufficiency.

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(Much of the following is edited from;

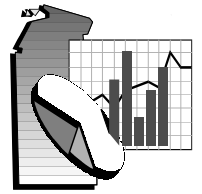
Social Policy Research Centre

Reports & Proceedings No 98 February 1992

Social Policy in Australia: Options for the 90's

'The Aboriginal Community and Community Enterprise

W.S. Arthur, National Social Policy Conference: Sydney, 3-5 July 1991.)



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4.2 Existing Policy

4.2.1 Enterprise Structures

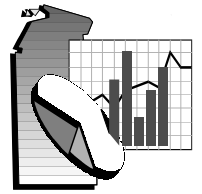
Aboriginal Enterprise Development Policy (AEDP) divides the Aboriginal population into two major groupings and applies a different set of economic strategies to each. One set aims to increase employment rates in mainstream labour market for Aborigines who live in the urban areas and in residential patterns similar to non Aborigines. The other set aims to create jobs and increase rates of employment for Aborigines who live in rural and remote areas in groups of less than 1000 persons. These groups are usually referred to collectively as communities (Arthur, 1992). Between 1988 and 1991 approximately half of the resources of AEDP was directed toward 'Community-Based Employment and Enterprise Strategies' (Australian Government 1987). From a policy perspective, the community focus has failed to recognise fundamental problems in the delivery of economic programs.

Program delivery of AEDP during the 80's was almost exclusively tied to 'the incorporated body', the legal entity established to receive and account for public funds. There is the view that this tended to confuse the issues of enterprise development with those of community development.

Thus the goal of maximising income normally associated with commercial enterprise became confused with the socially oriented goal of employment generation, more commonly associated with the phenomenon of community enterprise.

The features of community enterprise can be summarised as;

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- control by a collective group working toward a social goal rather than income maximisation,
- the collective good is given priority over individual gain;
- projects do not necessarily aim to be self-sufficient and often require on-going subsidies; and,
- the most appropriate legal structure is an incorporated association.

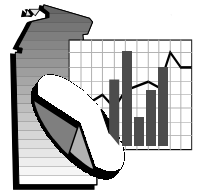
Enterprises funded with a weighting in favour of communities have not been successful. Loans have not been repaid; few jobs have been created; and the costs per permanent job created have been far in excess of budget estimates (ATSIC, 1990; Jarvie, 1990). Some of the reasons given for failure of enterprises included poor administration of the funding program itself, and the inadequate business skills of the recipients of the funds. Failure may also be attributed to uncertainty of the desired goals. When a community structure (e.g. an incorporated association) is also used for enterprise development there is a very real risk of confusing the task of supplying public services with the aims of community enterprise. There is a strong case for keeping these differing functions, and the structures that deal with them, separate (Jarvie, 1990:8).

For the last 20 years there has been a tendency within government to view the community or larger group as the unit of Indigenous development and there is often considerable political pressure to establish businesses with some form of collective ownership. However, there is evidence to show that in some cases it is more appropriate for the owners of businesses to be smaller family groups (Arthur 1992, 1994b: 14; Fairbairn 1988: 29). This can apply in rural areas, where people reside in discrete Indigenous communities, as well as in urban areas.

Non-indigenous community based businesses often expend a great deal of effort in developing a strong philosophical base which includes the understanding that the enterprise may be not-for-profit or that benefits will accrue to all of those involved or be reinvested to produce long-term gains such as employment.

This philosophy may not be fully developed amongst Indigenous people and tensions could be generated because of misunderstandings about who should and can have

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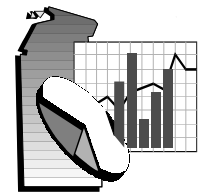
control of and share in resources. Such confusion has the potential to obfuscate entrepreneurial objectives and this factor should be considered on a case-by-case basis when determining the appropriate Indigenous unit of ownership for various ventures. It is unlikely that the larger incorporated group will be the unit of ownership to stimulate and maintain economic initiative in every case.

Although little relevant research has been carried out in Australia, case studies from other locations indicate that in some instances cultural traits and social mores can influence Indigenous entrepreneurial activity. For instance, while in Papua New Guinea some groups see success in business as a way of attaining personal prestige, the conservative leadership in Fiji is more interested in politics and administration than in helping local people to develop commercially (Fairbairn 1988: 26). Analyses of Indigenous businesses in Australia have noted that these often fail due to financial difficulties or poor management (OEA 1991; Arthur 1994a), while in other instances failure apparently has been due to a perceived conflict of values. For example, community leaders and members have disagreed over whether resources should be used for traditional rather than business activities (Gerritsen 1982; Ellanna 1988; Arthur 1994b).

4.2.2 Community Vs Small Groups

Aboriginal communities are not homogeneous but are composed of different language and kinship groups, often with different interests in land, and which factional disputes are the norm rather than the exception. It should not be surprising therefore that the residents of remote communities do not always share common goals regarding community based enterprises and that community ethos in many communities rather than being strong, is in fact relatively weak (Ellanna et al 1988:33). This situation results in an unstated tension that is rarely admitted in the Aboriginal affairs policy context.

Behind the benign facade is a high degree of factionalism and demand to distribute public and other resources to particular interest groups, with local land owners frequently having considerable leverage in decision making regardless of whether



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they actively contribute to the running of an enterprise. There is also evidence that, because of their apparently greater commitment to projects, families and small legally incorporated groups, are more successful in enterprises than larger community groups (Stanley, 1989; Arthur, 1990; Ellanna, et al., 1989). As a consequence, the community structure and the arbitrary distribution of benefits across the wider community do not provide the necessary incentives for those involved in enterprises (Altman, 1987).

The above makes a good argument for shifting the funding focus from community enterprises to individuals, families and small homogenous groups. Of course such a move would not accord with the principles of community enterprise and would instead encourage the formation of a relatively wealthy entrepreneurial sub-group with the backing of public funds. This begs the question “ How does this process differ from public support of entrepreneurial non-Aborigines ?”. Government subsidies to rural industries and to regional sectors is common in non-Aboriginal enterprises, however these subsidies are not generally to community-controlled entities.

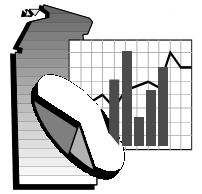
It is essential to clarify policy and program aims to determine the appropriate enterprise structure. Thus, if the aim is basically socio-economic e.g. the generation of employment for the community, then community ownership is appropriate. If, on the other hand, the aim is strictly commercial, i.e. to maximise income for the owners, then it is better that enterprises should be owned by individuals, family groups or organisations based on family ties.

4.3 Indigenous entrepreneurs

Definitions of entrepreneur are contentious and sometimes mix functions, such as risk taking and recognising market opportunities, with those that might be considered more managerial, such as organising staff and dealing with bureaucracies (Kilby 1971: 27; Wilken 1979: 57; Fairbairn 1988: 17, 27, 28). A clear distinction between the characteristics of entrepreneurs and managers will vary, depending on whether the ultimate aim is to create one rather than the other. The proportion of all Indigenous people who are either self-employed or who are employed as managers

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is very low (Daly 1994) and so an increase in the numbers employed in either category could be viewed positively from a policy perspective.



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There are insufficient data to clearly indicate to what extent AEDP policies are creating either entrepreneurs or business managers. Nine of the ATSI Commercial Development Corporation's joint ventures (see Appendix C) had produced jobs for 52 Indigenous people but this tells us little about the category of the employment (OEA 1995: 28). Indigenous partners participate on the Boards of Management of all joint ventures (OEA 1995: 25) but it is unclear if these are paid or unpaid, or full-time or part-time, positions. The extent to which entrepreneurial or managerial skills are being transferred to the Indigenous partners of joint ventures will be influenced by the degree and form of their involvement

The direct benefits from joint ventures that might provide the incentive for the Indigenous partners to act as entrepreneurs are limited and intangible. For instance, returns from existing indigenous enterprises have, to date, not been distributed as a dividend but have been diverted to repay the original equity loan or redeem equity.

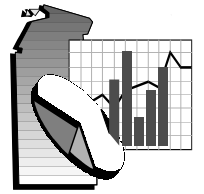
Although this process transfers ownership to the Indigenous partners (as in the case of a house purchase), it occurs over an extended period and reduces tangible financial benefits. This extended horizon has resulted in the Indigenous partners negativity towards the enterprises.

Also, although it can be argued that the focus should be on creating entrepreneurs (and business managers) and not on employment per se, any kind of real employment will represent a form of direct and short-term financial return which can help maintain incentive. In all cases, the support programs would be required to specify and to measure the two kinds of outcomes: long-term and short-term.

4.4 The case for Joint ventures.

Joint ventures can be either bilateral or trilateral: between Indigenous groups or non-Indigenous businesses or with both. The rationale behind joint venturing is mixed. Indigenous groups are generally poorly skilled, especially in management, and joint

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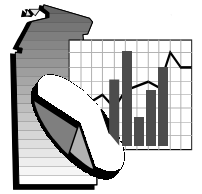
venturing allows the non-Indigenous partner to contribute their management skills to the project. Ideally, over time, with support and with input from various training agencies, the Indigenous partners develop their own business and technical skills.

Joint venturing with an established non-Indigenous business also secures Indigenous people a place in an existing market and reduces financial risk by utilising the venture capital of the partner. This method of enterprise improvement has the greatest potential for increasing Indigenous involvement in business but also requires the greatest investment of human resources.

To date, Indigenous equity in joint ventures has come either from CDC loans or ATSIC grants and this mix of types of financing is little different from that available to purely non-Indigenous businesses. However, the extent to which the Indigenous partners are fully exposed to financial responsibility is not clear.

There is a view in the development economics literature, however, which holds that the policy measures which seek to encourage the often slow development of entrepreneurial activity should actually aim to reduce risk (Baumol 1968).

There seems to be broad agreement that entrepreneurs take economic risks and have economic incentives (McClelland and Winter 1970). This raises the question of whether the Indigenous partners are subjected to similar degrees of risk as is normally the case in the business world.



5.0 Success Factors Identified in ATSIC Reports

(Much of the following was derived from;

The Draft National Aboriginal and Torres Strait Islander Rural

Industry Strategy

September 1994)

5.1 Key Issues

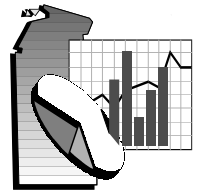
- “It is important to separate social goals from commercial goals. Unless this is done, sound commercial projects may appear unviable if required to fund non-business related costs.”
- “There is a need for more comprehensive management and director training”
- “There are often competing forces in and between community organisations and service support agencies. Inefficiencies are created by the existence of dual support systems.”

Indigenous enterprises need a management process which is similar to that followed by any private enterprise in any part of the economy. In practice it might well be scaled down, with some stages implicit, but the structure is nevertheless a vital one to follow. The four key steps, moving in a loop, are:

- | | |
|--------|---|
| Step 1 | • planning |
| Step 2 | • allocating resources and determining training needs |
| Step 3 | • setting targets and performance indicators |
| Step 4 | • monitoring and evaluation. |

This process will enable an individual enterprise to accept full responsibility for management.

5.2 Establishing the management structure



The initial task is for proponents of an enterprise to identify their aim, product or opportunity and decide why it is being undertaken. The proposal should enjoy wide community support and be consistent with community culture and goals. Without this, success will be almost impossible to achieve. The proponents should be a family group or other community sub-unit. They may lease the rights to the enterprise (whether it be a large cattle venture operating commercially on the entire property, a small chicken run providing eggs for local consumption, an arts and craft production facility operating from the women's centre or a tourism operation) from the community. They can choose to form a management committee or a partnership for the enterprise, or seek separate incorporation in the case of larger undertakings. Their boards should have the best local advice, either as advisers or full members where that is acceptable to the enterprise.

For larger and more complex enterprises, such as in the pastoral industry and tourism, joint venture partners might be considered as a means of obtaining technical, managerial or financial expertise or reducing risk. In any event, the best available expertise should be sought.

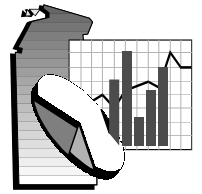
In the case of commercial enterprises, a system for rewarding participants needs to be determined. Where the enterprise is linked to Community Development Employment Program (CDEP), which will normally be the case, wages will be underpinned by CDEP. However, participants should also receive direct commercial benefit in the form of bonuses from products sold or a piece-work rate related to production.

5.3 Role of Community Development Employment Program (CDEP)

Some enterprises will need to be supported by CDEP crews, particularly during the establishment phase of the business. For small communities such as outstations, where there might be only one or two CDEP crews, the whole community should be multi-skilled. In larger communities, comprising more than 500 people, it is preferable to split the CDEP programs into those focusing on community services and welfare

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activities on the one hand, and those focusing on business enterprises and market activities, on the other.



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5.4 Production assessment

The members of the enterprise should be clear (obtaining advice if necessary) about the capability of the assets leased to them, including options for production systems. These estimates must be consistent with sustainability, and the cultural and conservation goals of the community and region. They must allow for variability in production due to an erratic climate, cultural and ceremonial obligations and other community demands. As part of this assessment, managers should seek extension advice and details of appropriate technology provided, whether from State departments of agriculture, resource management and conservation departments, CSIRO, private consultants, or adjoining landholders.

Regional facilitators and community coordinators, employed by regional development organisation or land councils, have a major role to play in supplementing the detailed technical advice, conveying it in more easily understood terms, and ensuring that the enterprise is in contact with as wide a network of advice and expertise as possible.

Where industry associations have been formed — as in the beef industry, emu farming, or bushtucker collection—they are valuable sources of information. Their existence will be dependent on sufficient members of similar industries in a region.

5.4.2 Allocating resources and determining training needs.

Once the enterprise has decided on the management structure, the product and its market, and developed plans for production systems, it needs to identify and allocate resources for infrastructure and equipment, decide on the role and place of employment and training programs and seek funding.

5.4.3 Infrastructure and equipment

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For larger industries, these requirements will be linked to regional assessments and property management programs, such as those undertaken by the Central Land Council and the Kimberley Aboriginal Pastoral Project. For smaller or local enterprises needs will be common across regions, hence benefiting from close interaction between enterprise units.

5.5 Employment and training

Assuming the proposed enterprise has CDEP support, employment opportunities will be greater than otherwise. Training, as an integral part of CDEP, should emphasise opportunities for the development of field skills and be competency-based. Many indigenous communities lack a sufficient depth of experienced leadership in these types of enterprise activities. Every opportunity should therefore be taken to identify potential leaders and teach leadership skills.

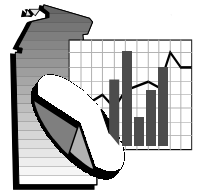
The responsibilities of directors and the requirements of regular reporting, record keeping and asset management need to be stressed. The need for leadership applies equally to collective decision-making processes as it does to more directive styles.

Within indigenous communities consensus and collective leadership are often very effective. The key point, however, is that, once taken, decisions need to be implemented and tasks undertaken to prescribed timelines. Some directive management will be needed at this point to ensure effectiveness.

5.6 Financial support

The range of funding sources for indigenous enterprises and services is extensive, ranging in a continuum from those which are more relevant to welfare provision to those which foster economic independence. The extent to which an enterprise can draw on funds and sources will depend on many issues including proximity to the market economy.

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Programs such as CDEP enable communities to bridge a gap which would otherwise exist vis a vis independent viability. CDEP is a very large program—more than \$400m per annum—and its constructive use is very important. Under it, an indigenous community or group converts the Jobsearch Allowance or other pension entitlements of its members into funds for productive employment.

People in the community can work on projects of value to the community in return for wages—increasing skills and work experience, raising the quality of life and self-fulfillment of community members, and laying the foundations for the economic development of the community. Similarly, the LEAP Program (Landcare and Environment Action Program) provides funding for young people to acquire new skills in projects that promote environmental, conservation and cultural heritage outcomes and are of community and environmental benefit. These employment programs are also providing labour resources and support for land conservation works on Aboriginal lands.

They can offset the contribution which would normally be expected by the National Landcare Program (NLP) to come from the primary producer in a more conventional arrangement.

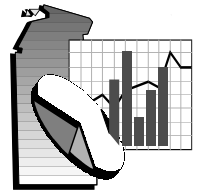
Projects supported by CDEP will increasingly be part of the market economy, as CDEP becomes more focused on constructive enterprise-related projects. Indigenous organisations and individuals are eligible for all programs and will have increasing access to mainstream funds as their knowledge of them increases. To improve access to funds, providers are grouping programs and developing 'one stop shops'.

Thus the labour market programs are grouped by Skillshare and Jobskill brokers; DPIE programs are grouped into Agribusiness Programs; and Rural Community Programs, LEAP, Landcare and conservation services are also being grouped under the Regional Environment Employment Project (REEP).

The enterprise management committee or board of directors would apply for the appropriate funding category (or categories). As the regional planning process

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improves, the loans and grants will increasingly be coordinated on a regional basis following block allocations to regions. They need to plan ahead on a three year rolling budget cycle.



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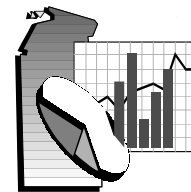
5.7 Reporting, audit and accountability procedures

In measuring the monetary value of output, and accounting to the providers of financial support, the enterprise should also seek to quantify the benefits which accrue as a result of the enterprise to such attributes as improved health and welfare, and savings to other programs. These are important community service benefits and it is necessary that they form part of the overall evaluation. Research is needed to aid their quantification. The enterprise managers or the community corporation must then submit reports to funding agencies and comply with statutory and contractual obligations.

5.8 Audit and Accountability.

The final task in the management loop is to identify technical deficiencies and questions which could be addressed by research and development organisations.

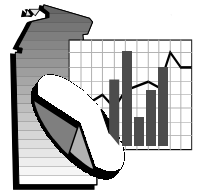
These requirements should be fed into the networking process, probably via regional facilitators, to enable a regional perspective of needs to be developed and priorities for research and development to be set. Indigenous enterprises must be connected with organisations beyond the community. Relationships between enterprises, the providers of funds, services and advice, and other reporting and policy development agencies are crucial to enterprise development.



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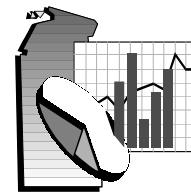


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APPENDIX C



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**ATSIC Commercial Development Corporation
Joint ventures, June 1995.**

Investment Project	Ownership Per cent		Non Indigenous	CDC's \$ million
	Indigenous	CDC		
Burnie K-Mart Retail complex	54.0	46.0	0.0	3.00
Homestead Retail Retail complex	30.0	70.0	0.0	1.18
Barra Base Touristfishing lodge	2.0	98.0	0.0	0.05
Ampiji Cairns Art Airport art shop	50.0	50.0	0.0	0.17
Western White Linen Laundry	0.0	50.0	50.0	0.58
Katherine Cruises Tourist cruises	50.0	0.0	50.0	0.85
Kings Canyon Tourist resort	3.8	27.7	48.5	1.83
Kittle Toyota Car dealer	16.7	33.3	50.0	1.13
Carpentaria Shipping Mine shipping service	25.0	25.0	50.0	2.26
Mt Todd Mining contractor	25.0	25.0	50.0	1.60
Sunwood Timber Treated timber	12.5	37.5	50.0	1.85
Ceduna Oysters Oyster lease	25.0	25.0	50.0	0.80
Marine Oysters Oyster leases (two)	12.5	37.5	50.0	2.02
Palm Island Ferry Passenger ferry	30.0	40.0	30.0	0.56
Furneaux Oysters Oyster lease	45.0	10.0	45.0	0.03
Tjapukai Park Cultural theme park	18.2	26.7	55.1	2.43

Source: OEA (1995).