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## Developing Indigenous Enterprise

18th July, 2008

This submission addresses the section in the "Terms of Reference" relating to "identifying areas of Indigenous commercial advantage and strength".

Applying successful global methodologies and principles in micro enterprise development (MED) and micro finance (MF) to Indigenous communities and individuals has been thoroughly tested in Australia over the last eight years.

The original motivation and initiative to test globally recognised "best practice" in MED and MF came from ATSLIC who funded two pilots. One pilot was with Opportunity International, a recognised global leader in the field, and took place in Northern NSW. The other pilot was with Emerge Australia who had already started similar work in Redfern and the inner city of Sydney.

Emerge Australia tested various financial and non-financial methodologies/assistance, to identify and create pathways to enterprise for highly marginalised and long term unemployed people. These pilots were funded by Federal, State and Local Government as well as the private sector.

The lessons from the above work were combined with those being learnt by Opportunity International in testing and developing MF methodologies among Indigenous communities in Northern NSW.

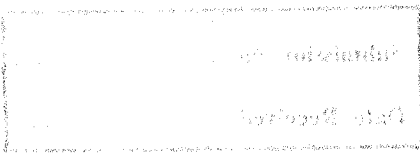
A larger and more extensive pilot was initiated and supported by the Department of Employment and Workplace Relations and Indigenous Business Australia. This next phase pulled together the previous learnings and tested them among targeted urban, regional and remote Indigenous communities. The mandate was to develop a methodology that could be applied across Australia in Indigenous communities and to present alternatives on how these methodologies could be implemented and to recommend a way forward.

Highlights and outcomes at the end of 2005 include:

- Over 250 micro and small businesses assisted in Sydney, Northern NSW and Cape York
- 150 loans made
- Just under \$500,000 in micro business loans made
- Recovery rate on loans over 96%
- High retention rate of clients staying with the program and growing their businesses
- 27% of clients who took out subsequent loans moving off welfare

These pilots also tracked significant positive changes in income earned through enterprise and increases in personal and business assets.

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Other outcomes from the period 2000 - 2005 included:

- Testing and rejecting a lot of overseas methodologies as inappropriate in the Australian and Indigenous context
- Developing an approach and methodology that works in Australia
- Developing a banking/finance system for MF that works in Australia
- Documenting principles , policies and procedures for successful replication in Australia
- A design for a potential national roll-out

The recommendations and outcomes from the above report were not acted upon by the previous government.

Since the above work was concluded (and more recently) a new MF organisation has been established in Australia by the name of Many Rivers Opportunity (MRO) The work of MRO builds on the successful work and learnings from the previous pilots.

MRO is a partnership between the founders of Opportunity International and Mission Australia.

MRO focuses on making business loans to Indigenous micro and small entrepreneurs. MRO has a mix of Indigenous and non-indigenous staff. The current operations of MRO are in Northern NSW with requests and intentions to extend assistance to communities across Australia. The next phase and target areas for MRO services are currently being scoped out.

In addressing the Terms of Reference the core components of MED are:

- Capacity building
- Business support
- Micro Finance

MED does "identify areas of Indigenous commercial advantage and strength" . This is evidenced in the fact that Indigenous individuals use MED and MF assistance to start-up and develop commercial advantage and the strength necessary to run successful and sustainable businesses.

Opportunity International Network globally made over \$700 million in micro loans in 2007 with a repayment rate of approximately 98%. It has been proven that given the right assistance, support and opportunity, Indigenous Australians can be as successful in business as micro and small entrepreneurs the world over.

Micro Enterprise Development is not rocket science. It is about the right assistance, given the right way, to the right people at the right time. If we take enough time to listen and keep doing the right things, the results take care of themselves. The value we add is really marginal but it can make a big difference.

Leigh Coleman  
Director