Indigenous Micro-enterprise Development in Northern Australia - Implications for Economic and Social Policy

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Abstract

Within Australia, the destruction of the previously productive Indigenous economic system has, since the 1970s in particular, been characterized by a dependence on government services and programs. A number of researchers and practitioners, however, have begun to question the implications of such dependence for the economic and social well-being of Indigenous Australians. It is a central argument of this paper that it is necessary to achieve an increased degree of economic equality before many of the social inequalities which also confront Indigenous Australians can be addressed. It is further argued that micro and small business development provides a promising avenue for economic development leading to an increased degree of Indigenous control over resources. While considerable amounts of money have been spent by governments, with the objective of promoting Indigenous business, relatively little research has been conducted that addresses questions such as the appropriate scale and type of businesses most likely to have some chance of commercial success within Indigenous communities in Australia. A proposed Indigenous owned and operated micro-enterprise in the Ngukurr community of south eastern Arnhem Land has been examined. Based upon this and a number of such case studies of Indigenous small business in Indigenous communities in the north of Australia, it is argued that it is possible to establish commercially viable Indigenous owner-operated small enterprises within remote Indigenous communities, in spite of the constraints under which such businesses are required to operate.
Introduction

It is a central premise of this paper that the establishment of Indigenous-owned and operated micro-enterprises can play an important role in the amelioration of the economic, and hence the social, problems faced by Indigenous individuals and their communities. Considerable amounts of money and effort have been spent by governments, with the objective of promoting Indigenous business. However, relatively little research has been conducted that addresses questions such as the appropriate scale and types of businesses most likely to have some chance of commercial success within Indigenous communities in Australia.

In the view of the authors, Indigenous micro-enterprise is important to human development within Indigenous remote communities. While there have been numerous attempts to establish larger-scale Indigenous enterprises, including pastoral enterprises, these have been characterised by commercial failure with high levels of attendant financial and social costs. Larger-scale enterprises have important disadvantages in the context of Indigenous economic development. In order to achieve commercial viability, such enterprises often require high levels of capital investment and the application of contemporary, complex technologies. As a result, these enterprises require a depth and mix of skills not often available within Indigenous communities. Such enterprises, therefore, tend not to be inclusive of important Indigenous objectives, management regimes, profit distribution arrangements or cultural priorities.

The problems which have affected the commercial viability of Indigenous enterprise in northern Australia have been described as difficulties which confront the operation of most economic enterprises throughout northern Australia. These problems inevitably result in increased costs of production and reduced competitiveness. In addition, however, there are likely to be important problems specific to Indigenous enterprise, including culturally specific behaviours, such as reciprocal obligations, which are found more generally within Indigenous communities. There are also relatively ingrained problems, largely of a historical nature and largely occurring as a result of decisions taken by non-Indigenous people (Young 1988). A major challenge for Indigenous leaders lies in continuing to exercise their ancient jurisdictions while increasing their involvement in the economic and commercial practices of a western capitalist based economy (Langton 1999).
Increasing Economic Opportunities through Small Business Development

Field work and research undertaken by the authors within remote communities in the north of Australia (Fuller & Jones 1999; Fuller, Antella, Cummings, Scales & Simon 2001) indicate that Indigenous people living within such communities prefer to deal with businesses owned and operated by Indigenous people from their communities. This is supported by research undertaken within Native American communities (Duffy & Stubben 1998). While suffering economic disadvantage on both the supply and the demand sides, such businesses are to a degree protected from competition by their relative remoteness, as well as the established preferences of consumers. The research of Fuller et al. (1999, 2001) and Fuller and Parker (2002) has found that there is a genuine desire for different forms of achievement by many within remote Indigenous communities. Second, there is a desire to introduce changes in patterns of production whether or not these are original or imitative.

The concept and theory of entrepreneurship through the development of micro and small enterprises is likely to be particularly relevant to the achievement of economic development of Indigenous communities. This theory has evolved over more than two centuries. According to Singh (1966) its early neglect and slow growth can be traced to the attitude of classical economists. In the theories postulated by classical economists, 'the firm is a shadowy entity, and the entrepreneur even shadowier - or at least is shady when he is not shadowy!' (Singh 1966, p. 224).

In classical theories when a profit opportunity arises, capital and labour flow as if into a vacuum and organize themselves into a process of production apparently without guidance. Where profit and wages are low, capital and labour disengage themselves and flow hungrily but easily toward greener pastures. (Singh 1966, p. 224)

The firm is therefore seen as an aggregation of capital and labour rather than an organisation and many of the major problems connected with organisational issues are simply assumed away. However, economic theory provides a number of important insights into the economic functions of entrepreneurship. These include Knight's (1957) emphasis on risk-taking and the bearing of uncertainty, Marshall's (1949) attention to co-ordination and organisation and Schumpeter's (1955) concern with innovation. Rather than attempting to abstract from important structural and institutional arrangements seen to be fundamental to economic development, Bekemans (1998) and Throsby (2001) argue that the best way to comprehend the process of
development is to undertake a systematic analysis of matters thought important for growth. This includes processes associated with the combination of factors of production, the role and importance of the 'binding agents' required to combine these factors in a suitable manner, and the social, cultural and economic factors which govern the supply of potential entrepreneurs. These areas have provided an important focus for case studies by the authors into Indigenous small business creation within remote regions in the north of Australia.

The Royal Commission into Aboriginal Deaths in Custody (RCIADC 1991) made valuable proposals about the means by which policies (and programs) might be structured to maximise the opportunities for improving the economic situation of Indigenous people. Johnston (in RCIADC 1991) suggested the need to consider the question of economic development in the wider context of the social, as well as the economic, aspirations of Indigenous people rather than, as has been the preference of some central agencies, to attempt to artificially separate these two aspects of development and change.

Johnston also detailed a number of economic sectors, which he saw as providing potential in terms of Indigenous economic development. These included areas such as pastoral enterprise, tourism, arts and crafts, and land management and rehabilitation. A higher level of Indigenous participation in the small business sector can be expected to have important effects upon the level of aggregate Indigenous employment (Miller 1985). This is not only because of the direct employment of owner-operators but, perhaps even more importantly, because of the potential for increased Aboriginal and Torres Strait Islander employment in Indigenous-owned and managed businesses. The importance of such businesses as role models, enabling a wider understanding and appreciation of the demands inherent in a market-based society, also needs to be emphasised.

In addition, while care needs to be exercised in comparisons with Indigenous communities in Australia, the potential benefits that have been cited with respect to ethnic small businesses include the provision of confidence, leadership and role modelling, increased interaction between different groups leading to social harmony, greater social stability derived from feelings of commitment and belonging to society, a reduction of the role of illegal business as an occupation of last resort and decreased reliance on social welfare (Stanger 1992).
If Indigenous communities are to benefit from economic development, there would also appear to be a need to devise an integrated approach to such development. This suggests the need to devise and adopt forms of cooperation (eg, through networks, partnerships and joint venture arrangements). Most successful local development initiatives are embedded in an economically-based, broader setting of cooperation - particularly from within the surrounding region. Thus, the chances of development 'success' are not likely to be primarily determined by the degree of local enthusiasm for a particular project, but by the opportunity of integrating community assets within the regional economic, social and political structure. Bekemans (1998) argues that in order to understand the development potential of communities it is necessary to consider factors such as socio-economic structure and history, demographic structure, degree of cohesiveness of social and economic systems, labour market, and the institutional and political system. These factors are regarded as important areas for consideration in the development of strategies for economic and human development within Indigenous communities in this paper.

The commercial viability of Indigenous-owned businesses has often been the primary focus of academic and bureaucratic judgements of their value. Financial support from government agencies such as the Aboriginal and Torres Strait Islander Commission (ATSIC) has often been contingent upon the body's assessment that an enterprise was commercially viable. However, the precise meaning of this term has not been clearly defined. Such assessments have rarely taken account of the objectives of Indigenous people or the unpriced benefits involved.

In our view, the viability of Indigenous-owned small enterprises is best defined by the concept of opportunity cost. Thus, Indigenous small enterprise may be considered to be viable, or making a positive contribution to the economic development of the community in which it operates, if the returns generated by the enterprise are greater than the opportunity cost associated with the labour and capital invested in the enterprise. In the case of most employees in Indigenous communities, such as the community examined in this paper, the opportunity cost of labour will be equivalent to the government welfare benefits they receive.

The great bulk of the employed population in a number of Indigenous communities is dependent on the Community Development Employment Projects Scheme (CDEP). The CDEP scheme allows unemployed Indigenous people to forgo the unemployment benefit that they would otherwise be
entitled to, in exchange for the payment of a wage in return for work in their community. Usually, CDEP participants carry out relatively unskilled community development tasks such as rubbish collection or building maintenance. CDEP employment is usually part-time and participants do not earn wages that exceed the equivalent of their unemployment benefit unless the CDEP organisation in which they work can generate additional income through commercial activity (Fuller & Howard 2000).

However, CDEP also has the potential to become a key program with regard to the promotion of Indigenous-owned and operated small businesses. The scheme can contribute substantially to the potential profitability of Indigenous small enterprise by paying the wages of CDEP participants who work within an approved enterprise. Funds are also available to undertake training associated with business development (Fuller & Howard 2000).

The Problems in Establishing Small Business

The business and financial plans undertaken for the Indigenous-owned and operated small enterprise in this case study as well as other case studies undertaken by Fuller et al. (1999, 2001, 2002) serve to emphasise important themes concerning the opportunities available for Indigenous small enterprises. First, it is clear that there are commercial opportunities available for Indigenous-owned and operated small enterprises within Indigenous communities. This is due to the absence of many products or services catering for the tastes of those living within Indigenous communities. Where such products and services are available, they are often available at relatively high prices and lower levels of quality, including degree of freshness of product. This includes staple items of consumption such as bread, butter, milk, meat and fish, where prices in community stores observed during field work were found in a number of cases to be double that available from regional centres. Reasons often given for such inflated prices include the cost of transport from regional centres. However, evidence from field work indicates that a lack of competition amongst available suppliers, as well as retail monopolies and an associated lack of substitute products in product and service markets within Indigenous communities, are important contributing reasons for high prices and lower quality levels.

Relatively high prices combined with low levels of quality are seen by a number of Indigenous people as providing an opportunity for local entrepreneurs to provide a wider range of substitute products and services.
There is evidence from case studies (Fuller et al. 2001) that a number of potential Indigenous entrepreneurs exist within communities who are keen to take advantage of such opportunities.

Such case studies also demonstrate the potential importance of Commonwealth Government programs such as CDEP for enabling sufficient levels of demand for goods and services within communities. The financial resources that the CDEP program brings to the community play an important role in supporting Indigenous-owned and operated small enterprises. In the financial year 1999-2000, the Ngukurr CDEP program, for example, expended around $2.7 million in the form of payments for wages and a further $830,000 for capital and recurrent expenditure purposes within potential small business operations. These businesses included small-scale pastoral enterprises, a butcher shop, entertainment centre, motor-vehicle repair shop, motor-vehicle tyre repair shop, safari tourist operation, laundromat, and an art and craft shop. Such levels of expenditure serve to stimulate the potential demand for goods and services available from Indigenous micro-enterprises.

However, there are a number of important problems associated with the CDEP program that serve to negate a number of the opportunities offered by the scheme. It is important to emphasise that similar findings are apparent from other case studies of Indigenous small business enterprises within Indigenous communities within remote regions of Northern Australia (Fuller et al. 2001, Fuller & Parker 2002).

For example, in the absence of adequate procedures to produce accountability, there is evidence that the scheme has been administered in a manner that serves to constrain, rather than encourage, Indigenous small-business development. For example, the nominal responsibility for the allocation of CDEP funding to business small enterprises in Indigenous communities often lies with the Community Government Council. This Council is composed of the Indigenous leaders of each of the community clans and local government officials who are often non-Indigenous members. The Council is given an indication by ATSIC of the annual global funding amount available from the CDEP to fund small enterprise projects. Members of the Council are then required to prioritise small business projects for CDEP funding, including required budgetary amounts, which are then considered by the ATSIC Indigenous Regional Council. If such a process is to operate successfully, clan leaders are required to meet regularly to discuss small enterprise proposals, including required levels of funding. Information collected through discussions with clan leaders and members within some communities,
however, suggests that meetings between clan leaders are held infrequently. Consequently, control over CDEP funds may effectively pass to non-Indigenous officials of the Community Government Council. Under such circumstances, businesses may be established which do not serve the interests or requirements of the community. For example, it may be argued that a new business such as an airline service has the likely potential to place unreasonable financial demands on members of an Indigenous remote community where the main source of income is through CDEP payments. In such circumstances, without cheaper transport alternatives available (such as bus transport for example), individuals may be required to 'book down' significant amounts from their future CDEP payments in order to travel to a regional centre. Consequently, they may not be in a position to retain sufficient money to pay for essential items such as food and clothing. In addition, important potential multiplier expenditures are diverted from the community.

It is likely that such institutional dysfunction may be attributed in large part to the imposition of a form of democratic collective organisation, foreign to Indigenous elders and which conflicts with Indigenous organisational arrangements and systems of law (Trudgen 2000).

Council employees in such a situation may elude procedures designed to produce accountability for the expenditure of public funds. This situation is further encouraged where a Commonwealth authority (ATSIC) is paying relatively large sums of money to another level of government - for example, a Northern Territory Local Government Authority. There would appear to be little motivation for one level of government, which receives funds in this way, to be accountable to another level of government. There is evidence from some Indigenous communities, for example, that internal audits by the Northern Territory government agency, involving expenditures by the Community Government Council during the financial year 1999-2000, focused only on funds received from the Northern Territory Local Government Authority expended in the community on Northern Territory local government programs. Auditors were not concerned with funding received from other levels of government, such as ATSIC for the CDEP program. Accountability for CDEP funds is further compromised where ATSIC auditors may find it difficult to require Northern Territory Local Government officials to make available accounts which detail expenditure and receipts relating to a Commonwealth Government program.
The absence of appropriate levels of transparency and accountability can have serious consequences for an Indigenous enterprise where the owners are required to remit revenue streams earned from business operations directly to the Community Government Council. This prevents business operators from retaining such earnings to reinvest in business growth. The details of these revenue streams may not be made available to the relevant ATSIC regional office. Without such information, ATSIC cannot, within its own guidelines, approve business loan funding to the enterprise, even though it has shown the ability to earn substantial revenue flows. It seems highly unlikely that any other lending body, whether public or private, would approve a loan to the enterprise for further business development in the absence of this information.

Prospective Indigenous owner-managers need to source funding for enterprise establishment and growth at reasonable levels of cost. There is much evidence to suggest that aspiring and existing Indigenous small business owners experience substantial difficulty in raising the finance to establish or expand their business (McDonnell 1999; Fuller et al. 2001; Fuller & Parker 2002). Personal or family funds are the main source of capital to establish a new small business within the wider economy, with bank and other commercial borrowing playing a greater role in financing the acquisition or expansion of an existing business. Indigenous people are likely to be at a particular disadvantage due to a relative lack of wealth. Their previous employment may have been in lowly paid occupations or they may have been unemployed for substantial periods. In either case, their opportunity to accumulate savings would have been low. Similarly, their family and other networks may not have been in a position to extend the required income. With mainstream financial intermediaries playing almost no role in the lending process, ATSIC made available around $43 million for loans and grants to Indigenous businesses in 1997/98 (Herron 1998). Funds allocated to Indigenous enterprise development were equivalent to only two percent of total Commonwealth expenditure on Indigenous programs during 1998/99. The amount available for loans and grants to Indigenous businesses decreased to $32 million for 1998/99 (Herron 1998).

Business loan programs administered by ATSIC operate within commercial parameters with funding criteria closely aligned to those applied by commercial lending institutions. However, successful Indigenous business applicants under this scheme appear to be relatively low. During 1996-97, for example, ATSIC received 1,617 enquiries concerning the Business Funding Scheme (BFS). Only 66 applications were approved for funding (Herron 1998).
An important additional constraint to the successful establishment of Indigenous owner-operated small enterprises includes the lack of opportunities for training in business and commercial skills within, or in relative proximity to, many Indigenous communities. Similarly, there are insufficient opportunities for Indigenous people to receive training in trades and technical skills important to many small enterprises. Within Indigenous communities there is an absence of opportunities for a close and continuing nexus between relevant on-the-job training in available enterprises and organisations and the provision of on-site, off-the-job formal training, to supplement the skills acquired in on-the-job training (Fuller & Parker 2002). It is argued here that more focus needs to be given to skills based training at the local level. Many of the skills acquired as a result of such a focus should be directly relevant to the organisational and small business opportunities identified at the local level.

Methodology

This case has been investigated by means of inductive field research and is therefore presented as a field-based case study. This is a methodology in the involved research tradition whereby the researchers involve themselves directly in the research site, immersing themselves in the world of the actors (the organisational participants), seeking to understand their context, activities, behaviours, attitudes and processes. Field research aims to inductively identify and explain concepts, variables and their relationships as they emerge from observations on site in the field, rather than deductively predetermining them from literature or prior published studies (Parker 1994; Patton 1980). The methodology is inherently multi-method in that it typically employs observations, semi-structured interviews, and document analysis. It does not follow a predetermined script as per a traditional positivist study, instead being flexible in the application of changing methods and procedures according to the data sources identified and findings gradually made on site (Atkinson & Shaffir 1998).

This study conforms with Ferreira and Merchant's (1992) definition of field research in that it has involved the study of real (rather than artificially created) tasks and processes, has employed an evolving (rather than wholly pre-structured) research design, and includes relatively rich descriptions of contexts and practices. The evolving, semi-structured nature of the field research design allows the researcher to be open-minded and surprised by data discovered in the field, thereby taking up the opportunity to learn from field observations rather than impose some prejudged framework upon them. Such
case studies have descriptive, exploratory and explanatory dimensions (see Fuller et al. 2001). They offer descriptive detail in the outline of the background and present operations and circumstances of the enterprise. In addition, the case may be examined with a view to identifying and clarifying key strategic issues, and attempt to explain why some observed outcomes have occurred (Johnson 1975; Scapens 1990; Yin 1989).

Selection of and entrée to the case study site are greatly facilitated by the researchers' pre-existent linkages to and familiarity with an appropriate organisation. Since case selection is a matter of obtaining access to an organisational type that represents the particular category of organisation, operation and issue being studied, purposeful selection is the order of the day. The more the researcher has foreknowledge of a particular case setting, the more appropriate it may be as a subject of study - offering easier site access and affording the researchers' greater familiarity with the organisation's history and context (Jorgensen 1989; Silverman 2000). Don Fuller has had long-term personal associations with senior members of the community involved in the study. He was also accompanied by a senior Indigenous leader from the community. Such past connections were crucial to accessing the enterprises, given the cultural tradition that, for access by any researcher, an invitation must be extended by senior Indigenous members of a community.

Following Dodd (1993) and Stafford-Smith et al. (1994), information concerning small enterprises in remote communities was used to design a semi-structured questionnaire, which was field tested with Indigenous members of remote communities before use. Two community meetings were held at Ngukurr with Indigenous members interested in undertaking business ventures. The owner-managers of operating and proposed businesses were then interviewed as were traditional owners and clan leaders within the community. Interviews were also conducted with Indigenous and non-Indigenous officials of the Yugal Mangi Community Government Council and the Indigenous community representative of the Northern Land Council.

From an ethnographic perspective, the researchers endeavoured to understand the enterprise and its functions from the interviewees' perspectives, drawing on their prior and current knowledge of cultural and social factors, Indigenous context, characteristics and perceptions. The process involved the conduct of an analysis of the respective strengths, weaknesses (ie, the enterprise's internal environment), opportunities and threats (ie, the external environment of the enterprise) - termed 'SWOT' analysis (Flavel & Williams 1996; Wheelen & Hunger 2000). In the light of that SWOT analysis, key commercial and social
objectives were developed. High priority objectives identified by owner-managers included, (1) to improve future financial security for family members, particularly descendants of the owner-manager, (2) to receive a stable financial return from the enterprise rather than attempt to maximise shorter term returns and (3) a strong desire to increase sustainable employment for family members.

This then led to the development of strategies aimed at facilitating the achievement of objectives. This analysis formed the basis of a business plan for the enterprise. A financial plan was prepared as an integral component of this business plan. These plans were prepared in accordance with the methodology and steps recommended by the Aboriginal and Torres Strait Islander Commission (2000). The main purpose of these plans was to assess the potential for commercial viability of the proposed enterprise and to serve as the basis for applications for finance to enable progress toward the implementation on the necessary strategies and programs required to establish and develop the enterprise.

Such strategies included management choices to access the required finance at acceptable levels of cost and to undertake necessary training in required business and operating skills.

The SWOT analysis involved an interpretation of the potential organisation's current strategic status by the planning process participants. It drew together a complex mix of community, market, political, cultural and social factors, and attempted to juxtapose them as a basis for further planning that incorporated a potential commercial direction grounded in an appreciation of both possibilities and constraints faced by the enterprise (Wheelen & Hunger 2000; Thompson & Strickland 2001).

Case Study of Bus Transport Small Enterprise

Background and Objectives

The enterprise discussed here is a small business based upon the provision of bus transport to Indigenous residents of Ngukurr, a community located on the Roper River in south-eastern Arnhem Land, 280 kilometres east of the Northern Territory regional centre of Katherine. Due to space constraints it has been necessary to summarise the main features of the case in this paper.
An Anglican mission was established on the lands of the Ngalakan people in 1901. Indigenous peoples from other clans were encouraged to move from their clan estates to the community. Seven main clans are now located at Ngukurr, the largest of which have up to 400 members (Wolfe-Keddie 1996). Members of the community have indicated a need for transport by bus. This is due in large part to the relatively low levels of vehicle ownership by Indigenous people. It is also related to the relatively high costs associated with flying by light aircraft, the main alternative form of transport available to members of the community.

A successful bus transport service had previously been operated by the non-Indigenous owner of the nearby retail store at Roper Bar. A bus was used to transport people between Indigenous communities within the region as well as to and from the regional centre of Katherine. However, this service ceased in 1986 as the business priorities of the owner of the Roper Bar store changed to focus more on the provision of facilities for tourists visiting Roper Bar for fishing and camping. The potential Indigenous owner-manager of this enterprise has been granted the 'rights' to re-establish this bus transport operation by senior Indigenous members of the community. In such circumstances, it is unlikely that the service will be provided by other Indigenous entrepreneurs.

The Indigenous owner-manager is also aware of a high level of demand for a bus transport service to transport Indigenous members of the community to ceremonial places as well as for sporting purposes. In addition, business opportunities are available by linking with an Indigenous owned eco-tourism enterprise based at Ngukurr and an Indigenous boat-transport operation which takes people across the otherwise impassable Wilton and Roper rivers during the tropical wet season.

An important business objective of the Indigenous owner-manager is to provide members of his family with gainful employment opportunities. He indicated that he thought this to be very important for the younger members of his family who, without employment, became involved in harmful activities such as alcohol and drug abuse. These behaviours resulted in high social costs for both individuals and the community as a whole. The enterprise would be a family business employing the owner-operator as the main driver. He would be assisted by his wife, who would be responsible for office management. A brother-in-law to the owner-operator has agreed to assist as back-up driver. The owner-manager also intended to employ his son to assist with support services to passengers. It is proposed that the labour costs of the enterprise be
paid initially by the CDEP scheme. The CDEP scheme would also be responsible for the provision of the necessary training to the potential bus drivers. While training in clerical and business skills could be provided to the wife of the owner-operator by the non-Indigenous staff at the office of the Community Government Council free of charge, additional vocational training was seen to be necessary under the CDEP program. It was seen to be important by the owner-operator that such vocational training be provided at the community rather than requiring Indigenous people to travel and stay at regional centres distant from family and support networks.

The purchase of a suitable bus would be the most significant capital item required to commence the venture. Initial market research indicates that the expected level of demand would justify the purchase of a 22 seater bus. Ongoing maintenance would be provided by the mechanical workshop at Ngukurr. Negotiations have also occurred with managers of service stations in Katherine, who have agreed to make available pick-up and set-down points for bus passengers.

The Yugal Mangi (all the clans living together) Community Government Council has agreed to assist with administrative and financial management support and advice. It is expected that Indigenous staff could be employed within the small enterprise under the CDEP program, currently administered by the Council.

The SWOT analysis identified a high level of community support for the venture. The enterprise would have access to roads in traditional lands and was seen to provide a potentially important service, enabling members of the community to travel to sacred sites, undertake camping and hunting expeditions, shopping trips to regional centers, and to attend sporting and recreational events. Joint venture opportunities with existing local commercial ventures are possible including an Indigenous boat transport operation, an Indigenous owned and operated eco-tourism operation, and the Roper Bar Store.

Access to finance at acceptable levels of cost and the availability of suitable training arrangements were identified as important weaknesses of the potential enterprise. The main competitor for transport to and from the community would be provided by a light aircraft operation based at Ngukurr. However, the one-way airfare to Katherine at the time of conducting this study was $340. This compares with the proposed bus fare to Katherine of $65. In addition, air transport lacks the flexibility for the range of transport uses
Economic and Financial Aspects

As discussed, a financial plan was prepared for the enterprise in accordance with the methodology recommended by ATSIC (2000). This involved extensive consultation with the prospective Indigenous owner-manager, and other associated Indigenous individuals and organisations within the community. Start-up costs have been estimated to be $126,300. The most significant start-up cost is the bus, estimated to be $120,000. Additional start-up costs amounted to $6,300. It is proposed that the full amount required to start the business be borrowed, together with an amount of $20,000, to cover the first six months of operation, to ensure that potential expenditure involved in commencing the enterprise is not underestimated. Total borrowings are a little over $146,000. This amount is assumed to be borrowed at ten percent per annum and repaid over a ten-year period. A break-even table was constructed bringing together revenue and expenses to estimate the expected profit. Estimated contribution amounts are calculated by deducting from gross revenue, costs incurred as a direct result of operating the bus transport service. These costs include repairs and maintenance, fuel and labour costs.

Two main revenue generating activities have been assumed to take place. First, passenger trips during the dry season, have been assumed to average out at 1.7 round trips per week, or one round trip every four days, over a 30 week period. These trips are estimated to yield net revenue in excess of $86,000. Second, passenger trips during the wet season, assumed to be one trip per week over 22 weeks. These trips are estimated to produce net revenue of over $25,000. Fixed costs total around $89,000 per annum and include business running costs of $40,900, interest and repayments of $23,232, and an allowance of $25,000 as the opportunity cost of the owner-manager's labour. Based upon the relatively conservative assumptions relating to revenue generation, which excludes trips related to ceremonial or recreational purposes, the 'total contribution' is estimated at around $112,000, leaving a net profit of over $23,000.

Conclusion

The proposed bus enterprise has the economic potential to provide members of the Ngukurr community with a transport service which can satisfy a range of required by the community, such as transport to sacred sites on traditional lands.
needs at relatively low levels of cost, particularly when compared with travel by light aircraft. However, the establishment and commercial operation of the enterprise will depend heavily upon the ability of the business to access the necessary finance at a reasonable level of cost. The owner-operator intends to have the business qualify for funding under the CDEP program. This will enable the business to receive funding to pay for labour in exchange for a received unemployment benefit, as well as a proportion of capital and operating costs until sufficient revenue has been generated to achieve commercial viability. Funding intended to cover both capital and operational costs, is disbursed to CDEP organisations at the rate of $2700 per participant, per annum (Fuller & Howard 2000). Such funding can make an important contribution towards the costs of establishing a small business in an Indigenous community. However, access to available CDEP funding will depend heavily on support provided by the Yugal Mangi Community Government Council.

In addition, as discussed, there is a need to access business training, particularly within the areas of financial management and control. It is expected that after initial training has been completed, ongoing on-the-job training will be required. The report of the Royal Commission into Aboriginal Deaths in Custody (RCIADC 1991, p. 435) noted that 'the development of adequate training support, both for management of the projects and for the workers who are employed by them, is clearly essential to the success of CDEP projects'. Later, the Independent Review (Spicer 1997, p. 59) also 'found that one of the most significant issues to emerge from its consultations was that there was no co-ordinated approach to the delivery of appropriate training for CDEP participants' and recommended that, 'strategies are put in place to raise the priority given to vocational education and other training for CDEP participants' (Spicer 1997, p. 64).

Substantial expenditure occurs in the area of traditional educational delivery, such as secondary and tertiary education to Indigenous Australians. While this remains important, it is clear that insufficient is being done in the area of vocational training designed to equip Indigenous Australians with the required job skills. It is argued here that selected on-the-job and formal off-the-job training arrangements should be designed to provide the opportunity to learn general and specific job skills, related to community development, which are clearly in demand. Such skills training should occur within Indigenous communities, rather than requiring Indigenous people to travel and remain away from their communities for relatively long periods in order that they might receive training.
As pointed out by The Royal Commission into Aboriginal Deaths in Custody (1991) the Miller Report (1985), identified important deficiencies in the administration of enterprise programs. These had been pointed out previously by way of recommendations in a House of Representatives Standing Committee on Expenditure Review in 1984. Important deficiencies included, inadequate initial assessment of potential economic viability, insufficient and inflexible funding arrangements, and insufficient business advice and inadequate training. It is a matter of considerable concern that most of these deficiencies remain with respect to Indigenous enterprise and employment programs. It is also a matter of concern that both the Miller Report as well as the Royal Commission into Aboriginal Deaths in Custody recommended supplementing Indigenous enterprise funding by utilising existing financial institutions. This has only relatively recently begun to receive consideration.

There would appear to be an important requirement for an Indigenous financial intermediary drawing upon the substantial financial resources currently divided between a number of Indigenous organisations concerned with the purchase of land, investments in commercial assets, as well as housing and infrastructure programs, and business development programs. It is largely due to difficulties associated with access to (1) business training programs and (2) finance at reasonable levels of cost that Indigenous entrepreneurs are currently forced to look to joint venture operations to establish small enterprises. Such alliances inevitably result in lower levels of commercial independence for Indigenous owner-operators.

The lack of transparency and accountability in the administration of the CDEP has, in cases investigated by Fuller et al. (2001), acted to constrain the development of enterprises that have the potential to deliver considerable economic and social benefits to both the owners of the enterprise and the wider community.

In addition, CDEP funds can be misallocated. For example, non-Indigenous people may be allocated CDEP payments in the form of wages as well as amounts for capital and operational expenditure. While such people are required to be accepted as members of the community by decision of the Community Government Council, such a requirement may be effectively circumvented in the absence of appropriate consultation and input from Indigenous elders and decision makers. In such cases it is quite possible for non-Indigenous people living within a community to receive the substantial business start-up benefits intended for Indigenous people. Such monies have
been diverted to start up businesses outside the community and few if any benefits of such start-ups are available to Indigenous people.

On other occasions, funding may be released by a Council executive officer to preferred Indigenous senior traditional owners to purchase substantial capital items before feasibility studies or business plans have been undertaken. Such actions serve to increase the chance of business failure leading to substantial mis-allocation of resources. They also serve to confuse the funding processes to the extent that Indigenous clients become increasingly unsure of the relevant criteria upon which funding decisions for business development purposes are to be made. This, in turn, acts as an important disincentive to Indigenous people who may be considering attempting to start-up their own small business.

The case presented in this paper illustrates the importance for economic development of robust and legitimate institutional arrangements. Control over the CDEP scheme in Indigenous communities confers considerable power to support certain development strategies and procure technical assistance from outside the community. Where a local government authority is not regarded as a legitimate institution by a number of senior Indigenous people, such power often passes to non-Indigenous individuals, with different aims and objectives to those of Indigenous individuals and the community as a whole. Such different aims and objectives often result in the diversion of substantial financial resources meant for Indigenous business, economic and human development.

Acknowledgement

The authors are most grateful for the research assistance of Peter Dansie in the preparation of this paper.

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