



Federal Budget 2003-04

Fact Sheet – Indigenous Capital Assistance Scheme

What Indigenous Capital Assistance aims to achieve

Indigenous Capital Assistance aims to promote economic independence for Indigenous people by encouraging investment in Indigenous businesses by the private financial sector.

Flexible assistance packages will be available to help stimulate Indigenous business development. A key feature will be the provision of subsidies to ease debt servicing requirements during the business start-up phase. Indigenous businesses seeking loans will be supported by business and financial sector advice prior to and during the early period of the loan.

How Indigenous Capital Assistance will be funded

The Government will allocate funding of up to \$10.5 million over four years from 2003-04, under the Indigenous Employment Policy (IEP), for Indigenous Capital Assistance. This capital assistance will be one of the elements available under the IEP to promote ongoing employment, including self employment, opportunities for Indigenous Australians. The cost of this new element will be absorbed within the IEP.

The need for incentives

There is an urgent need for incentives to stimulate grassroots economic activity in areas where existing employment services and the IEP do not normally reach because

there is little or no activity and therefore few jobs.

Indigenous Capital Assistance will provide a mechanism to develop essential skills and stimulate economic development in partnership with mainstream financial institutions. This initiative contributes to a changing relationship between Indigenous businesses and government from guaranteed loans to a new approach of business facilitation based on commercial principles.

The aim is to reduce welfare dependency and increase economic sustainability. There are potential business opportunities available now in the commercial fishing, tourism, construction, aquaculture, agriculture and Indigenous arts industries. These opportunities are being lost because Indigenous Australians have limited access to capital, limited or no credit histories and limited access to financial and business literacy skills.

The capital assistance will provide opportunities for Indigenous people to participate in small to medium business enterprise activities, build their financial and business skills and grow sustainable employment opportunities.