

# **Evaluation of the Business Solutions Program: Final Report**

---

*National Indigenous Australians Agency*

*December 2022*

### ***Acknowledgements***

Sustineo acknowledges the traditional owners and custodians of country throughout Australia and acknowledges their continuing connection to land, waters, and community. We pay our respects to the people, cultures, and elders past, present, and emerging.

This publication was funded by the National Indigenous Australians Agency (NIAA). The views expressed in this publication are the authors' alone and are not necessarily the views of the NIAA.

### ***Reference***

This paper can be referenced as:

Sustineo (2022) *Evaluation of the Business Solutions Program: Final Report*, report to the National Indigenous Australians Agency.

## Contents

Contents .....	3
Abbreviations and glossary of key terms.....	5
Executive Summary .....	7
Introduction .....	7
Methodology .....	7
Key findings .....	8
Recommendations .....	11
1. Introduction.....	13
1.1. Background and context of the BSP .....	13
1.2. Business Solutions Program.....	14
1.3. Evaluation report structure.....	15
2. Evaluation methodology.....	16
2.1. Evaluation purpose, objective, and framework .....	16
2.2. Evaluation scope .....	19
2.3. Methodology .....	19
2.4. Data collection.....	20
2.5. Data analysis .....	21
2.6. Ethics.....	21
2.7. Limitations .....	21
3. Program design.....	23
3.1. Framing BSP policy intent.....	24
3.2. Key components of current BSP design .....	27
3.3. IBA's COVID-19 Indigenous Business Relief Program.....	32
4. Program delivery and performance management .....	36
4.1. Measuring performance of the BSP.....	36
4.2. Recommendation for future program delivery .....	56
5. IBA's governance, policies, and procedures .....	57
5.1. Overarching governance for IBA .....	57
6. Program outcomes of the BSP.....	64
6.1. Short-term outcomes – enabling customers along the business development journey .....	65
6.2. Medium-term outcomes – sustaining business viability .....	73
6.3. Long-term outcomes – contributing to the overall business sector and creating broader benefits.....	76

7. Core values/strength-based approach to program delivery .....	80
7.1. Build on strengths to make positive contributions to the lives of Indigenous Australians .....	81
7.2. Programs designed and delivered in collaboration .....	82
7.3. Demonstrate cultural respect toward Indigenous Australians .....	82
8. Future directions.....	85
8.1. Closing the Gap Priority Reforms.....	85
8.2. Industry and stakeholder feedback .....	87
8.3. BSP in a broader business context .....	89
8.4. Better integration of the BSP with other IBA business support offerings .....	93
Appendix A: IBA governance framework .....	96
Appendix B: The Indigenous Business Sector Strategy .....	98
Appendix C: Analytical and Evaluation Framework .....	101
Appendix D: BSP Theory of Change and Program Logic.....	111
Appendix E: Demographic data from surveys .....	116
Indigenous Business Survey.....	116
Delivery Partner Survey.....	120
Appendix F: BSP loans by industry.....	121
Appendix G: Overseas indigenous business support programs .....	122

## Abbreviations and glossary of key terms

Acronym	Description
ABS	Australian Bureau of Statistics
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
ANAO	Australian National Audit Office
ATSI Act	<i>Aboriginal and Torres Strait Islander Act 2005</i>
ATSIC	Aboriginal and Torres Strait Islander Commission
BAU	Business as Usual
BDAP	Business Development and Assistance Program
BDO	IBA Business Development Officer
BSP	Business Solutions Program
Business survivability	The BSP grant agreement requires reporting on the level of business survivability over a four-year time horizon up to the given reporting period. Results are compared with data showing “survival rate by employment size” as published by the ABS in the most recent available version of: <i>Cat no. 81650.01 Counts of Australian Businesses, including entry and exits.</i>
CRM	Customer Relationship Management software system.
Early stage customers	The BSP grant agreement define early stage customers as IBA customers whose business has been <u>operating</u> for less than 24 months and includes customers who have not yet started their business.
EOI	Expression of Interest
GERAIS	<i>Guidelines for Ethical Research in Australian Indigenous Studies</i>
higher-risk businesses	Under section 4 of this report, the categorisation of loan customers as higher-risk businesses are the aggregated business loan customers assessed as high, very high and extreme risk against IBA's risk matrix.
IAS	Indigenous Advancement Strategy
IBA	Indigenous Business Australia
IBRP	IBA COVID-19 Indigenous Business Relief Program
IBSS	Indigenous Business Sector Strategy 2018–2028
IEF	Indigenous Entrepreneurs Fund
In-business support	In-business support refers to existing Indigenous small business entrepreneurs who sought support on issues such as financial planning and management, marketing, procedure development, website development and industry expertise. For example, in 2009–10 IBA made it a policy that all new business loan clients would receive at least six months of mentoring after setting up their business, as this was considered usually one of the riskiest periods when establishing a new business.
IPP	Commonwealth's Indigenous Procurement Policy

Acronym	Description
KPI	The BSP grant agreements stipulated certain Key Performance Indicators (KPIs) that were to be reported against in quarterly performance assessments. In this report, the BSP KPIs are also referred to as the contract targets. A KPI is a quantifiable measure of performance over time for a specific objective.
lower-risk businesses	Under section 4 of this report, the categorisation of loan customers as lower-risk businesses are the aggregated business loan customers assessed as moderate and low risk against IBA's risk matrix.
NIAA	National Indigenous Australians Agency
PBS	Portfolio Budget Statements
PDD	Provision for Doubtful Debts. Also referred to as a provision for loan losses.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
Pre-bank customers	The BSP grant agreement defines pre-bank customers as customers that the IBA does not reasonably consider could access the business support and quantum of capital needed through a commercial bank on terms that are optimal for that business.
Pre-business support	Pre-business support involved providing a consultant to prospective Indigenous small business entrepreneurs to help them determine the viability of a business idea and draw up a formal business plan.
RAP	Reconciliation Action Plan
Recycled capital	Recycled capital is any BSP-funded principal amount repaid or any interest earned on any loans or other capital products funded by the BSP capital component and available for reallocation. For ease of reference, this additional funding source is referred to as recycled capital funds. The BSP grant agreement stipulates that it is only to be used for the purpose of BSP products and not used to fund operating costs for the BSP or any other part of IBA's operations.
Risk 'seeking'	IBA's 2015–16 Annual Report defined risk 'seeking' as actively taking on new or increased levels of risk in order to generate more returns and/or meet customer needs.
Start-up business	The Australian government has no set definition for what constitutes a start-up. The term 'start-up business' is not defined in reviewed IBA or NIAA documentation. The term is interchanged with 'starting new business'. It is also similar to the terms 'early stage' or 'pre-bank' business.

## Executive Summary

### Introduction

The Business Solutions Program (BSP) is a business and financial support initiative funded through the National Indigenous Australians Agency (NIAA) and delivered by Indigenous Business Australia (IBA). The BSP provides financial and business support to Aboriginal and Torres Strait Islander business owners and entrepreneurs through access to finance, skills, knowledge and resources to acquire, establish and grow a viable business.

The BSP contributes to Indigenous Advancement Strategy (IAS) objectives of Fostering Indigenous business and the policy objectives of the 2017 Indigenous Business Sector Strategy (IBSS).

The purpose of this evaluation was to understand whether the BSP's delivery has achieved its policy intent to support and develop early stage, pre-bank, and high risk Indigenous businesses.<sup>1</sup> The evaluation's three objectives were to:

- Assess the appropriateness of the design and delivery of the program in meeting the needs of Indigenous businesses
- Assess the extent that the program has achieved its intended outcomes
- Identify opportunities to improve the governance, management, and delivery of the program.

The evaluation includes the BSP products and services delivered between 1 July 2016 and 30 June 2021.

### Methodology

The evaluation was guided by an evaluation strategy including a program logic and theory of change. The evaluation used a mixed-methods approach including qualitative and quantitative methods to answer 11 key evaluation questions. Key sources of data included IBA public reporting, internal governance policies and procedures, BSP performance reports, customer data (such as support type, loan amount, and industry), survey and interview data. The evaluation also drew on findings from a recent performance audit of IBA's business support and investment activities<sup>2</sup>, conducted by the Australian National Audit Office (ANAO).

There are limitations to the data underpinning the evaluation. These limitations primarily relate to the limitations of available IBA data, the type of performance and financial information required to be captured and reported to NIAA; and the response rates to primary survey data collection. IBA's customer relationship management (CRM) system(s) used to capture BSP customer data was not purposely designed for the program. As a result, IBA was unable to **extract the comprehensive customer data** in a suitable form to test the program logic. The deidentified customer datasets provided to the evaluation

---

<sup>1</sup> See 'Abbreviations and glossary of key terms' for definition.

<sup>2</sup> ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia's Business Support and Investment Activities*.

team were aligned to the contract’s Key Performance Indicators (KPI). As they did not contain a unique identifier for each business customer, **it was not possible to track a customer’s journey over the years of support or through the various support elements of the BSP**. This made it difficult to assess the extent of support provided to a business and whether the program is helping businesses to move through different stages. In addition, the failure to capture data on demand for BSP services made it impossible to assess whether the program’s products and services met the needs of the broader potential client base. Further data limitations as part of annual financial reconciliations made it not possible to distinguish how much IBA spends across each of the service and support offerings. There were **low response rates to the surveys and follow-up interviews**, meaning that related findings are indicative rather than statistically representative.

## Key findings

The key findings for each evaluation question are presented below. Refer to the beginning of each section of the report for more detail.

Evaluation question	Findings
1. Is the suite of products and services delivered under the BSP aligned with the policy intent?	<ul style="list-style-type: none"> <li>The financial products and business support services delivered under the BSP were aligned with the policy intent of supporting Indigenous businesses classified as early stage, pre-bank, and high risk, and those operating in regional and remote Australia.</li> </ul>
2. Is the program design aligned with IBSS suite of services?	<ul style="list-style-type: none"> <li>Initial program design was aligned with the anticipated suite of IBSS services, including better access to business support, improving access to finance, and helping create stronger connections and networks. This could be strengthened by including an exit strategy for more mature business finance customers to help them seek finance from commercial service providers (and hence free up limited capital for those unable to access commercial finance).</li> <li>A key goal of the IBSS was to increase the number, size, and diversity of Indigenous businesses, and to harness the power of knowledge by improving the collection and sharing of data about Indigenous business. However, the design of BSP reporting does not require the capture of demand levels for BSP products and services, nor does it distinguish between new and existing customers or industry type. As a result, the BSP reporting does not help improve the scope and detail of data on Indigenous businesses, or facilitate the measurement of change over the evaluation period.</li> </ul>
3. Has the delivery of BSP products and services met the contract targets?	<ul style="list-style-type: none"> <li>The majority of KPIs were met, although there were some issues with the accuracy and rigour of the KPIs.</li> <li>Some important contractual activities were not achieved, notably the development of a written referral framework to meet customer needs, and six-monthly meetings for regional representatives to discuss local-level progress.</li> </ul>



Evaluation question	Findings
<p>4. Do the products and services delivered under the BSP meet the needs of clients?</p>	<ul style="list-style-type: none"> <li>Survey data from existing customers shows that the BSP generally met the needs of its business customers. However, survey results and interviews indicated that some Indigenous businesses did not become customers due to factors such as slow response times, a lack of follow up from IBA, and the complexity of the application process.</li> <li>There is a need to better understand these barriers to entry, and the number of Indigenous businesses unable to access business support and finance as a result.</li> </ul>
<p>5. Are IBA's governance and administration policies, systems, and processes efficient and effective in delivering the BSP?</p>	<ul style="list-style-type: none"> <li>IBA's governance and administration policies, systems, and processes were somewhat efficient and mostly effective in delivering the BSP. Changes to former credit policy parameters means there is no longer a policy-driven need for the grant arrangement underpinning the BSP.</li> <li>There were a range of areas where policies, systems, and processes could be improved, including simplifying the application process for finance, improving transparency regarding eligibility requirements, being timelier in responding to enquiries and collecting data related to program entry and demand.</li> </ul>
<p>6. Are there any learnings from the design and delivery of the COVID-19 support package that could be applied to the BSP?</p>	<ul style="list-style-type: none"> <li>The COVID-19 package (IBRP) was highly agile and needs-based, with an Expression of Interest (EOI) phase and streamlined application approaches.</li> <li>The use of a dedicated CRM system similar to that utilised in the IBRP to capture and track key client information would be valuable for the BSP.</li> <li>Clear KPIs tracking EOIs, level of demand, timeliness, and other key metrics would support the BSP to more effectively meet needs and demand from the sector.</li> </ul>
<p>7. Does the design and delivery of the BSP build on strengths, demonstrate cultural respect, and involve collaboration?</p>	<ul style="list-style-type: none"> <li>The design and delivery of the BSP built on IBA's experience in delivering the long running Business Development Assistance Program, and its organisational emphasis on reconciliation since its introduction of a Reconciliation Action Plan in 2007.</li> <li>At an organisational level, IBA has done significant work on improving its corporate culture, including establishing policies and procedures to support cultural respect and the development of essential skills, knowledge and behaviours for engaging with Indigenous customers.</li> <li>Aligned with one of the KPIs, and detailed in quarterly performance reports, IBA has used a diverse range of partnerships in the delivery of the BSP.</li> </ul>
<p>8. Has the BSP achieved its short-term outcomes?</p>	<ul style="list-style-type: none"> <li>The BSP's intended short-term outcomes were to reduce barriers to entry for Indigenous businesses and provide businesses with the required skills, knowledge, tools, and financial capacity to succeed. The BSP demonstrated capacity to provide customers with both financial and</li> </ul>

Evaluation question	Findings
	<p>business support. Clients engaged generally received appropriate support but there was a cohort of businesses who had difficulties accessing support under the BSP.</p> <ul style="list-style-type: none"> <li>The intended flow on effect of these short-term outcomes was that the Indigenous business sector would increase in size and feature larger and more diverse businesses. The impact of the BSP in this regard is difficult to determine, as no baseline indicators existed at the outset of the program.</li> </ul>
<p>9. Has the BSP achieved its medium-term outcomes?</p>	<ul style="list-style-type: none"> <li>The BSP's medium-term outcomes were focused on ensuring the viability of businesses and supporting customers to engage with the wider sector/support services.</li> <li>There were several positive indications regarding the medium-term outcomes: four-year business survivability rates were consistent with or greater than broader ABS rates for similar sized business; there was no evidence of significant loan defaults; and BSP support has helped some customers to mature their business capability. However, there was little evidence of BSP-supported businesses having graduated to accessing capital from mainstream/private sector lending organisations.</li> </ul>
<p>10. Has the BSP achieved its long-term outcomes? Note – Long-term outcomes were not expected to be measurable during the timeframe of the evaluation.</p>	<ul style="list-style-type: none"> <li>The BSP's long-term outcomes focus on enabling customers to contribute to broader community development, demonstrate leadership, and create intergenerational wealth and human capital. Based on the number and types of loans that have been funded and the current survivability rates, the BSP is making an important contribution.</li> <li>In terms of measuring outcomes in the future, IBA has introduced a number of strategies including improvements to the data collected from customers through their journey, and developing more sensitive measures of long-term business success in its Social Impact Survey.</li> </ul>
<p>11. What are the alternatives for the future delivery of the BSP?</p>	<ul style="list-style-type: none"> <li>When considering program implementation in light of Closing the Gap Priority Reforms, progress has been made but more could be done to integrate with current directions, particularly in relation to shared decision making, building the community-controlled sector and supporting access to consistent data and information.</li> <li>There is clearly ongoing demand from businesses for opportunities to gain business skills, access ongoing mentoring, and take part in other specific loan aftercare initiatives. Noting the limited options available for certain support, the BSP should continue to provide targeted support and access to finance to early stage, pre-bank and higher-risk businesses. This could continue to be</li> </ul>

Evaluation question	Findings
	<p>provided under the BSP's grant arrangement, or as a specific performance measure under IBA's broader Business Solutions division.</p> <ul style="list-style-type: none"> <li>• Support for the very early phases of a business journey is offered by multiple parties. To maximise the unique aspects of the BSP, there is an opportunity for IBA to better communicate its focus to those businesses seeking access to finance, particularly those who would not be able to readily obtain suitable finance from alternate sources.</li> </ul>

## Recommendations

In order to address these findings, the evaluation made four high level recommendations:

- **Recommendation 1 (section 4.2):** The future design and delivery of the BSP should be strengthened by:
  - improved collection and reporting on key delivery metrics, including the level of initial enquiries versus uptake, the relevant timeframes for provision of support or access to finance, and the industry sectors accessing assistance
  - seeking to better understand the barriers to entry into the BSP from those who make initial inquiries, yet do not become a customer
  - consistently working with mature business finance customers to develop an exit strategy that will enable the customer to seek finance from commercial service providers
  - improving reporting mechanisms so that all key contractual elements are reported upon, including those not covered by specific KPIs
  - where possible, maintaining consistency in the wording of KPIs from year to year to enable longitudinal tracking of performance.
    - Linked to findings for Evaluation Questions 2, 3, 4, 5, 6, 8 and 11.
- **Recommendation 2 (section 8.1):** NIAA and IBA should ensure that any changes in the BSP delivery model and intent are designed to contribute to Closing the Gap targets and Priority Reforms. An area in which there is strong potential for this is the development of a more regional delivery model that develops place-based service delivery organisations to provide BSP external business support. This would provide stronger links to underserved areas, opportunities for a more diverse range of businesses, and wide-ranging benefits for regional communities.
  - Linked to findings for Evaluation Questions 1, 2, 4, 8, 9 and 11.
- **Recommendation 3 (section 8.3):** NIAA should undertake a critical review of the suite of Indigenous business support mechanisms with the aim of understanding trends in the business sector, its characteristics, and associated definitions. This will enable better overall understanding of the Indigenous business sector, provide insights into the role of BSP activities compared to other business

support initiatives, and enable the identification of gaps in support. The review should inform the establishment of a formalised registration system, and consistent terminology and definitions for key business lifecycle characteristics (such as ideation, start-up, preparation, early stage, and pre-bank) across the range of business support mechanisms.

It is expected that having a consistent set of definitions and a formalised registration system across the sector would generate a range of benefits. For example, it is likely to:

- Help Indigenous businesses and entrepreneurs to better understand the types of service and support available.
  - Assist policy makers at all levels of government to understand the emerging shape of the sector and the support that is already available. This will ensure that new mechanisms complement existing initiatives and do not create unnecessary duplication.
  - Support improved reporting on the impacts of the various support mechanisms, and consequent changes in the sector over time.
  - Assist researchers in the field by supporting greater comparability across data sources. The development of consistent data available for sharing between parties would go some way to addressing the Closing the Gap Priority Reform 4.
- Linked to findings for Evaluation Questions 2, 4, 8 and 11.
- **Recommendation 4 (section 8.3):** NIAA must address the emergent coordination gap across the suite of Indigenous business sector support activities. As part of this, NIAA should identify and support an entity to be responsible for assisting new and established Indigenous businesses to better understand the variety of business support initiatives and networking opportunities available, and to help businesses identify pathways aligned to their needs.

The key role for this entity would be to act as a facilitator, helping businesses to identify possible pathways and providing advocacy and support to individuals on a needs-basis across the ecosystem. To enable this entity to operate effectively, the Commonwealth and other parties operating in the sector will need to improve the transparency of eligibility and broad-level selection criteria that businesses need to meet to access support.

- Linked to findings for Evaluation Questions 1, 2, 3, 4, 8, 9 and 11.

## 1. Introduction

Sustineo has been engaged by the National Indigenous Australians Agency (NIAA) to design and deliver the independent *Evaluation of the Business Solutions Program*. The Business Solutions Program (BSP)—formerly the Business Development and Assistance Program (BDAP)—is a national program that provides business support and capability development services, and access to business finance for eligible Indigenous businesses and entrepreneurs. The BSP is funded through a grant arrangement between NIAA and Indigenous Business Australia (IBA).

IBA is a statutory authority of the Australian Government. IBA’s purpose is set out in the *Aboriginal and Torres Strait Islander Act 2005* (the ATSI Act). The ATSI Act gives IBA a range of powers to engage in commercial activities that help serve its purpose. IBA is accountable to the Parliament and the Minister for Indigenous Affairs, with the IBA Board the accountable authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). See Appendix A for more detail on IBA’s governance arrangements.

### 1.1. Background and context of the BSP

The BSP evolved from the BDAP, a well-established and longstanding program being delivered by IBA since 2005. The objectives of the BDAP were to support the development and growth of sustainable businesses to assist Indigenous Australians achieve self-employment, job opportunities and commercial success, and provide employment opportunities for others. While the wording of the objectives evolved over time, the principles of the program remained consistent.

In July 2015, IBA introduced an adjustment to its risk appetite in business lending in pursuit of lower lending losses and sought to reduce its loan concentration limits for new businesses.<sup>3</sup> In response to IBA’s change in risk, and expected reduction in support for early stage and pre-bank Indigenous business customers<sup>4</sup>, the Australian Government amended funding arrangements for the program from a direct appropriation<sup>5</sup> to IBA to an interim grant arrangement with the Department of Prime Minister and Cabinet (and subsequently with NIAA). The Budget Measure amending the funding arrangements stated:

The Government will redirect \$23.1 million in 2016-17 from Indigenous Business Australia to the Department of the Prime Minister and Cabinet to ensure the continuity of business support and capability development services to Indigenous entrepreneurs in 2016-17.

Services will include business planning and advice, and workshops and training for Indigenous entrepreneurs who wish to take advantage of opportunities to start up, acquire or grow a business.<sup>6</sup>

<sup>3</sup> Indigenous Business Australia, *Annual Report 2015–2016*, p. 40.

<sup>4</sup> See ‘Abbreviations and glossary of key terms’ for definition.

<sup>5</sup> The annual appropriation covered the provision of business support services whereas a capital equity injection was used to fund the provision of financial products to eligible Indigenous-owned and managed businesses.

<sup>6</sup> Australian Government, *Budget Measures: Budget Paper No. 2: 2016-17*, 2016, p. 136.

The interim grant agreement was provided under the Indigenous Advancement Strategy (IAS) objectives of Fostering Indigenous business.

In the 2017 Budget, the Government redirected a further \$146.9 million over four years from 2017-18 from IBA to the Department of the Prime Minister and Cabinet to facilitate the delivery of innovative and effective support for Indigenous businesses and entrepreneurs. This extended the 2016-17 Budget Measure.<sup>7</sup>

As a result of the budget announcement and revised funding, in 2017–18 the BDAP was renamed the Business Solutions Program (BSP) alongside the move to a more extensive grant agreement. The revised IAS BSP grant agreement involved annual funds of \$17.3 million for business support services and a \$10.2 million capital component. This is also when the IBA division responsible for business support services and business financial products was renamed Business Solutions.

The BSP approach was consistent with the former Coalition Government’s 10-year Indigenous Business Sector Strategy (IBSS). The IBSS was designed to assist in expanding the capacity of the Indigenous business sector to meet the increasing demand for Indigenous goods and services, driven in part by the Indigenous Procurement Policy (IPP) and other strategies.

The IBSS was also designed to help Indigenous people build sustainable businesses that will support themselves, their families, and their communities through job creation and financial security and independence. There was an understanding that a stronger Indigenous business sector can contribute to the growth of local economies and the broader Australian economy. See Appendix B for further details on the IBSS.

## **1.2. Business Solutions Program**

The terms of both the interim and more extensive grant agreements required IBA to:

- deliver services to eligible Indigenous businesses that have a viable business idea but that would not be able to secure private sector investment
- assist early stage Indigenous entrepreneurs and higher risk clients (including those defined as pre-bank)
- provide intensive support services and business loans to eligible Indigenous businesses
- act as a bridge between the Commonwealth and other partners who deliver capital and business support to Indigenous businesses.

These requirements were consistent with the policy as outlined in the IBSS.

With the move from the direct appropriation to targeted grant arrangements, specific Key Performance Indicators (KPIs) were introduced for the BSP to ensure the continued support for target cohorts. For example, the initial 2016–17 grant agreement set out 13 KPIs which underpinned quarterly performance assessments. These KPIs had a specific focus on IBA continuing to deliver and report on the uptake of its suite of seminars/workshops for business previously delivered under BDAP, with four of the 13

---

<sup>7</sup> Australian Government, *Budget Measures: Budget Paper No. 2: 2017-18*, 2017, p. 138.

KPIs setting targets to different target audiences. These BSP contractual targets were in addition to the KPIs as required by IBA to be reported on as part of its broader PGPA Act reporting requirements.

Since the implementation of the BSP, IBA has broadened its business product and service offerings so that other business products and services are funded through other grant agreements or from IBA's own funds. See section 8.4 for more detail.

### **1.3. Evaluation report structure**

The report is structured into eight sections. Section 2 provides details regarding the evaluation methodology of the BSP, including the approach to ethics and stakeholder engagement. It focuses on the evaluation methodology as a whole and any limitations to the study.

Sections 3 to 7 answer the overarching evaluation questions, with evaluation findings aligned to themes of: program design, program delivery and performance management; IBA's governance, policies and procedures; program outcomes – short, medium and long term; and core values. Section 8 builds on these answers and presents considerations for future directions.

## 2. Evaluation methodology

### 2.1. Evaluation purpose, objective, and framework

The decision to redirect IBA’s appropriation to a grant arrangement under the IAS included a commitment to evaluate IBA’s delivery of the BSP against the policy intent after two years<sup>8</sup>. This is the report on that evaluation commitment.<sup>9</sup>

The evaluation seeks to assess the extent to which IBA has delivered against the requirements of the BSP contract arrangement for the period 1 July 2016 to 30 June 2021, including whether the BSP’s delivery has achieved its policy intent to support and develop early stage, pre-bank, and high risk Indigenous businesses.

The objectives of the evaluation were to:

- Assess the appropriateness of the design and delivery of the program in meeting the needs of Indigenous businesses
- Assess the extent that the program has achieved its intended outcomes
- Identify opportunities to improve the governance, management and delivery of the program.

The evaluation was guided by an evaluation strategy completed in 2020 including a program logic and theory of change (see Appendix C). The strategy also included key evaluation questions and sub-questions as shown in Table 1. Further detail about the data and analytical methods for each evaluation question is provided in the Analytical and Evaluation Framework at Appendix B.

*Table 1: Evaluation questions and sub-questions*

Evaluation question		Evaluation sub-questions	
<b>1</b>	<b>Is the suite of products and services delivered under the BSP aligned with the policy intent?</b>	1.1	Does the suite of products and services deliver the policy intent to grow the cohort of economically sustainable Aboriginal and Torres Strait Islander owned businesses, including: <ul style="list-style-type: none"> <li>- providing access to finance for ‘high-risk’ firms</li> <li>- providing Indigenous owned businesses targeted business advisory support</li> <li>- ensuring the program delivery is efficient and effective, including cost-effective, and provides value for money</li> </ul>

<sup>8</sup> Due to a variety of external factors, including the COVID-19 pandemic, the BSP grant arrangements between NIAA and IBA have been extended, and the agreed evaluation was delayed.

<sup>9</sup> In May 2021, prior to the commencement of the evaluation, the Australian National Audit Office (ANAO) tabled a performance audit of IBA’s business support and investment activities (see ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia’s Business Support and Investment Activities*). Evaluation planning had regard to the findings and recommendations from this audit to minimise overlap and duplication. The evaluation sought to maximise the use of these audit findings as a relevant and timely data source, rather than duplicate the audit enquiries. Where relevant, IBA’s response to audit findings and additional management actions as a result of the audit findings have been included in this report.



Evaluation question		Evaluation sub-questions	
			<ul style="list-style-type: none"> <li>- supporting the sustainability of Indigenous owned businesses</li> </ul>
2	<b>Is the program design aligned with IBSS suite of services?</b>	2.1	Does the suite of services duplicate other services delivered under the IBSS?
		2.2	Are there any clear gaps in service offerings for Indigenous owned businesses that could be delivered under the BSP by IBA?
3	<b>Has the delivery of BSP products and services met the contract targets?</b>	3.1	What is the utilisation of products and services by location, size, and type of business support services and/or loan product, type and size of business, gender, diversity, and any other characteristics?
		3.2	Are customers satisfied with their experience of the BSP throughout the customer journey?
4	<b>Do the products and services delivered under the BSP meet the needs of clients?</b>	4.1	Do individual products and services meet customer needs and expectations?
		4.2	Have there been innovations in product and service design and delivery?
		4.3	Are there barriers or challenges for customers in utilising the BSP's products and services?
		4.4	Are there any gaps in the product and service offering?
		4.5	Does the suite of products need to be changed or enhanced, e.g. <ul style="list-style-type: none"> <li>- modifications to existing products / services</li> <li>- new products</li> <li>- new / alternative delivery modes</li> </ul>
5	<b>Are IBA's governance and administration policies, systems, and processes efficient and effective in delivering the BSP?</b>	5.1	Does IBA's credit policy, risk framework, guidance, and oversight align with the policy's target cohort of clients, i.e. Indigenous owned businesses that commercial lenders consider too high risk?
		5.2	Are IBA's operating policies, systems, and processes effective in delivering against the policy intent of the BSP?
		5.3	Are IBA's performance reporting systems and processes robust and effective?
6	<b>Are there any learnings from the design and delivery of the COVID-19 support package that could be applied to the BSP?</b>	6.1	What learnings can be taken from the design and implementation of the COVID-19 IBRP support package? E.g. <ul style="list-style-type: none"> <li>- Streamlined application process</li> <li>- Streamlined assessment process</li> <li>- Size of assistance package</li> <li>- Analysis of loan / grant assistance</li> <li>- Demographics of uptake of assistance</li> </ul>

Evaluation question	Evaluation sub-questions
<b>7 Does the design and delivery of the BSP build on strengths, demonstrate cultural respect, and involve collaboration?</b>	7.1 Were Indigenous stakeholders consulted on the design and delivery of the BSP? 7.2 Does the design and delivery of products and services respect and demonstrate an understanding of Indigenous culture and values? 7.3 Do customers and Indigenous stakeholders have an ongoing voice in the design and delivery of the BSP? 7.4 Does IBA have a Reconciliation Action Plan (RAP) or equivalent culturally informed engagement approach and if so, how is it used to measure their adherence and the BSP's adherence to core values?
<b>8 Has the BSP achieved its short-term outcomes?</b>	8.1 Have customers improved their business capabilities through business support services? 8.2 Were the customers who accessed the suite of financial products the targeted cohort? 8.3 What percentage of customers who received financial support were new, or existing customers with a prior financial / loan history with IBA? 8.4 Is the application process efficient and were the services provided appropriate? 8.5 Has the number and size of Indigenous business grown and developed?
<b>9 Has the BSP achieved its medium-term outcomes?</b>	9.1 Have customers engaged with the wider business sector and support services? 9.2 Have customers strengthened their business capabilities? 9.3 Is the Indigenous business sector growing and becoming more sustainable?
<b>10 Has the BSP achieved its long-term outcomes?</b> <b>Note – Long-term outcomes are not expected to be measurable during the timeframe of the evaluation, however, the questions will underpin future assessments of long-term outcomes</b>	10.1 Is there a correlation between business sustainability / growth, and employment in the community? 10.2 Are customers contributing their business capabilities to community development and support? 10.3 Are communities receiving socio-economic benefits from the development of the Indigenous business sector? 10.4 Are customers investing capital and time into their Indigenous communities / networks?
<b>11 What are the alternatives for the future delivery of the BSP?</b>	11.1 Are there risks, cost implications or challenges in the delivery of the current suite of products and services? 11.2 Are there alternative delivery models? What are these alternatives?

## 2.2. Evaluation scope

The evaluation focuses on the primary BSP grants as funded under the IAS for the period 1 July 2016 to 30 June 2021, including:

- the provision of internal and external business support, and
- financial products funded from the capital component such as the Business Start-up package (consisting of both a grant and loan component) and standard business loans.

Additional grant agreements with NIAA such as the provision of performance bonds was out of scope. Similarly, while the IBA COVID-19 Indigenous Business Relief Program (IBRP) is noted in relation to its design features, it was not evaluated in-depth. IBA own source funded business activities were not examined.

Out of scope of the evaluation is any review or consideration of amendments to the ATSI Act.

## 2.3. Methodology

The BSP Evaluation Strategy outlined the evaluation approach and evaluation questions to be answered.

A mixed-methods approach was utilised including document review, key informant and semi-structured interviews, and integrative analysis of data from all sources.

The evaluation sought to assess the extent to which the program has achieved its intended outcomes. A specific focus was on the short-term and medium outcomes that the program delivered, including the extent to which the program was tailored to the needs of recipients.

The evaluation sought to understand broader view points rather than just direct BSP customers. The evaluation included two surveys—an online Indigenous business survey, and an online delivery partner survey. Rather than restricting the online business survey to only a select group of IBA business customers who had received assistance under the BSP, the survey was open to all Indigenous owned and led businesses to respond. A further targeted survey for delivery partners<sup>10</sup> was undertaken to give the opportunity for those individuals involved in the delivery of the BSP a confidential and safe space to express their views on the success or otherwise of the program. For both the online business survey and online delivery partners survey, respondents were given the opportunity to participate in an interview with a member of the evaluation team for the purpose of a follow-up discussion. They could choose either a male/female or Indigenous/non-Indigenous researcher and whether the interviewer had access to their survey results for follow up discussion.

Principles of free, prior, and informed consent were embedded within the project framework. Participation was voluntary. All participants had the right to withdraw their

---

<sup>10</sup> The BSP is delivered through internal and external business support, provided by IBA staff and subcontracted experts. IBA staff and IBA's external business support providers were invited to complete the survey.

consent at any point and without consequence and set the parameters of their engagement.

The evaluation team included two Indigenous researchers with extensive experience and qualifications in Indigenous governance and trauma care. Guided by these researchers, the introduction of ‘yarning’ as a research method was incorporated into the follow-up interview approach. The use of this method, and respecting and embedding Indigenous ways of being, knowing and doing, was particularly important when engaging with Indigenous businesses and entrepreneurs. The interview method positioned Indigenous businesses as experts in their own fields, enabling the evaluation team to listen and learn from their experiences. Where desired by survey respondents, one of these Indigenous researchers facilitated the interview.

Due to the continued outbreak of COVID-19 during the evaluation, most interviews were undertaken virtually rather than face to face.

## 2.4. Data collection

Specific data collection methods for the evaluation included:

- Analysis of available BSP program data (including IBA internal policy and procedural documentation, deidentified customer information and reporting)
- a review of publicly available documents
- key informant interviews with NIAA and senior IBA staff, supplemented by multiple focus group discussions/presentations from key IBA staff
- semi-structured interviews with senior staff from state and territory Indigenous business chambers of commerce and NIAA-funded Indigenous Business Hubs around Australia
- an online business survey and an online delivery partner survey
- interviews with available survey respondents (from both the business survey and delivery partners) who sought to have follow-up discussions with the evaluation team.

A summary of the engagement with survey respondents is shown in Table 2. The demographic result for each survey is presented in Appendix E.

*Table 2: Engagements with survey respondents*

Survey	Number of survey responses	Number of people willing to engage in a follow-up interview	Number of respondents contacted	Number of interviews conducted
<b>Indigenous business</b>	71	44	44	12
<b>Delivery partners</b>	24	12	12	10

The evaluation data collection was undertaken consistent with the best practice principles in the *Indigenous Advancement Strategy Evaluation Framework*. These include the principles of respectful, ethical, and fit-for-purpose engagement. The

primary data collection tools were drafted to ensure that data collection was respectful, collaborative, and strengths-based, responding to the context and able to integrate diverse Indigenous views.

## 2.5. Data analysis

Qualitative and quantitative analysis methods were used on both primary and secondary data sources including:

- **Quantitative data analysis** included statistical analysis, from basic descriptive statistics to complex analyses of the relationships between customer characteristics as appropriate for the various data sets (such as the primary survey data collected, and IBA-provided customer data highlighted in section 4.1).
- **Qualitative data analysis** of primary data sources including interview and survey-based material. This included identification of themes, coding, and inductive analysis of important points against the analytical framework and program logic.

## 2.6. Ethics

The conduct of the evaluation was guided by relevant standards and principles, including the Australasian Evaluation Society *Code of Ethics and Guidelines for the Ethical Conduct of Evaluations* and the values and principles for evaluation of Indigenous programs articulated in the *Indigenous Advancement Strategy Evaluation Framework*.

In addition to these overarching principles for evaluation, the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) has created the *Guidelines for Ethical Research in Australian Indigenous Studies* (GERAIS). Under the GERAIS, it is essential that Indigenous people are full participants in research projects that concern them, share an understanding of the aims and methods of the research, and share the results of this work.

The process of gaining ethics approval enhanced the design and delivery approach to the project in line with the GERAIS. Full ethics approval was provided by the AIATSIS Human Research Ethics Committee on 21 September 2021 with reference number E0259-20210630.

## 2.7. Limitations

The evaluation team experienced several key limitations related to performance and financial data availability and adequacy including:

- Significant difficulty in obtaining relevant and appropriate customer data from IBA's systems. In particular, IBA's customer relationship management (CRM) system(s) used to capture BSP customer data was not purposely designed for the program. IBA was unable to extract the comprehensive customer data required to test the program logic.
- The deidentified customer datasets provided by IBA to the evaluation team were aligned to the grant agreement's KPIs. As a result, no unique identifier

for each business customer was included in the provided datasets. This meant an assessment could not be made of a customer's journey across the various business support and financial service product offerings, or across the same service over multiple years.

- The customer data for external business support related to the value of support. While this enabled some analysis in relation to customer demographics, it was insufficient for analysis of the overall types of assistance being provided across the country. It was also insufficient to enable any patterns of demand for different types of assistance to be identified.
- Neither the BSP grant agreement nor the grant annual reconciliations require the reporting of BSP expenses in further detail than operational expenses and capital expenses. As a result, the evaluation was not able to distinguish how much IBA spends across each of the offerings.
- The failure to capture data on overall demand for BSP assistance makes it impossible to assess whether the program's products and services met the needs of the broader potential client base.
- Over the evaluation period, changes were made to the BSP KPIs by agreement between IBA and NIAA. Significant change occurred between the initial (interim) grant agreement in place for one year (2016–17), and the more comprehensive agreement covering 1 July 2017 to present. Minor adjustments to targets have occurred in subsequent years. These changes make time series analysis over the full evaluation period impossible.
- Low response rate to the Indigenous business survey (n=71) and subsequent follow-up discussions (n=12) mean findings are indicative rather than statistically representative across the Indigenous business sector.
- Low response rate to the delivery partner survey (n=24) and subsequent follow-up discussions (n=10) mean findings are indicative rather than statistically representative across the BSP delivery partners.

The cumulative effect of these limitations is that the evaluation findings are less detailed and nuanced than ideal. The absence of specific support details as compared to financial expense information has meant that the cost effectiveness of BSP outputs could not be assessed.

### 3. Program design

This section focuses on examining the appropriateness of the policy design of the BSP, and answering the following overarching evaluation questions:

- Is the suite of products and services delivered under the BSP aligned with the policy intent?
- Is the program design aligned with the IBSS suite of services<sup>11</sup>?
- Are there any learnings from the design and delivery of the COVID-19 support package that could be applied to the BSP?

This section includes two key aspects:

- The extent to which the current policy design meets the policy requirements of the BSP since 2016 when it became a grant program
- BSP being a component of a broader business ecosystem as reflected in key strategies such as the IBSS.

#### Findings Summary – Program design

- The evaluation found that the suite of financial products and business support services delivered under the BSP was aligned with the overarching policy intent of supporting Indigenous businesses classified as early stage, pre-bank, and high risk, and those operating in regional and remote Australia.
- It is important to note that program design was also influenced by factors other than the overarching policy intent. Notably, the BSP design was guided by the IBSS, the design of the previous program (BDAP), the IAS grant approaches, and the need to achieve program KPIs. However, these additional influences did not derail the BSP’s overall alignment with the policy intent; rather, they shaped the design of specific activities.
- The design of the BSP places a high focus on meeting KPIs (linked to payment). This has led to a lack of focus on achieving program components where no KPI was specified, such as the development of a referral process to other Indigenous business support activities.
- Aligned to the policy intent, the suite of products and services available under the BSP are generic in nature, with the design enabling tailored, bespoke service delivery for individual client circumstances (such as varying business readiness, capability, and needs).
- The design of the program is aligned to the suite of services that were anticipated to be delivered under the IBSS, including better access to business support, improved access to finance, and stronger connections and networks. This alignment could be strengthened by the inclusion of an exit strategy for more mature business finance customers to help them seek finance from commercial service providers (and hence free up limited capital for those unable to access commercial finance).
- A key element of the IBSS was to increase the number, size, and diversity of Indigenous businesses, and to harness the power of knowledge by improving the collection and sharing of data about Indigenous business. However, the design of BSP reporting does not require IBA to capture the level of demand for BSP products and services (including level of enquiries and uptake rates) nor does it distinguish between new and existing customers or industry type. As a result, BSP reporting does not help improve the scope and detail of data on Indigenous businesses, or inform the measure of change over the evaluation period.
- The BSP’s intended coordination role across the suite of business support services has not been embedded into the BSP design. This has resulted in a confusing environment

<sup>11</sup> See Appendix B for more details on the IBSS, including detail on the suite of services.

#### Findings Summary – Program design

where it is difficult for Indigenous businesses to understand where they should go for different types of support, at different points in their lifecycle.

- The design and implementation of the COVID-19 Indigenous Business Relief Program (IBRP) led to a more agile, flexible, and needs based program design being offered. Key aspects of the IBRP – such as reporting on demand levels and delivery timelines and a streamlined loan application process for existing customers – would be worth considering for future delivery of the BSP.

### 3.1. Framing BSP policy intent

The IBSS framed the BSP as a key program approach to help implement the policies of the IBSS (initially announced during the 2016 Federal Election). The IBSS was planned to be implemented over a 10-year period (2018 to 2028) and intended to increase the number, size, and diversity of Indigenous businesses through policy direction against four pillars – better business support, improved access to finance, stronger connections and networks, and harnessing knowledge.

The **Vision** of the IBSS was:<sup>12</sup>

A larger and more diverse Indigenous Business sector that builds intergenerational wealth and economic independence.

More than just meeting demand, the IBSS was designed to help Indigenous people build sustainable businesses that will support themselves, their families, and their communities through job creation and financial security and independence. Underpinning these initiatives was the understanding that a stronger Indigenous business sector can contribute to the growth of local economies and the broader Australian economy. Each of the four pillars of the IBSS were supported by a range of ‘actions’. The IBSS ‘**Goal**’ and ‘**Actions**’ for improving access to finance and business support were:<sup>13</sup>

**Goal:** Indigenous businesses and entrepreneurs have access to a range of finance products that meets their business needs, regardless of location and stage of the business development. Through an appropriate government-supported capital scheme, Indigenous businesses are able to unlock a range of private sector finance and investment options to create new start-ups or to grow their business.  
Indigenous businesses have suitable business support to manage their financial and business obligations.

<sup>12</sup> Australian Government (2018), ‘The Indigenous Business Sector Strategy: *Supercharging Indigenous Business Start-Up and Growth 2018-2028*’, available at [https://www.niaa.gov.au/sites/default/files/publications/ibss\\_strategy.pdf](https://www.niaa.gov.au/sites/default/files/publications/ibss_strategy.pdf), p. 5.

<sup>13</sup> Australian Government (2018), ‘The Indigenous Business Sector Strategy: *Supercharging Indigenous Business Start-Up and Growth 2018-2028*’, available at [https://www.niaa.gov.au/sites/default/files/publications/ibss\\_strategy.pdf](https://www.niaa.gov.au/sites/default/files/publications/ibss_strategy.pdf), p. 11.



**Actions:** The Indigenous business sector has told us they require a broader suite of financial services and products that will meet the needs at all stages of the business lifecycle. The products need to be streamlined and timely so Indigenous business can confidently compete for contracts, expand operations or obtain plant and equipment to get on with business. Indigenous businesses also want to access private bank finance and investment so they can transition into the mainstream financial system.

Working with the private financial and impact investment sector, the Commonwealth will now offer two forms of support to Indigenous businesses. Viable businesses at the early stage or high-risk stages of establishment will have access to capital through Indigenous Business Australia (IBA) and in remote Australia through microfinance providers and the Indigenous Entrepreneurs Fund. Businesses that are established and stabilised, but are undercapitalised and looking to transition to mainstream finance, will be supported through the newly established pilot, the Indigenous Entrepreneurs Capital Scheme.

Of particular note, while the IBSS sought to increase the number, size, and diversity of businesses, an emphasis in the Actions was that support be provided to viable businesses. See Appendix B for further details on the IBSS.

The BSP grant agreement articulated a suite of business development and assistance activities to support customers at all stages of business development under the following themes:

- Building commercial capability and developing Indigenous entrepreneurs
- Developing business ideas
- Assisting customers with existing enterprises in distress to return to profitability or exit
- Supporting implementation of government and corporate procurement opportunities and assisting Indigenous businesses enter supply chains
- Development of products, including industry specific products
- Initiating and managing Capital Products.

Through specified KPIs, the grant agreement sought to provide Indigenous business support and capability development services to Indigenous businesses and entrepreneurs, with a focus on early stage and pre-bank customers. The agreement also provided additional emphasis on women, youth, and referral frameworks and discussions on progress of BSP services and activities at the local level.

From a grants management perspective, the BSP also fits under the IAS, with the need to more broadly:

- foster Indigenous business
- increase the number and viability of Indigenous business.

The delivery of support aligned to the policy intent is driven through KPIs in the grant agreement rather than guided by specific policy documentation. The grant agreement provides general descriptions of services and activities to be delivered under the BSP, with specific services and activities identified when linked to designated KPIs. Many of

these are constructed around the number of customers serviced, or number of customers gaining access to finance. Detailed results and targets are presented in section 4.1.

A key intent of the IBSS was to increase the number, size, and diversity of Indigenous businesses. Key deficiencies in BSP reporting include the KPI's do not include the requirement to measure or report on:

- the level of demand for BSP products and services (for example, through the number and types of initial inquiries, or from a new or existing customer)<sup>14</sup>
- the changes in industry sectors seeking and obtaining access to business finance
- the time to respond to an initial enquiry, or the number of enquiries which resulted in the enquirer becoming a BSP customer
- the specific change in size of the Indigenous business sector as a result of BSP or other IBA business support<sup>15</sup>

While there was an emphasis on supporting Indigenous youth, no KPIs required a measurement on the extent of youth seeking or accessing BSP services.

To complicate things further, the definitions of sector cohorts used in reporting (such as early start customer, pre-bank customer or current business lifecycle phase) did not apply across the different BSP service offerings. This made comparisons across the customer base, as well as those under other NIAA-funded programs, difficult. Consistent key business and target cohort definitions across Indigenous business support initiatives would assist with aligning support and minimising unintended duplication across the various programs. This is explored further in section 8.3.

Discussions with IBA highlighted that quarterly performance reporting and IBA's delivery focus was aligned to the KPI's rather than being able to take a more holistic approach to program implementation. This, combined with the extant customer management system from BDAP, reduced IBA's ability to track and readily respond to emerging demands. This focus on KPIs was partly motivated by 40.5% of the annual business support funding being tied to satisfactory performance against the KPIs but applied retrospectively – i.e. as a potential penalty if KPIs are not satisfactorily achieved, as funds have already been expended on delivering the services.

In addition, certain thematic areas of the BSP grant agreement did not have KPIs linked to the delivery of specific product and support services. As a result, the design lacked certain mechanisms to ensure all elements were being actioned such as the development of a referral process to other Indigenous business support activities. Notwithstanding the IBSS aim of growing the Indigenous business sector, the BSP design made no mention of implementing an exit strategy for more mature business finance

---

<sup>14</sup> The requirement to measure or report the numbers of new versus existing BSP customers was not in the agreement after 1 July 2017.

<sup>15</sup> Industry concentration of the business loan portfolio was included in IBA's Annual Reports up until 2015-16.

customers to support them to seek finance from commercial service providers (and hence free up limited capital for those unable to access commercial finance).

### 3.2. Key components of current BSP design

The BSP contains a range of products and services that are aligned to the policy intent of the IBSS including internal and external business support and the provision a range of finance products. The full extent of IBA support available to eligible Indigenous businesses is shown in Figure 1.



Figure 1: IBA’s support summary to help grow a business (as of May 2022)

While funds under the BSP grant agreement are separated between business support and a capital component, there is no further breakdown requiring emphasis on service delivery within the funding. Neither the grant agreement or the grant annual reconciliations require the reporting of expenses in further detail than operational expenses and capital expenses. As a result, the evaluation was not able to distinguish how much IBA spends by support offerings shown in Figure 1.

Further, examination of the aggregate operational expense categories of, for example, employee benefits or legal costs, highlighted the absence of any breakdown between business support activities or the provision of business finance. While the absence of this specificity in the design enables IBA to adjust the level of support across the suite of products and services to meet the individual needs to customers, the effectiveness and efficiency of support outputs is not able to be determined.

The evaluation was able to diagrammatically map the variability of an IBA customer journey through the BSP and the opportunity for multiple instances of support to be provided over the life of the relationship (see Figure 2).

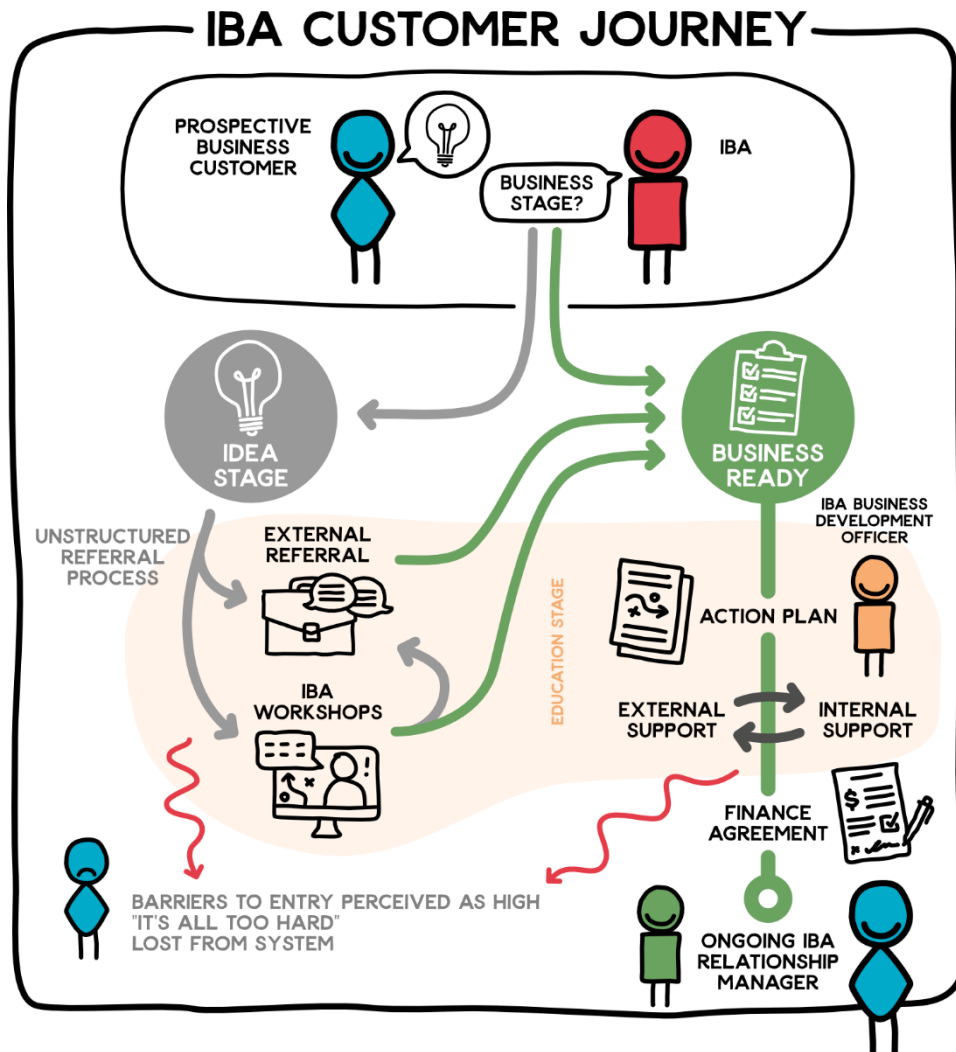


Figure 2: IBA customer journey under the BSP  
 Source: Sustineo based IBA data and stakeholder experiences

### 3.2.1. Business support

The challenges associated with gaining access to capital for Indigenous business owners is well documented.<sup>16</sup> Further, a lack of financial and business advice can lead to business failure. Studies such as the Australian Institute of Health and Welfare’s (AIHW) 2014 *Success factors for Indigenous entrepreneurs and community-based enterprises*<sup>17</sup> highlight that gaining access to business expertise and mentorship early in the business proposal stage can be an enabler for Indigenous business. Research published by Supply Nation/First Australians Capital has also reiterated that the critical hurdles for success

<sup>16</sup> See for example the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs 2008 enquiry into developing Indigenous enterprises entitled *Open for Business: Developing Indigenous enterprises in Australia*, [https://www.aph.gov.au/parliamentary\\_business/committees/house\\_of\\_representatives\\_committees?url=atsia/indigenousexperiences/report.htm](https://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=atsia/indigenousexperiences/report.htm)

<sup>17</sup> Morley S 2014. *Success factors for Indigenous entrepreneurs and community-based enterprises*. Resource sheet no. 30. Produced for the Closing the Gap Clearinghouse. Canberra: Australian Institute of Health and Welfare & Melbourne: Australian Institute of Family Studies.

include having the right skills and support systems, access to funding, and generating demand for services.<sup>18</sup>

Developing business plans is a core requirement to ensure that business ideas are tested, realistic, and integrate with the wider community<sup>19</sup>. Having business plans that are owned by key parties in the business relationship and aligned to the business owner's goals and aspirations is also important. Under the BSP, the early assessment of a business's viability relates to the existence of a suitable and realistic business plan. While the BSP assists developing or refining a business plan, particular emphasis in more recent years has been to help the business articulate their own plan, rather than to create a business plan on the business's behalf. This was highlighted by business and delivery partner survey respondents and touched on during follow-up discussions.

The BSP expenditure of grant agreement funds can be categorised under two delivery approaches:

- the provision of internal support from IBA staff
- and the engagement of external delivery support partners by IBA.

As shown in Figure 2, an allocated IBA Business Development Officer (BDO) is the key point of contact for a customer for the provision of business support.

### **3.2.2. Access to finance**

The mix of business finance products provided by IBA is consistent with the support envisaged by the IBSS and is also shown in Figure 1. The BSP grant agreement funds only some of the business finance products (light brown), particularly the business start-up package and working capital loans (also known as standard business loans).

These products involve the payment of interest on the loan amount, with flexible repayment structures available (such as interest only, principal and interest reducing, seasonal repayments, or balloon payments) to suit the cash flow of the business. Other finance products (such as invoice discounting, equipment finance, and performance bonds) are funded through IBA's own funds or through different Australian Government grant agreements. A key part of loan support is the IBA Relationship Managers who are the main contact points for business loans.

The level of capital available for allocation under the BSP grant includes some \$10.2 million annually less an agreed amount set aside for the provision of loan losses. Should the annual provision for loan losses not be necessary in that year, it is cumulative and carries forward into future years. This provision for loan losses is in recognition of the higher risks expected to be borne within IBA's business loan portfolio as a result of the policy direction to support higher-risk businesses.

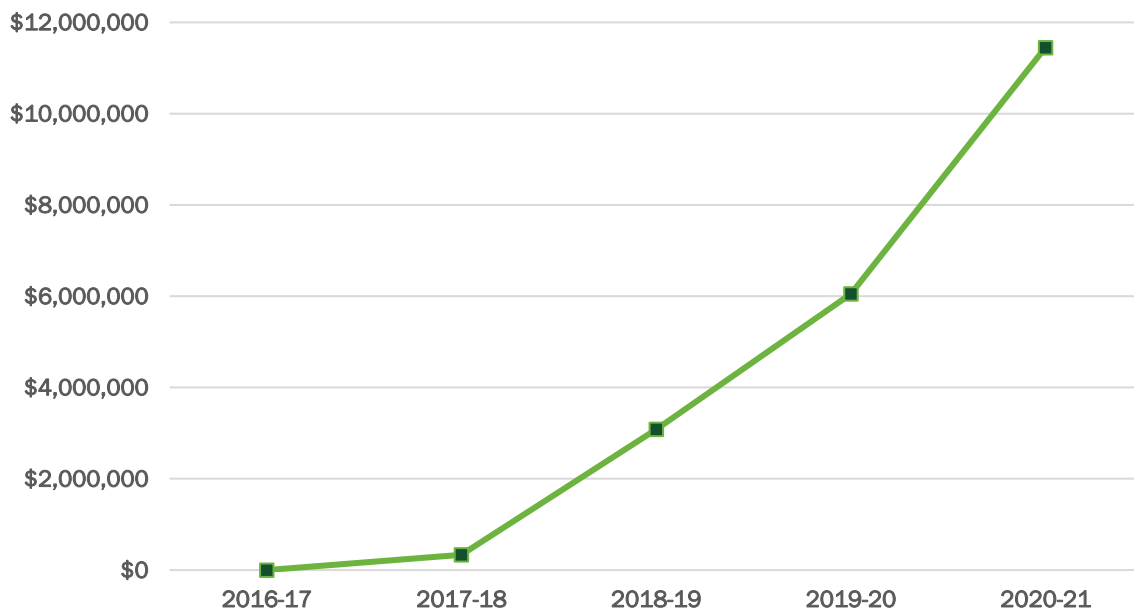
---

<sup>18</sup> Supply Nation, First Nations Capital, *Indigenous Business Growth: Working together to realise potential*, September 2018, p. 6.

<sup>19</sup> Morley S 2014. *Success factors for Indigenous entrepreneurs and community-based enterprises*. Resource sheet no. 30. Produced for the Closing the Gap Clearinghouse. Canberra: Australian Institute of Health and Welfare & Melbourne: Australian Institute of Family Studies.

Any principal amount repaid, or any interest earned on any loans or other capital products funded by the BSP capital component is recycled capital and is available for reallocation. This is only to be used for the purpose of BSP products and not used to fund operating costs for the BSP or any other part of IBA’s operations.

The amount of available capital for commitment (original and recycled funds) is tracked on an annual basis as part of the grant acquittal process. The running balance of recycled capital is increasing exponentially (Figure 3).



*Figure 3: Balance of total BSP recycled income held by IBA*

Source: Created from NIAA provided documentation

The provision of capital through the BSP has enabled the pool of available funds held by IBA to support Indigenous businesses to increase. The requirement for recycled capital to continue to be used for the purposes of the grant ensures the exponential growth of available capital each year. However, KPIs for the number of businesses to access finance, and the target level of capital to be allocated under the BSP has not been increased in line with increased level of recycled funds. The implication of this is that while additional capital funds are available for allocation, and KPIs are being exceeded the extent of available grant funding is not visible in quarterly performance reports or broader IBA reporting.

### **3.2.3. Networking and collaboration**

Developing partnerships and having access to business networks is seen as critical to success. Networks provide access to business advice and increased access to suppliers and customers. Lack of networks in remote and regional areas can prevent the development of businesses.

There are multiple opportunities to form a range of collaborations to support Indigenous businesses. In the case of the BSP, the networking and partnerships included IBA entering into and maintaining a set number of collaborative partnerships with third

parties (including customers, Indigenous and non-Indigenous businesses, relevant networks, services, and business ecosystem partners).

The policy intent was that collaborative partnerships should complement the work of IBA in supporting business development and incubation outcomes. Partnerships could also provide wrap-around services to customers that fall within the remit of IBA and bolster the service offering where IBA does not have the internal capability. Partnerships could also provide links into communities where services are needed.

Including such targets in the BSP has gone some way to support networking and collaboration being embedded in the service delivery model through the use of external business support.

### ***3.2.4. Encouraging business development in regional and remote areas***

The policy intent included seeking an increase in the number of customers receiving business support and/or loan services from regional and remote Australia. For example, in 2016, the initial BSP grant agreement contained a KPI requiring a 30% increase in the number of customers from regional and remote Australia compared to the previous year. The subsequent grant agreement adjusted this KPI to require at least 30% of supported businesses and organisations to be based in regional or remote Australia.

As part of the requirement to develop a formal referral framework, a new contractual requirement was introduced in 2019 requiring IBA and regional representatives<sup>20</sup> to meet regularly (not less than half yearly) to discuss progress of the BSP services and activities at the local level, including the effectiveness of the Commonwealth's and IBA's referrals and mutual customer management. Advice from NIAA and IBA indicate the framework has not been developed and the associated six-monthly regional meetings to discuss the effectiveness of the framework have not been held, noting this is the responsibility of both parties to have progressed.

The importance of supporting businesses in regional and remote areas was included in the IBSS and was also reiterated in the 2018 Supply Nation/First Australians Capital publication on Indigenous Business Growth<sup>21</sup>. Research highlights that remote and outer regional areas are under-represented in terms of the number of Indigenous business owners per Indigenous population. For example, Figure 4 (below) compares the Indigenous population in a geographic region with the number of Indigenous business owners in that location as reported by the Australian Bureau of Statistics (ABS) 2016 Census. The research highlighted that there is an opportunity to grow the number of Indigenous business owners in these areas and to scale existing businesses.

---

<sup>20</sup> Regional representatives were defined in the variation as the Commonwealth's Regional Managers and the Provider's (IBA) regional staff.

<sup>21</sup> Supply Nation, First Nations Capital, *Indigenous Business Growth: Working together to realise potential*, September 2018.

Indigenous population vs business owners – by type of geography – 2016

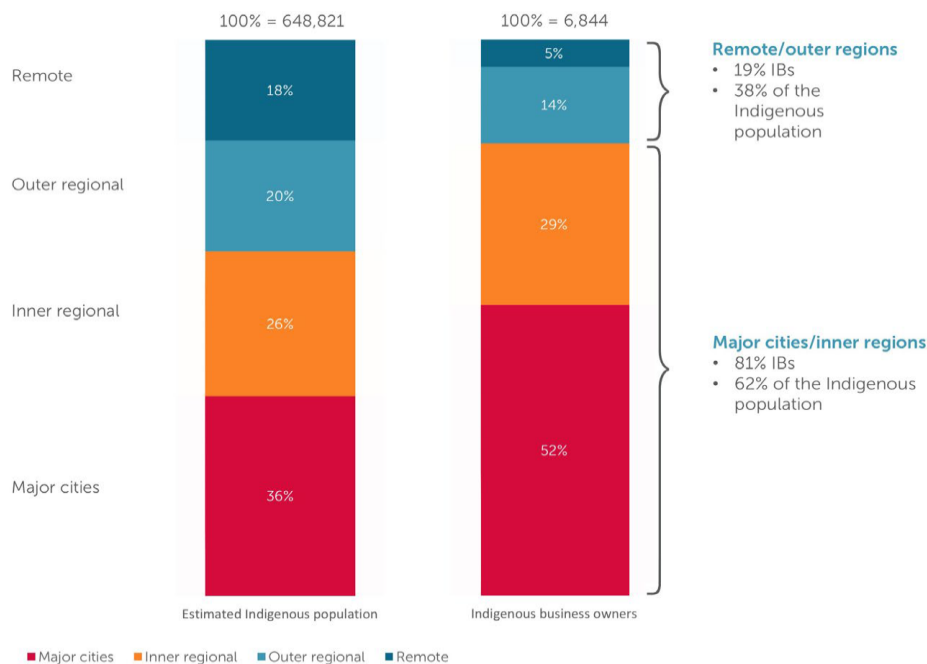


Figure 4: Regional opportunities

Source: Extracted from Supply Nation, First Nations Capital, *Indigenous Business Growth: Working together to realise potential* (September 2018) p. 3

### 3.2.5. Fostering women and youth inclusion into the BSP

The IBSS recognised that expanding the number of Aboriginal and Torres Strait Islander people going into business was critical for the longevity and prosperity of the Indigenous business sector. To this end, the IBSS focused on two key groups: Aboriginal and Torres Strait Islander women and youth.

In relation to the BSP, there were some specific design elements for providing greater support for women in business, including:

- the design and development of a product, in collaboration with a relevant partner organisation, to increase the proportion of Aboriginal and Torres Strait Islander women accessing IBA business support and finance
- hosting a conference on getting Indigenous women into business
- hosting of a Strong Women Strong Business closed Facebook group.

While support for youth inclusion was noted in the BSP grant agreement, there appeared to be no specific initiatives.

### 3.3. IBA’s COVID-19 Indigenous Business Relief Program

In April 2020, the Government announced a \$123 million package to support Indigenous businesses and communities. Part of this package was a \$50 million COVID-19 Business Relief Package delivered by IBA known as the Indigenous Business Relief Program (IBRP). The key program intent of the IBRP was to address the unique challenges faced by Indigenous businesses in responding to the COVID-19 pandemic. The IRBP was run concurrently to the BSP.



The IBRP grant agreement specified that assistance was to be provided to small- to medium-sized Indigenous businesses and the numerous jobs of Aboriginal and Torres Strait Islander people that these businesses support, through:

- helping customers to identify pandemic impacts on their business
- providing loans and grants to assist businesses stay afloat during and following the emergency
- managing ongoing fixed costs
- assisting businesses diversify revenue streams and pivot to new business models.

The design and performance reporting aspects of the IBRP provide some relevant lessons for the BSP going forward. For example, when the IBRP was introduced an initial online Expression of Interest (EOI) entry point for access was established. In this way, IBA resourced an EOI team to triage a customer's identity, eligibility, documentation requirements, and next steps. Such a mechanism does not exist for the BSP. While potentially resource intensive to establish and service, having such a mechanism available for all enquiries to IBA for business support would help capture the level of demand for products and services (either delivered through the BSP suite of services or elsewhere). It would also provide a transparent mechanism to capture key metrics on demand, assistance provided, and timeliness of support.

For the IBRP, a dedicated internal customer relationship management (CRM) system was designed for data capture and tracking. A system established specifically to capture and track key client information on the program enabled timely decisions around who was accessing the services and whether there were emergent gaps in target audiences. No such system exists for the BSP which is evident in the findings of this evaluation.

New assessment processes and risk rating tools were created by IBA to assist fast-tracked emergency relief funding. In addition, simplified loan conditions and new documentation processes were introduced.

As a result of the data collected through the delivery of the first four months of the IBRP, IBA was able to provide recommendations to NIAA for amending the package of support provide under the program. These amendments reflected the lessons learned to date in order to refine the design to better support Indigenous businesses impacted by the pandemic. This insight related not only to the businesses being supported but the sectors and regions in which they operated. The amendments included: broadening the eligibility criteria of the package, making it more accessible; increasing the level of working capital support available under the IBRP, including changes to the mix of loan and grant components; and expanding the repayment period of working capital loan monies.

The reportable KPIs for the IBRP were also an improvement from the BSP, and which enabled informed and timely decision making to occur on key program parameters. The key differences between the IBRP and the BSP are presented in Table 3.

These differences in design are valuable points for reflecting on the effectiveness of the BSP implementation, with key aspects such as reporting on demand levels and delivery timelines, and a streamlined loan application process for existing customers, worth considering in the future delivery of the BSP.

Table 3: Key differences between the KPIs of the BSP and the IBRP

KPI area and importance	BSP		IBRP		Comments
	KPI and target	Reporting frequency	KPI and target	Reporting frequency	
<b>KPIs about customer experience</b> Both programs focus on improving outcomes for Indigenous businesses through financial and non-financial assistance. At the core of their success and reputation is the customer experience. This is arguably more important than the monetary value of assistance provided.	(P106.08) Quality of Support Target: 80%	Annually	(10) Customer satisfaction Target: 80%	Bi-annually	More frequent reporting provides an opportunity to improve in a timely manner and identify key events that may have impacted the rating in that period. However, customer survey fatigue is an important consideration when it comes to the frequency of seeking feedback.
			(8) Average time taken from referral to delivery of Rapid Business Situation Assessment Target: 7 days	Quarterly	KPIs about the administration processes provides valuable data about their efficiency and can highlight internal (controllable) and external (uncontrollable) factors that influence them, and hence potential areas for improvement.
			(9) Average time taken to assess and process applications for working capital support Target: 5 days	Quarterly	Providing support in a timely manner can also improve customer satisfaction, but without measurements this can be difficult to track and correlate.
<b>KPIs about customer conversion</b> Understanding the customer journey and how many businesses are supported is a key factor in assessing the success and reach of a program.	(D106.01 and D106.02) Number of Individual businesses and organisations (customers) who receive IBA capability development or other support (Internal Support and External Support) Target: 180 in first 6 months; 450 annually	Bi-annually	(5a) Total number of services provided to customers – External Support Target: N/A	Quarterly	Breaking up the KPIs into more specific targets allows for more nuanced reporting and gives a clearer picture of how the program is tracking and potential areas for improvement. Specifically tracking the mix of loans and grants provided also allows the IBA to understand the demand for different products and services, and

KPI area and importance	BSP		IBRP		Comments
	KPI and target	Reporting frequency	KPI and target	Reporting frequency	
	(D105.01) Number of Individual financed businesses and organisations (customers in the reporting period) Target: 35 in first 6 months; 80 annually	Bi-annually	(5b) Total number of services provided to customers – Loans only Target: N/A	Quarterly	can explore why this might be the case and if it is an appropriate mix.
			(5c) Total number of services provided to customers – Grants only Target: N/A	Quarterly	
			(5d) Total number of services provided to customers – Loan and Grant mix Target: N/A	Quarterly	
			(1) Total Number of enquiries received to date from existing IBA Customers Target: N/A	Quarterly	Tracking both enquiries received and services provided gives a 'conversion rate' that provides an avenue to analyse the effectiveness of the systems, processes, and client liaison officers.  Tracking where the enquiries come from (new or existing customers) helps uncover the customer journey. Additionally, distinguishing between new and existing customers helps demonstrate the Indigenous business sector growth and changes in demand for the offered services.
			(2) Total Number of enquiries received to date from new to IBA Customers Target: N/A	Quarterly	

Source: Sustineo analysis of IRBP and BSP performance reports

## 4. Program delivery and performance management

This section examines the effectiveness of program delivery focusing on the achievement of KPIs as outlined in the grant agreements. It has a particular focus on addressing the following overarching evaluation questions:

- Has the delivery of BSP products and services met the contract targets?
- Do the products and services delivered under the BSP meet the needs of clients?

### Findings summary – Program delivery and performance management

- The evaluation found that longitudinal data shows the core BSP KPIs have generally been met across the areas of business support, access to finance, networking and collaboration, remote engagement, and engagement with women.
- KPI achievements suggest the program delivered upon the policy intent of supporting customers early in their business lifecycle, particularly in the case of internal business support and pre-bank businesses gaining access to finance. External business support tended to focus more on businesses further along the business lifecycle.
- The evaluation found that in some cases, issues with the KPIs made it difficult to assess performance. As some KPIs were revised or added since 2016–17, annual comparisons and presenting performance trends over the full evaluation period was difficult. Moreover, as outlined in a recent ANAO performance audit, there have been some issues with the accuracy and rigour of these KPIs. This is concerning given the high reliance on these measures to indicate program success, but also presents an opportunity to address it in any future funding arrangements.
- Some important contractual activities were not achieved. These related to key requirements that did not have a corresponding KPI.
- Over the period 2017–18 to 2020–21, the number of loan customers defined as higher-risk (pre-bank and bankable) and lower-risk pre-bank exceeded 90% of all customers. In the same period, the value of loans for this cohort made up between 69% and 93% of the total value of all loans.
- Satisfaction among businesses that gained access to BSP services and products was generally high. The most common reasons given by respondents for their satisfaction were that the service was tailored to their business, that services were high quality, and that the products were targeted to the needs of their business.
- The failure to capture data on demand for BSP services makes it impossible to assess whether the program’s products and services were sufficient to demand in the sector.
- There is evidence that the BSP did not meet the needs of potential clients at the point of entry. Through survey and interview data, the evaluation found that Indigenous businesses which began the process of accessing IBA support did not become customers due to a range of factors. Most notably, slow response times, lack of follow up from IBA to initial enquiries, and the length and difficulty of the application process were mentioned. There is a need to better understand the barriers to entry into the BSP, and the number of Indigenous businesses unable to access business support and finance due to these barriers. This would serve to create a better understanding of unmet need in the sector.

### 4.1. Measuring performance of the BSP

Schedules underpinning the BSP grant agreements set out specific KPIs expected to be achieved across the life of the program. These KPIs were primarily output measures, and two outcome measures including business survivability and level of customer satisfaction. KPI’s were not measured consistently across the program life.

Over the evaluation period, changes were made to the BSP KPIs by agreement between IBA and NIAA. Significant change occurred between the initial (interim) grant agreement in place for one year (2016–17), and the more comprehensive agreement covering 1 July 2017 to present. Minor adjustments to targets have occurred in subsequent years. These changes make time series analysis over the full evaluation scope not possible. An assessment of targets and achievement is provided for the period 1 July 2017 to 30 June 2021 for a core number of measures as shown in Table 4. Notwithstanding these variations, the majority of performance targets have been achieved.

The difficulty of comparing KPIs across all years reinforces the importance of maintaining consistency in the wording of performance indicators (for example, see the definition and targets for internal business support in Table 4). This should be considered for future BSP reporting, and in the design of performance monitoring frameworks for other programs.

As noted under section 3, \$6.8 million per year of annual business support payments is based on KPI results. As performance is assessed retrospectively, and with the potential repayment of funds considered a penalty, IBA places significant emphasis on achieving them.

Important context to this section is also how rigorous or representative the KPIs are in terms of capacity to reflect performance. The evaluation found that many of these indicators measured the number of customers supported but provided no sense of the extent of this support or the perceived value of the support to the customer’s business. To address this gap, the evaluation sought to understand individual experiences through the Indigenous business survey and the delivery partners survey, and subsequent follow-up discussions with respondents.

In addition, the recent ANAO audit found that a number of the BSP performance measures were not fully accurate or robust. This is concerning given the high reliance on these measures to indicate program success, but also presents an opportunity to address it in any future grant arrangements.

As stated by the ANAO:<sup>22</sup>

... IBA has established an appropriate performance framework that includes a strategy, procedures and ways of monitoring performance. IBA’s 2019–20 performance measures for business support and investment activities are not fully appropriate because they are relevant, mostly reliable but not fully adequate. IBA monitors performance on a quarterly and annual basis. However, performance trends and the reasons for them are not reported publicly.

It is also important to consider that the achievement of some KPIs can be influenced by factors outside the program’s control but are still useful for understanding program impacts and how to improve the program delivery.

---

<sup>22</sup> ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia’s Business Support and Investment Activities*, p. 53.

Table 4: BSP KPI targets and results for 2017-18 to 2020-21

KPI	2017-18		2018-19		2019-20		2020-21	
	Target	Result	Target	Result	Target	Result	Target	Result
1. Number and proportion of Indigenous people employed in the delivery of the project (KPI is mandatory under the IAS)	NA	30%	NA	33.4%	NA	34.33%	NA	35.19%
2. Number of individual businesses and organisations (customers) who received IBA capability development or other support (internal support)	900 <sup>23</sup>	1,420	900 <sup>24</sup>	953	450 (Across both)	250	450 (Across both)	308
3. Number of individual businesses and organisations (customers) who received IBA capability development or other support (external support)	200	339	200	289		244		157
4. Percentage of supported businesses and organisations in regional or remote Australia	30%	58%	30%	61.5%	30%	62%	30%	56%
5. Number of individual financed businesses and organisations in the reporting period	80	239	80	148	80	118	80	130
6. Percentage of individual financed businesses and organisations in regional or remote Australia	30	63%	30%	64%	30%	63%	30%	55%
7. Total capital provided to financed businesses and organisations in the reporting period	\$9.85m	\$41.53m <sup>25</sup>	\$9.85m	\$22.61m <sup>26</sup>	\$9.18m	\$12.89m <sup>27</sup>	\$9.18m	\$14.7m
8. Number of third parties with whom a collaborative partnership has been formed	8	11	8	16	6	5	6	7
9. Business survival rates of IBA loan recipients (1-4 employees)	69%	63%	69.3%	54%	63%	65%	63%	75%

<sup>23</sup> In 2017-18, there were two similar indicators that have been combined here: “Number of customers who receive initial assessment of their business ideas from IBA staff – target of 600” and “Number of customers who receive further support from IBA staff to develop their business idea – target 300”. The initial contract had slightly different wording with the target of 600 business customers being provided with non-tailored business support, and 300 customers provided with tailored support.

<sup>24</sup> The 2018-19 indicator for internal business support has the same anomalies as 2017-18 as noted in the footnote above.

<sup>25</sup> This figure is taken from IBA performance reporting. It does not match detailed BSP customer data provided by IBA. Target was still achieved.

<sup>26</sup> This figure is taken from IBA performance reporting. It does not match detailed BSP customer data provided by IBA. Target was still achieved.

<sup>27</sup> This figure is taken from IBA performance reporting. It does not match detailed BSP customer data provided by IBA. Target was still achieved.

KPI	2017-18		2018-19		2019-20		2020-21	
	Target	Result	Target	Result	Target	Result	Target	Result
10. Business survival rates of IBA loan recipients (5-19 employees)	77.8%	94.3%	77.6%	94%	78%	94%	77.6%	95%
11. Business survival rates of IBA loan recipients (20-199 employees)	82.2%	100%	82.2%	100%	82%	100%	82.2%	100%
12. Business survival rates of IBA loan recipients (200 employees)	83.7%	NA	85.6%	NA	87%	NA	86.6%	NA
13. Number of gender products developed. Strong Women Strong Business Facebook users	NA	NA	1200	1313	NA	1854	1600	2220
14. Number of gender products developed. Strong Women Strong Business Platform registered users	NA	NA	150	176	NA	494	150	607
15. Quality of Support (customer satisfaction)	80%	92%	80%	85%	80%	91%	80%	78%
16. Participation in services by customers defined as Early Stage customers or pre-bank customers	80%	NA	80%	83%	80%	92%	80%	91%
<b>KEY</b>								
● = Target met								
● = Target not met								

Source: Sustineo analysis of IBA performance reporting

For each of the key program design elements (refer section 3) the rest of this section analyses in more detail the performance against the targets.

#### ***4.1.1. Customer eligibility for business support and finance***

There is currently no KPI for understanding the level of program demand (i.e. as an expression of interest for business support assistance, or the number of applicants who have applied for finance and not received it), compared to the number of customers who have received business support services and/or finance products. This would be a useful measure to track in terms of understanding the level of program demand and potential barriers to successfully gaining access. In the case of low success rates, it could also signal a need to examine the communication of selection criteria and whether there were innovative or alternate models of support available to meet this need.

The importance of understanding program demand is illustrated in the case of the COVID-19 IBRP where capturing demand information enabled IBA to recommend modifications to the program after the first four months of operation (refer section 3.2.6). In the first year of the IBRP, tracking the initial EOI against customers that had a business impact assessment showed that over 50% of EOIs did not progress to assessment. Of those who were assessed, some 14% received external business support, and 44% of assessed businesses were approved for a loan/grant package.

The unintended consequence of not capturing this information for the BSP is that notwithstanding the BSP satisfying the policy intent and meeting KPIs, there could be a large cohort of Indigenous businesses still unable to access necessary business support and finance. Understanding the gap is the first step to identifying the nature of support being requested. Clearer communication on the nature and type of support available under the BSP, including with any eligibility requirements, would assist customer expectations and broader coordination across the business support ecosystem.

#### ***4.1.2. Business support***

The core KPIs for business support are the number of customers who are provided internal or external support. The level of remoteness of customers is included in an overarching KPI (covering business support and access to finance), as is overall level of customer satisfaction (80% target).

As outlined in Table 4, the performance targets for internal business support have varied over the life of the BSP, and from 2018-19 onwards were merged into the one target measure for customers receiving business support (both internal and external support). The risk by merging the KPI target for business support is that one business may be provided with both internal support as well as external support and it is therefore only one business being supported, not two separate businesses. This nuance can be lost by the aggregated target. Notwithstanding the anomalies in reporting, the overall instances of internal and external support have met the key benchmarks.

In addition to specific performance measures, the BSP grant agreement expected that customers were to be supported across the business lifecycle, but with an emphasis on providing support to early stage businesses. This emphasis is evident in the proportion of all customers receiving internal and external business support since 2017-18. As shown



in Figure 5, the proportion of internal business support customers categorised as early stage increased from 57% in 2016–17 to more than 70% of customers for the last four years.

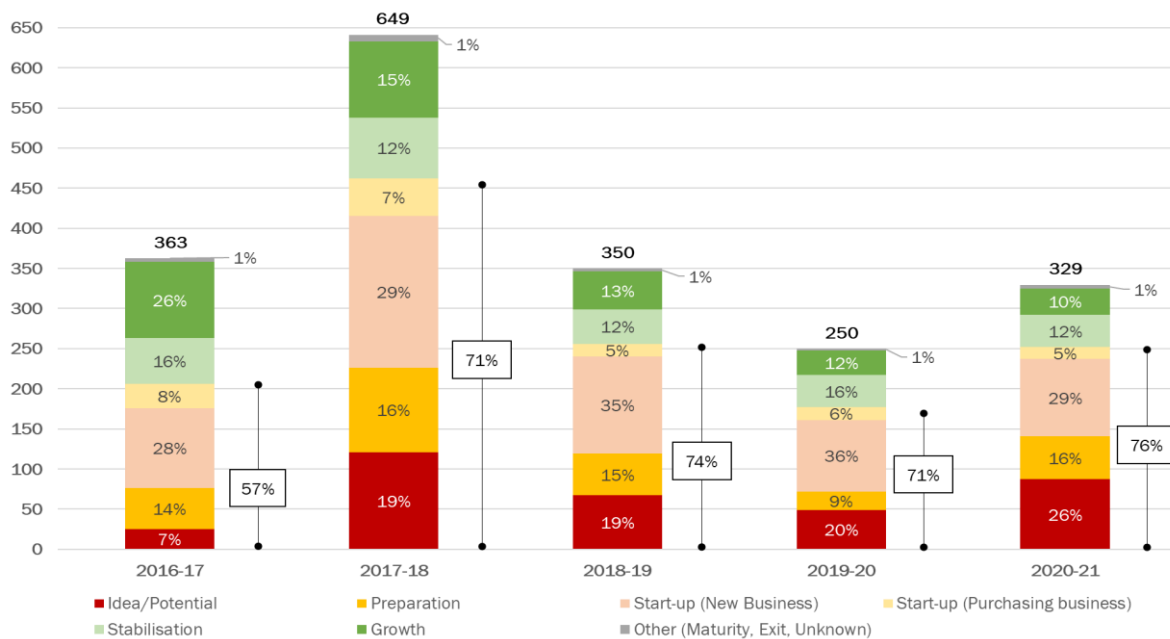


Figure 5: No of customers and percentage of internal business support customers by lifecycle 2016-17 to 2020-21

Since 2016-17 the proportion of early stage customers receiving external business support has increased from 28% to greater than 40% (see Figure 6). This highlights that the provision of specialised external business support is relevant across the entire business lifecycle.

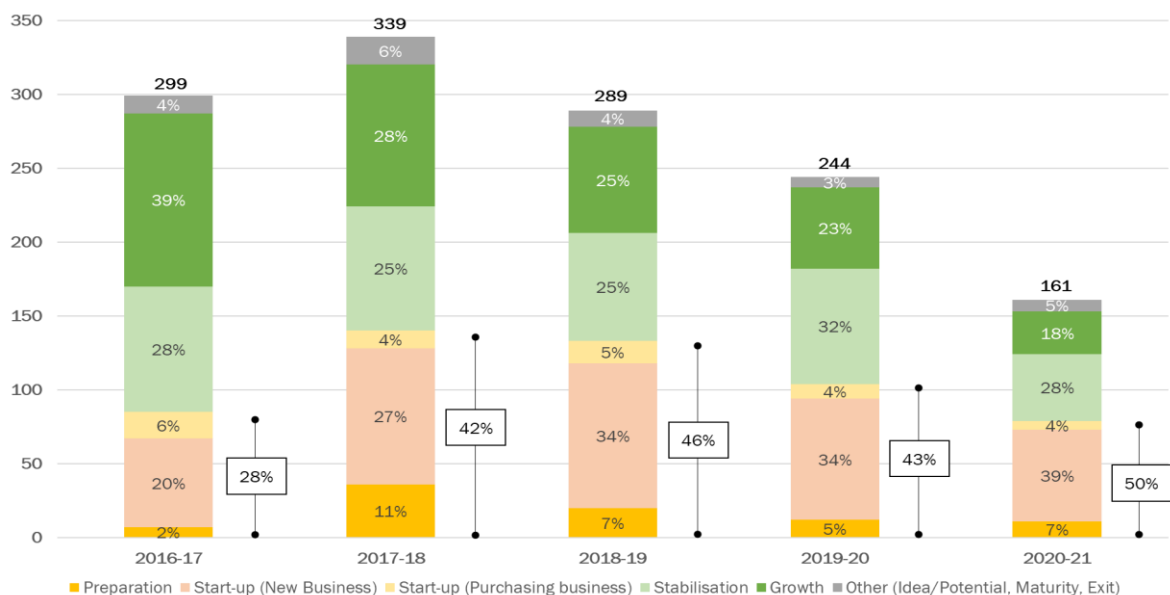


Figure 6: No of customers and percentage of external business support customers by lifecycle 2016-17 to 2020-21

### 4.1.3. Access to finance

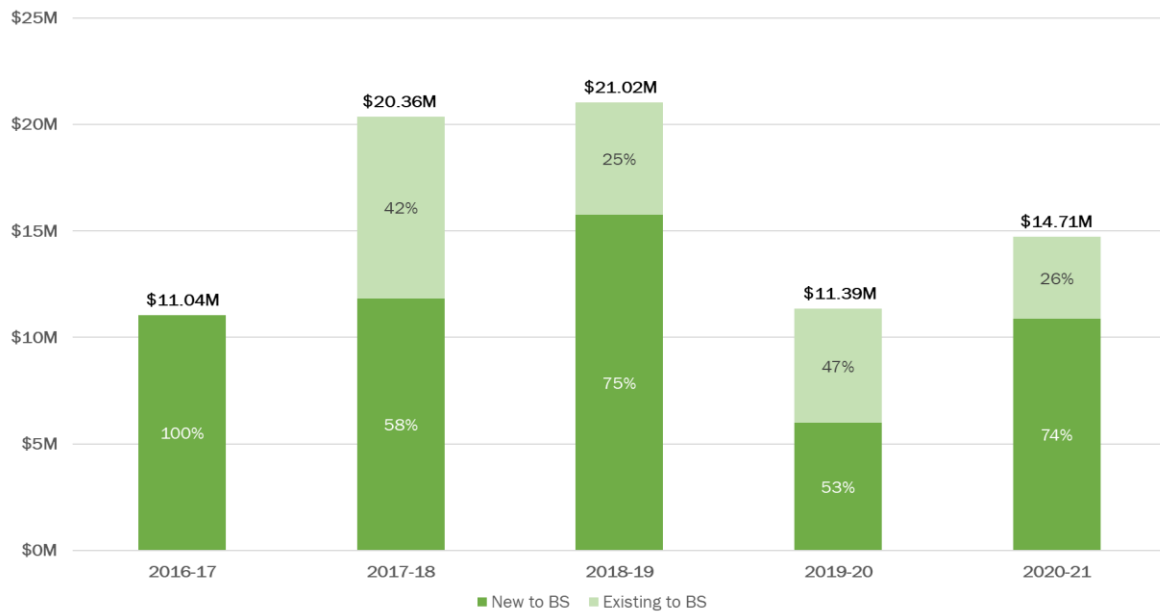
The KPIs related to accessing financial support include:

- Total finance and number of loans provisioned
- Survival rates of businesses.

In addition, the policy intent of the BSP expected that early stage and pre-bank customers and those perceived to be higher risk would be able to gain access to financial support.

### Number and type of loans

The annual target for newly committed loan and grant funds has been exceeded annually, with over 50% going to new BSP customers (Figure 7).



*Figure 7: Overall funds committed and percentage of committed loan and grant funds by customers new or existing to BSP 2016–17 to 2020–21*

In every year since 2017–18 (when the performance measure was introduced), the target of 80 new loans has been exceeded (Figure 8). The majority of loans have gone to new BSP customers, particularly in the latter years of the program<sup>28</sup>.

<sup>28</sup> The reporting of loans by new customers and existing customers was a requirement in 2016–17, with 50 loans to go to new customers and 25 existing customers to receive an additional loan. These targets were removed from 2017–18 onwards.

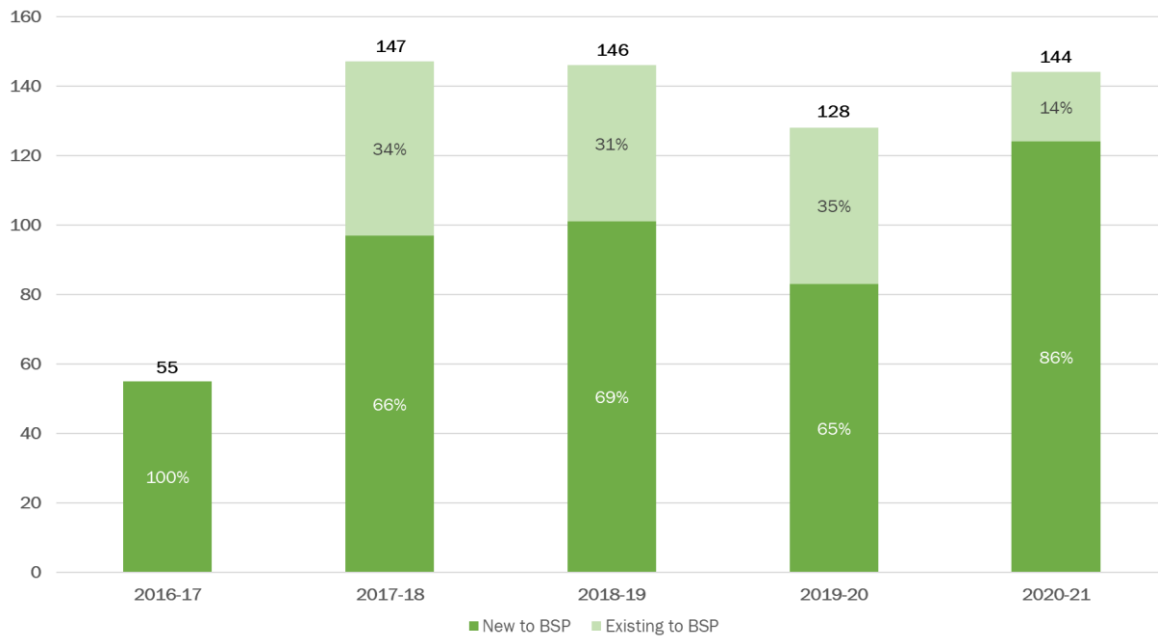


Figure 8: No of customer and percentage of new BSP loan products granted to new or existing loan customers 2016–17 to 2020–21

IBA measures and reports on the total value of business finance products approached within the financial year against an annual target (as outlined in IBA’s corporate plan and its PBS). In 2020–21, IBA’s annual corporate plan target for finance was \$45 million<sup>29</sup>. By comparison, the \$10 million new capital provided under the BSP each year is a relatively small proportion of the total level of approved business finance by IBA within the year. While the recycled BSP funds are not included in annual BSP targets, they are included in both BSP and overall finance results. As noted under section 3.2.2, this has meant that the BSP is continuing to provide capital funding over and above the target but the extent of available funds is not visible in quarterly performance reports or broader IBA reporting.

As noted in Figure 1, IBA provides a variety of business finance products. The predominate finance products delivered under the BSP are the start-up loan package, and standard business loans (see Figure 9). The BSP start-up package is up to \$100,000, with a grant component of up to \$30,000 (30%). The grant component can only be used for purchasing capital items (such as cars, machinery, or other tangible assets) where IBA then holds security of the item(s) purchased for the duration of the overall loan, with the balance of the start-up package being considered as working capital. Should a customer require more than the \$100,000 available under this package, an additional business loan is then entered into for the balance of required funds. As expected, the start-up loan package is predominately taken up by new customers, with business loans being committed for both new and existing customers.

<sup>29</sup> Indigenous Business Australia, *Annual Report 2020-21: Recovery, Rebound, Impact*, (September 2021), Measure 8: Value of business finance approved, p. 29.

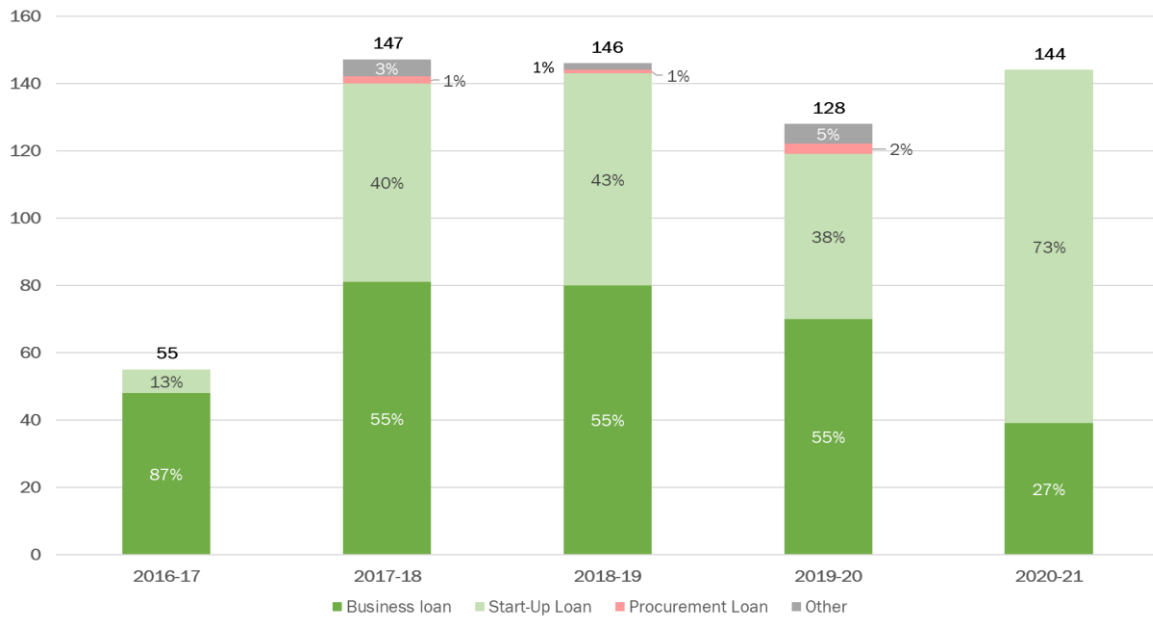


Figure 9: No of customers and percentage of loan customers by type of loan 2016–17 to 2020–21

### Risk

While there are no specific BSP KPIs related to risk ratings attached to loan customers or grants funded, consideration of the risk rating of loan customers is appropriate to assess given the policy intent to support higher-risk businesses.

The risk profile of BSP loan customers shows IBA’s capacity to provide finance to perceived higher-risk businesses (that is, businesses assessed by IBA as being high, very high, or extreme risk against its risk matrix), with more than three-quarters of loans committed each year provided to this cohort (Figure 10).

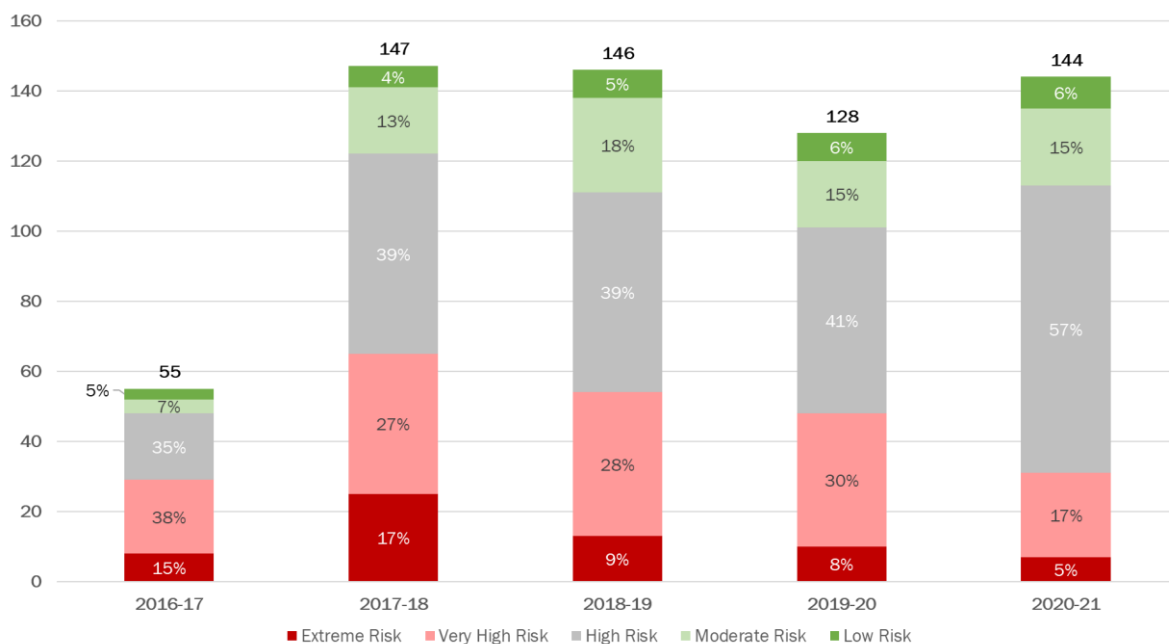


Figure 10: No of customers and percentage of loan customers by risk rating 2016–17 to 2020–21

When the customer risk categorisation is considered across new or existing customers (Figure 11), the higher-risk cohort is evident in both groups, with the existing customer group containing a greater proportion of higher-risk loans.

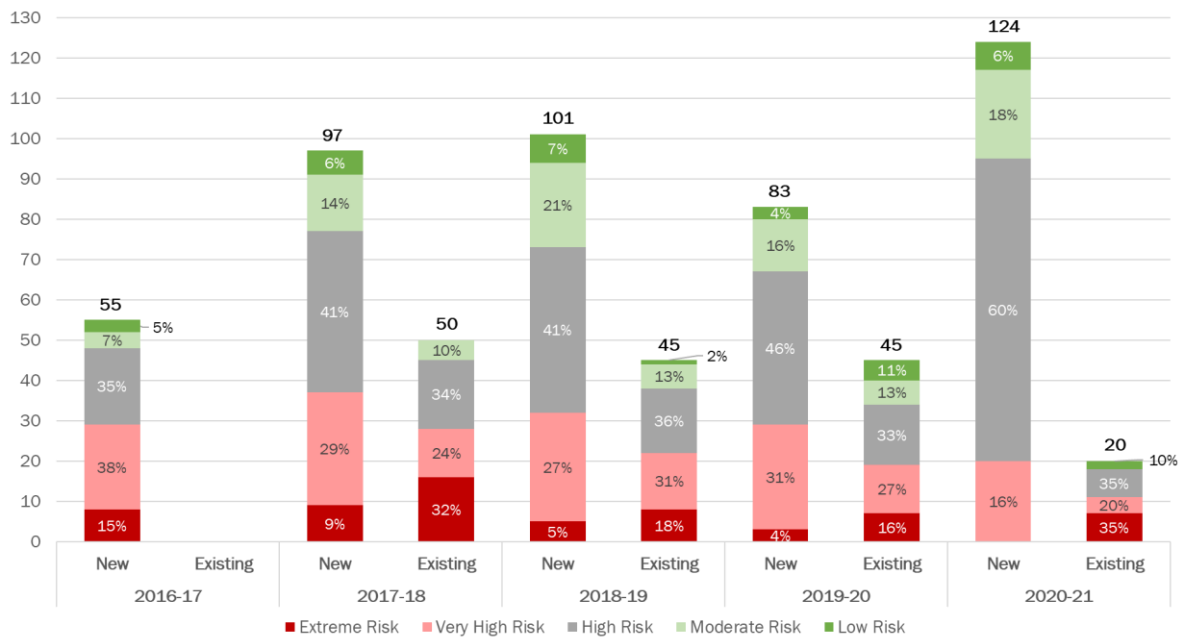


Figure 11: New or existing customers by percentage of loan customers by risk rating 2016–17 to 2020–21

The higher-risk loans tend to be for smaller amounts. In terms of funds committed compared to customer numbers, lower-risk loans secured a larger proportion of the financial allocation (Figure 12 and Figure 13).

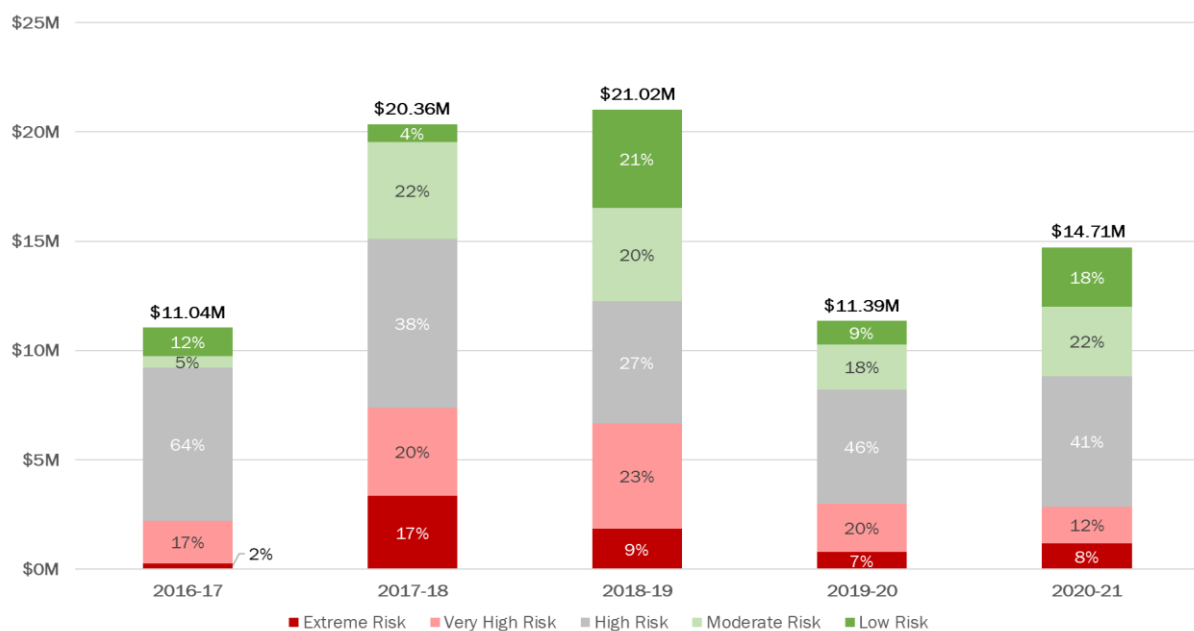


Figure 12: Value and percentage of committed loan and grant funds by risk rating 2016–17 to 2020–21

When considering the average amount of funds committed by risk rating, those customers assessed as lower-risk—including both moderate and low risk categories—tended to receive a higher average amount of funds (including grant and loan) compared to those assessed in higher-risk categories. These customers may meet other eligibility attributes such as being early stage or pre-bank, though this is not necessary to be eligible under the BSP. Consistent with IBA policy, lower-risk loans can be of higher value.

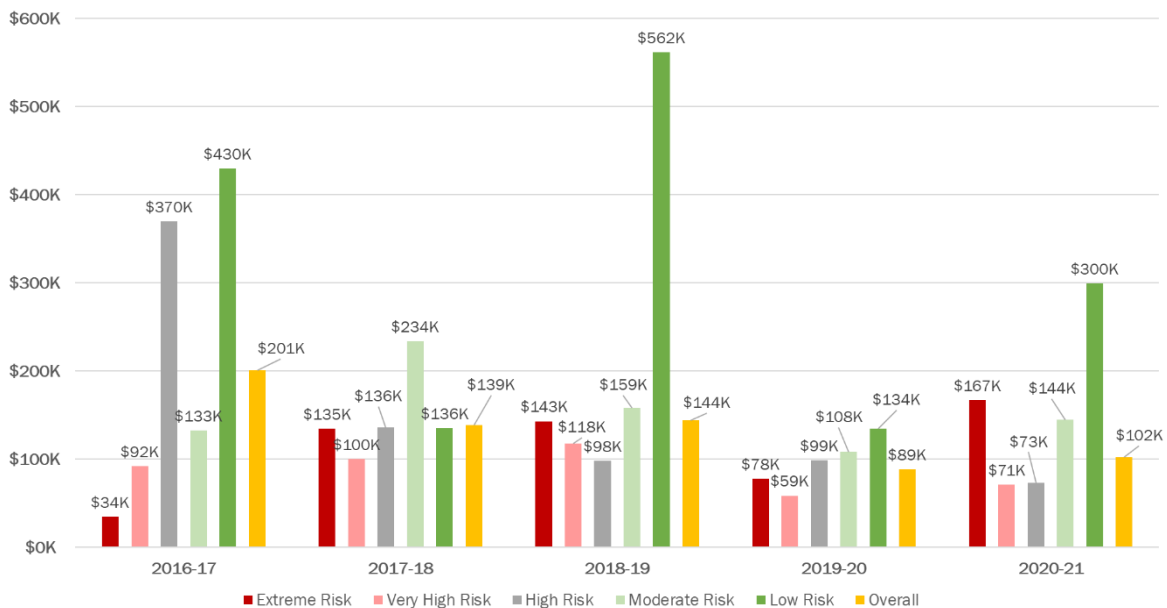


Figure 13: Average funds committed (loan and grant) by customer risk rating 2016–17 to 2020–21

Analysis was undertaken to determine whether or not the KPI of 80% of customers who received IBA business support and/or capital were defined as early stage or pre-bank customers.<sup>30</sup>

Over the period 2017–18 to 2020–21, the number of loan customers defined as higher-risk (pre-bank and bankable) and lower-risk pre-bank exceeded 90% of all customers thereby exceeding the 80% benchmark. In the same period, the value of loans for this cohort made up between 69% and 93% of the total value of all loans.<sup>31</sup>

<sup>30</sup> When considering the policy intent of supporting early stage and pre-bank customers, as well as those who are assessed as higher-risk, analysis combined both the risk and loan type categories.

<sup>31</sup> In most financial years for which there is data, higher-risk pre-bank loans were lower in total value compared to higher-risk bankable loans (Figure 14). While higher-risk pre-bank loans accounted for around half of all loans in each financial year (Figure 15 and Figure 16), the value of these loans only accounted for 37% or less of total loan commitment in each financial year (Figure 14). The value of higher-risk loans for both pre-bank and bankable customers combined accounted for over half of the loan commitments in each financial year (Figure 14 and Figure 16), and 75% to 82% of the total number of loans for each financial year (Figure 15 and Figure 16).

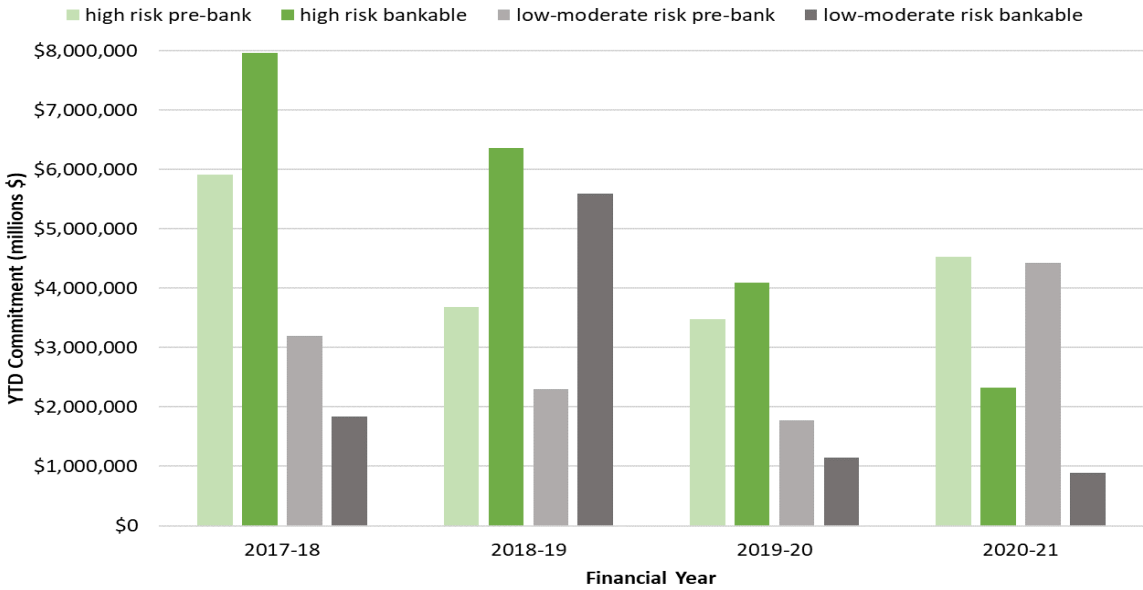


Figure 14: Value of loans in each financial year for pre-bank and bankable customers with high and low risk ratings

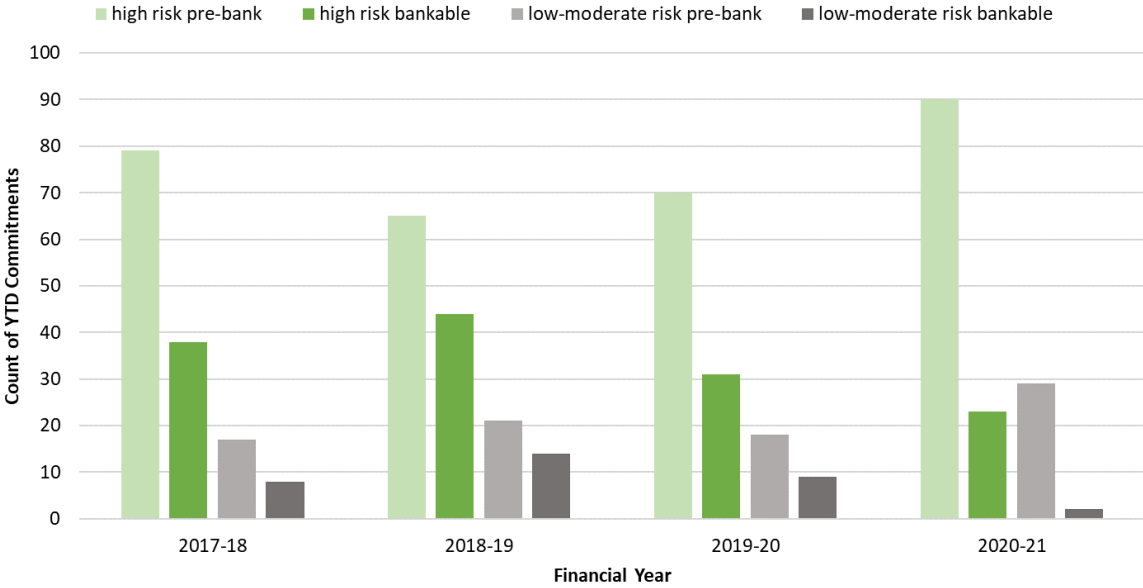


Figure 15: Total number of loans in each financial year for pre-bank and bankable customers with high and low risk ratings

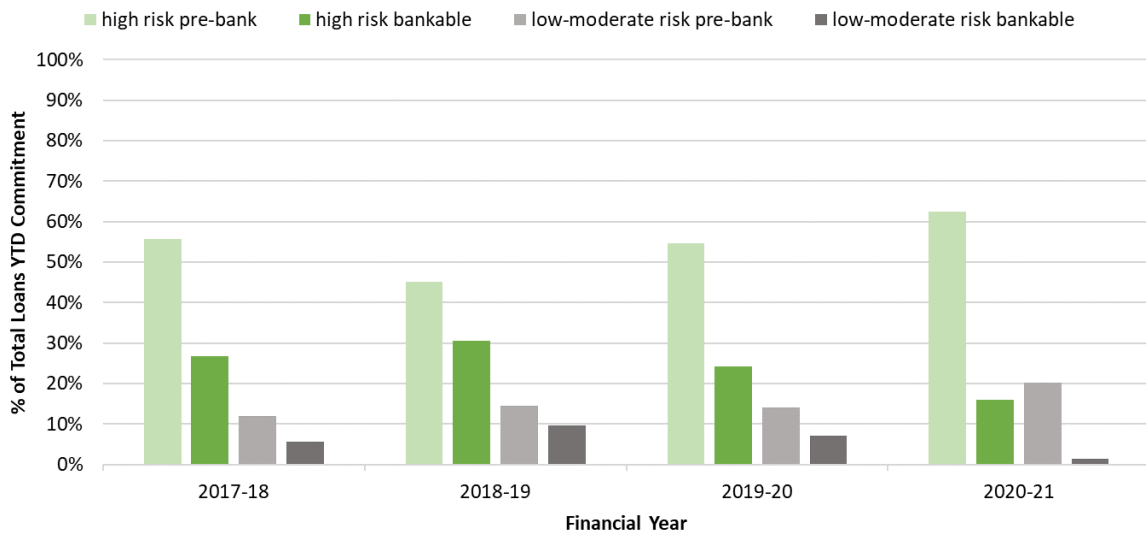


Figure 16: Pre-bank and bankable customers with high and low risk ratings as a percentage of total loan count for each financial year

Excluding risk ratings, where data is available for those loans funded under the BSP, pre-bank customers made up between 60% and 82% of all loans by financial year (Figure 17).

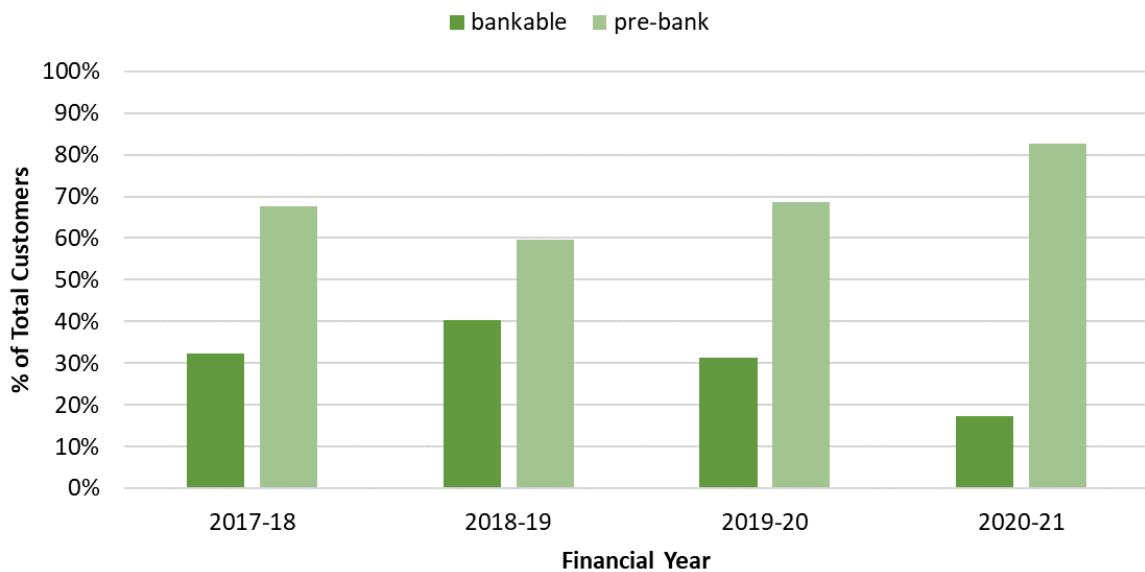


Figure 17: Pre-bank and bankable customers as a percentage of total loan customers for each financial year

### Survivability

In the years prior to the grant arrangement and in 2016–17, there was a requirement to report on the business survival rates of IBA loan recipients in each of their first three years



of operation. In the development of the 2017 agreement, the KPIs were changed to meet or exceed the ABS approach to business survival for businesses of a comparable size.<sup>32</sup>

In terms of business survivability, the KPI examines business survivability over a four-year time horizon up to the given reporting period<sup>33</sup>. Based on this ABS benchmark target, broken down by business size, the reported business survivability was in general higher than the industry average based on ABS figures (Figure 18). The business size ‘0–4 employees’ showed the worst trends in survivability rates, with very mixed results over the life of the program. By 2020–21, rates of survivability of IBA loan recipients were greater than comparable businesses across all business sizes.

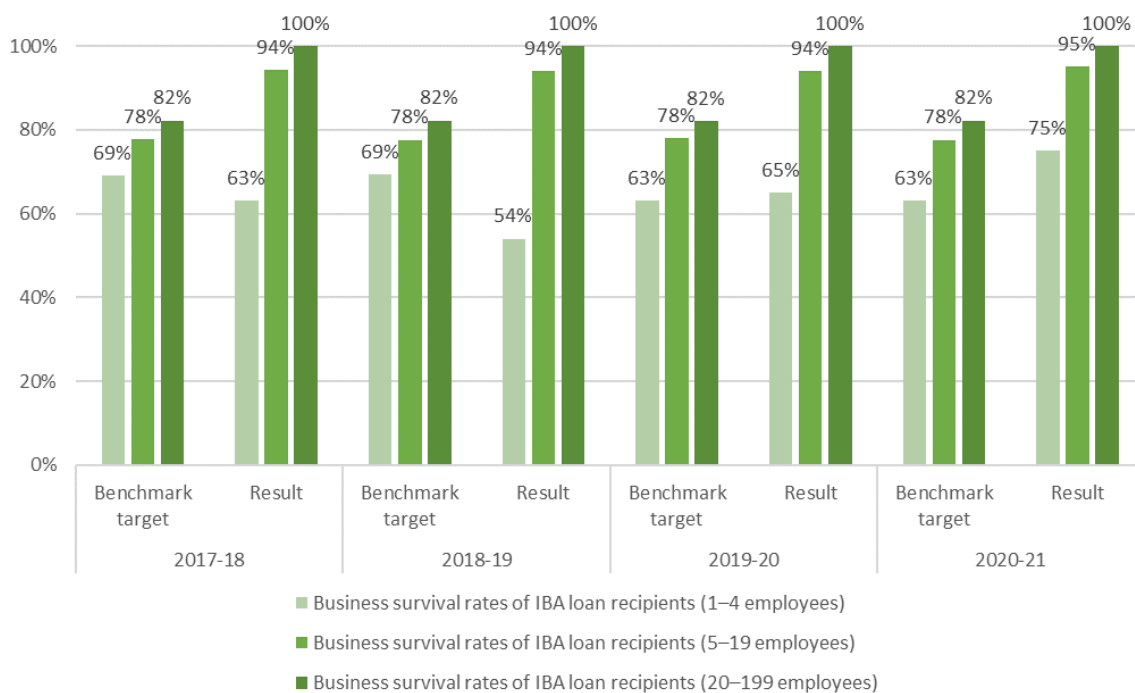


Figure 18: Business survivability results 2017–18 to 2020–21

Figure 18 shows businesses at entry and exit within a four-year period (i.e. 1 July 2017 to 30 June 2021). The data is sorted with an entry number by each cohort and then an exit number by each cohort and divided to provide the proportion against the ABS Australian average. Results shows that for businesses with five or more employees, IBA loan customers survive at a rate greater than all businesses. The change in measurement basis of the KPI (from time from commencement to being comparable to businesses of a similar size), the level of success in supporting businesses with finance at the early stage of their business journey became less visible. This is of particular importance, as

<sup>32</sup> See for example Indigenous Business Australia, *Annual Report 2015–2016*, p. 13; Indigenous Business Australia, *Annual Report 2016–2017*, pp. 1517; and Indigenous Business Australia, *Annual Report 2017–2018*, p. 15.

<sup>33</sup> Results are compared with data showing “survival rate by employment size” as published by the ABS in the most recent available version of: Cat no. 81650.01 Counts of Australian Businesses, including entry and exits. The data collected and reported by IBA currently assumes that all businesses have at least one employee, while the ABS data includes a category for non-employing firms. Due to the delay in ABS releasing their survival rate estimates, IBA results for a financial year have to be compared to results for the previous financial year.

while there are differences in survival rates across different sectors, business articles note that some 20% of businesses fail in their first year and up to 60% of start-up businesses will not survive beyond five years.<sup>34</sup> There would be value in re-examining the active tracking of customer survivability in relation to years of operation rather than just focusing on the size of the organisation, particularly for micro businesses with one to four employees.

#### 4.1.4. Assistance to remote and regional Australia

In terms of the BSP KPIs, at least 30% of external and internal business support customers are expected to be based in regional and remote Australia.<sup>35</sup> There is no KPI for remoteness of loan customers.

The KPI has been consistently achieved across the program lifecycle, with more than 50% of supported customers each year coming from regional or remote regions as shown in Figure 19 for internal business support.

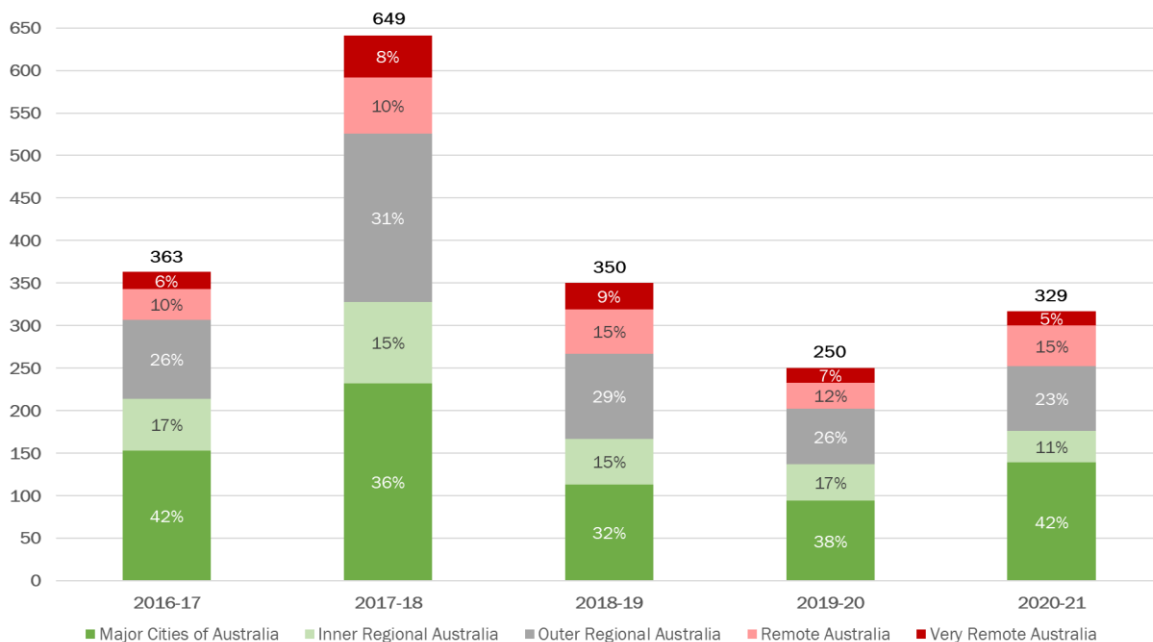


Figure 19: Number and percentage of internal business support customers by remoteness 2016–17 to 2020–21

The proportion of external business support provided to customers from regional and remote businesses was broadly consistent throughout the period, ranging from a low of 52% in 2016–2017 to a high of 61% in 2019–2020. In this period, the proportion of

<sup>34</sup> See for example <https://fundsquire.com.au/business-startup-statistics-australia/>, <https://www.smh.com.au/politics/federal/half-of-australia-s-new-businesses-failed-to-survive-to-2021-20210824-p58leo.html> and <https://www.boq.com.au/business/small-business/business-knowledge-hub/opening-a-small-business/the-top-ten-reasons-small-businesses-fail>

<sup>35</sup> This was a change from the interim arrangement in 2016-17 that required an increase in the number of customers receiving business support and/ or loan services in regional and remote Australia of at least 25 per cent when compared to numbers in the previous year.

support provided to remote areas did not shift notably, with slightly larger fluctuations in the proportion of business support provided to regional businesses (Figure 20),

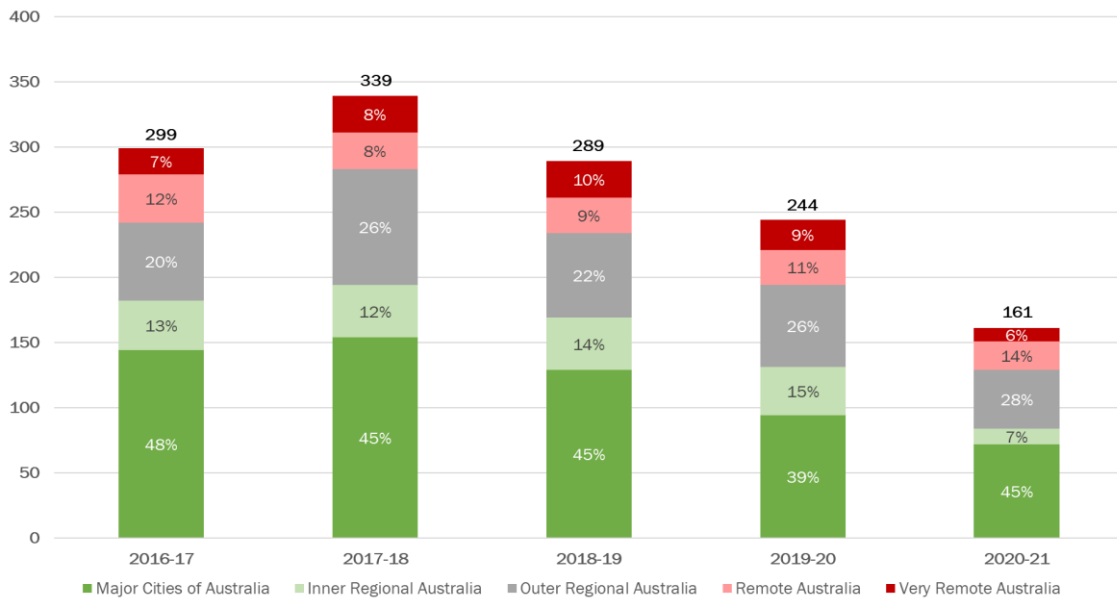


Figure 20: Number and percentage of external business support customers by remoteness 2016–17 to 2020–21

In terms of BSP loan customers, the proportion from regional and remote areas increased from 58% in 2016–17 to 63% in 2019–20 before dropping to a low for the period of 56% in 2020–21. Within this, the proportion of loan customers from remote areas increased from 15% in 2016–17 to a high of 26% in 2017–18 before a decline to a low point of 9% in 2020–21 (Figure 21).

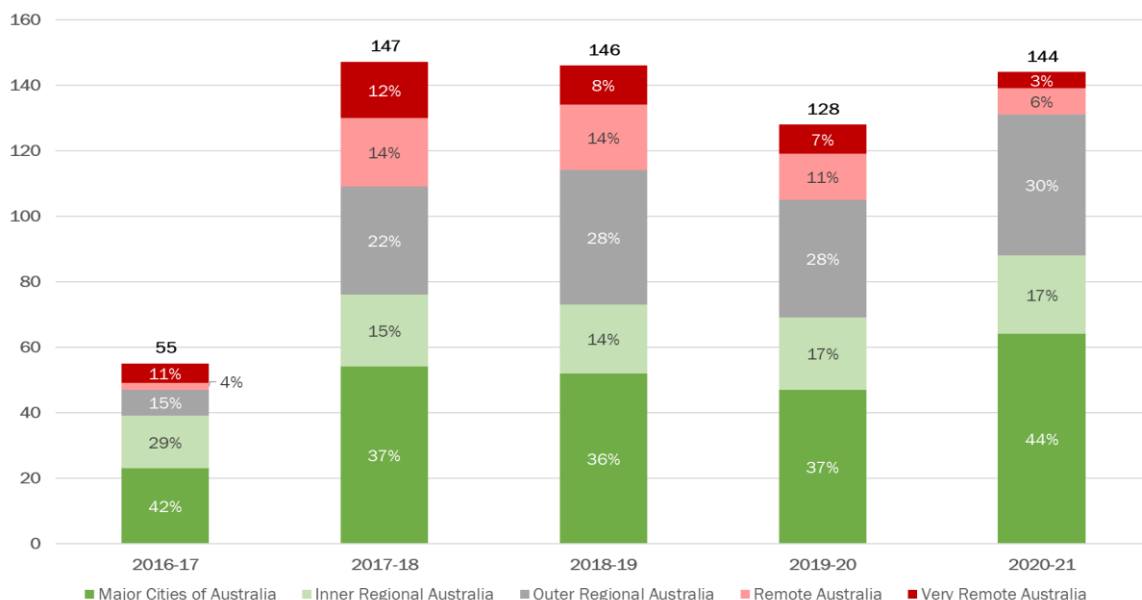


Figure 21: Number and percentage of loan customers by remoteness 2016–17 to 2020–21

In terms of the proportion of funds disbursed to loan customers in remote and regional areas, this increased from 46% in 2016–17 to 67% in 2020–21, noting some variability in the proportion in the years in between (Figure 22). In relation to remote the proportion

was much lower peaking at 34% in 2017-18 and declining to 13% in 2020-21. While no specific reason for this change is available, the COVID-19 impact on overall confidence and economic conditions in remote Australia should not be discounted.

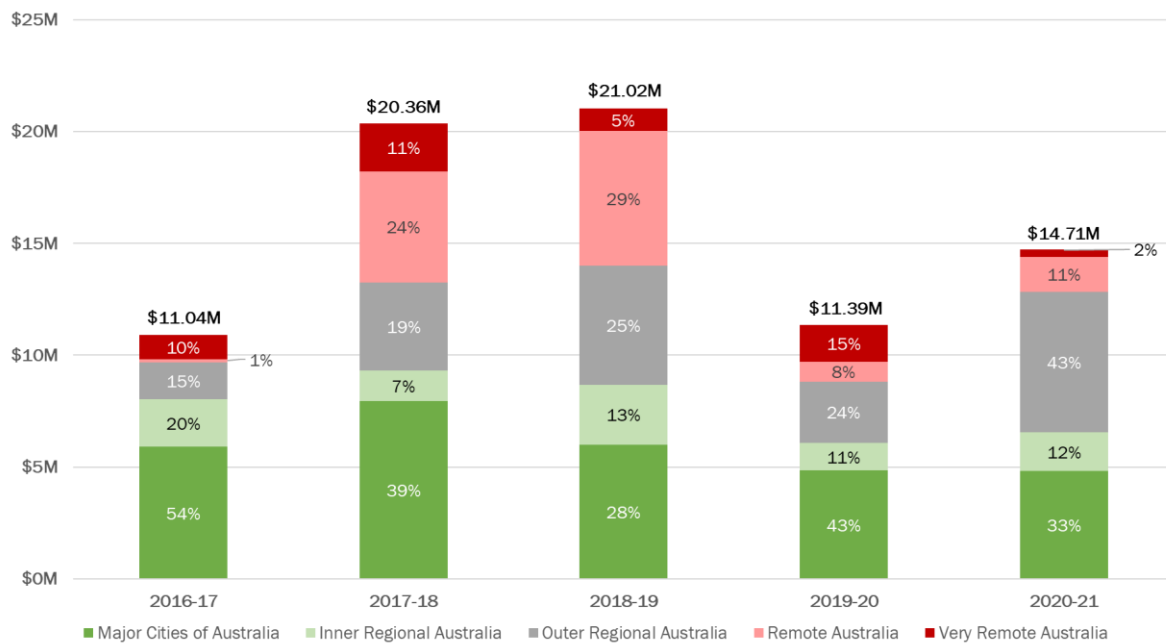


Figure 22: Overall value and percentage of funds committed by loan customer remoteness 2016–17 to 2020–21

The results show that the level of business support going to businesses in regional and remote Australia is greater than the BSP KPIs, and across the time period, businesses in regional and remote Australia make-up more than 50% of all customers. Noting the reported high level of demand from businesses in these locations, it is unclear whether the full level of demand has been met, or whether there continues to be businesses in these localities who were not able to access relevant support from the program.

#### 4.1.5. Level of customer satisfaction

In relation to the benchmark of 80% customer satisfaction, this has been met over the life of the BSP for all years except 2020–21 where the KPI target was not achieved (Table 4). In 2020–21, customer satisfaction was reported as 78%.<sup>36</sup>

The measure of customer satisfaction is based on those businesses who have been able to become IBA customers. Further, the basis of its measurement has varied over the life of the program. For example, in 2019–20 the reported result uses ‘the Overall Satisfaction result from the External Support module’<sup>37</sup>. IBA’s 2019–20 Annual Report explained that it was continually improving data collection process for customer satisfaction and planned to survey all program customers in 2020–21. The IBA 2020–21 Annual Report noted that the rating of 78% was based on ‘the overall satisfaction of

<sup>36</sup> While the result of 78% is less than the target of 80%, the grant agreement considers a missed KPI is where the result has failed to achieve the result by more than 10% of the relevant KPI.

<sup>37</sup> Indigenous Business Australia, *Annual Report 2019-20: 1990-2020 Celebrating 30 years of Indigenous Success*, (September 2021), p. 37.

customers who went through the end-to-end business finance application process'.<sup>38</sup> By not tracking the demand for the program and only measuring customer satisfaction of those businesses who have been able to get access to support is a significant shortcoming of the program.

The evaluation's online Indigenous business survey also sought to capture the level of customer satisfaction of those respondents who received support from IBA. Of the Indigenous business survey respondents who were IBA business customers (n=22), 79% were 'Satisfied' or 'Extremely Satisfied' with the business engagement experience with IBA, based on their current business journey—a similar level of satisfaction to IBA's reporting. When prompted to provide more detail on why they were satisfied, the most common reasons given were due to the service being tailored to the business; that services were high quality; and that the products were targeted to the needs of the business. The detailed breakdown of responses is shown below in Table 5.

*Table 5: Responses to the question 'Can you please provide further detail on why you were satisfied with the business engagement experience with IBA?'*

Responses	Count	Percentage (n=21)*
Advice was tailored to the business	15	71%
The provider's services were high-quality	10	48%
Products were targeted to needs of the business	9	43%
The provider's services were timely	7	33%
Good delivery options in remote / regional settings	3	14%
The services were delivered in a culturally safe setting	2	10%
Other (please specify)	2	10%
Total	48	

*\*Note: 21 respondents answered this question. Respondents were able to select multiple answers to this question.*

Three respondents also reflected:

I did go to all the IBA training, to lots of it, actually, I attended lots and I found that really good and the contractors they got in were good.

We went through IBA specifically for not just the financial help to purchase the business, but knowing that there should be some element of support moving forward, as you go along in the business.

IBA helped me out with financial advice – so somebody sat down with me to help me out with my GST, my BAS, and setting up all those sort of things. And they also helped me with a webpage.

---

<sup>38</sup> Indigenous Business Australia, *Annual Report 2020-21: Recovery, Rebound, Impact*, (September 2021), p. 33.

In the case of customer dissatisfaction, the two survey respondents who felt this way indicated this was due to the service not being tailored to their needs, poor quality of service, and difficulty navigating through the process.

In order to try and capture broader views on accessing support from IBA, the Indigenous business survey asked all survey respondents about their perceived views on barriers or challenges accessing business products or services from IBA. Of the 68 business survey respondents who answered the question 'Have you experienced any barriers or challenges accessing business products or services from IBA?', 51% (n=35) answered 'yes'. When asked to describe these barriers or challenges, there were two main recurring themes: a lack of follow-up, responsiveness, or availability of IBA staff to assist; and difficult/complex application processes, with repeat requests for information, resulting in delays. This is explored further under section 6.1.3.

#### ***4.1.6. Assistance to women and youth***

In terms of performance measures for support to women and youth, the BSP quarterly reporting focuses on more qualitative reporting than meeting targets.

Over the years since support to Indigenous women was a focus of the BSP, a number of key initiatives and partnerships have been introduced. In May 2018 a Women in Business National Conference was held. Soon after the conference, the Strong Women Strong Business digital platform (Facebook group) was launched.

The Strong Women Strong business initiative was introduced as a variation to the 2017 BSP grant agreement. Targets exist for steadily growing the membership of this closed Facebook group. As of 30 June 2021, the membership consisted of 2,220 women. Members of the group are from across Australia, with a reported even distribution of women located in major cities, and regional and remote areas. The group content is predominantly driven by members of the group, with a mixture of posts sharing resources, seeking advice, promoting businesses, and health and wellbeing.

In addition to the Facebook group, by 2020–21 there was a Strong Women Strong Business Instagram Group, an e-Newsletter, and a Mentor/Mentee Platform.

In 2018–19, IBA entered into a partnership with Murawin Pty Ltd to provide business support and capability development to up to 150 Indigenous women through workshops. Originally known as the Morning Sky Project, this is now known as *Tiddas in Business Workshops*. These workshops continue to be offered free of charge to Indigenous women through grant funding between Murawin and the Department of Prime Minister and Cabinet's Office for Women.

In relation to support for youth, no demographic data is available in examined performance reports or customer datasets to show the level of support being provided to this cohort.

However, the performance reports do report on IBA's 'Futures Forum', a BSP youth initiative. Similar to the support for women, achievements of this initiative are outlined in the body of the quarterly performance report. This initiative, introduced in 2020, sought

to support and grow 40 young entrepreneurs and aspiring business leaders over a one-year program. Since then, a new cohort of youth is being supported each year.

Should support to specific demographic groups such as women and youth continue to be a policy emphasis, there would be value in the capturing this categorisation early in the customer engagement and recorded in the new IBA CRM. In this way, core attributes are allocated against a customer's profile and, subject to addressing privacy concerns, the building blocks are then available for impact and outcome analysis on the provided support.

#### ***4.1.7. Networking and collaboration***

The KPIs for collaborative partnerships<sup>39</sup> for the four years across 2017–18 to 2020–21 (Table 4) were exceeded in three years and not achieved in one (2019–20). In 2019–20 the target was for six new partnerships to have been formed. IBA performance reporting noted that five new partnerships were approved that financial year, and five partnerships were maintained from the previous financial year.

Partnerships can range from the provision of workshops as noted above for Tiddas in Business, to the provision of business support and capability development services to approximately 20 Indigenous businesses in the Western Kimberley Region based on individual business development needs. Other examples include a photoshoot from Tourism Australia for 24 businesses around Australia, or support to the Melbourne School of Business for the Murra Indigenous Business Masterclass program. In addition to specific subcontractors, partnerships may be entered into by IBA to support the delivery of external business support services. These listed partnerships demonstrate the diversity in, and variety of, support IBA has been co-developing for Indigenous businesses across the country.

By incorporating concepts of networking and collaboration not only as services provided to IBA customers under the BSP, but as a tool to help deliver the BSP, the actions of IBA practically help develop a thriving Indigenous business sector. This also links to IBA's strength-based approach for service delivery discussed under section 7.

However, a key gap for networking and collaboration is how the different initiatives being offered by IBA complement and support other networking and registration schemes managed and coordinated by other Indigenous business support entities such as Supply Nation, the state-based Indigenous business chambers of commerce, and the NIAA-funded Indigenous Business Hubs. There is an opportunity for greater coordination in this respect.

---

<sup>39</sup> IBA's KPIs include annual targets of third parties with whom a collaborative partnership has been formed. IBA also includes an appendix to its quarterly performance reports on the entities with whom a partnership is formed, the contract value, and the outcomes achieved or to be achieved from the partnership. Partnerships are also classified on whether they provide a wrap-around services to customers that fall within the remit of IBA and bolster services where IBA does not have internal capacity.

## **4.2. Recommendation for future program delivery**

### **Recommendation 1**

The future design and delivery of the BSP should be strengthened by:

- improved collection and reporting on key delivery metrics, including the level of initial enquiries versus uptake, the relevant timeframes for provision of support or access to finance, and the industry sectors accessing assistance
- seeking to better understand the barriers to entry into the BSP from those who make initial inquiries, yet do not become a customer
- consistently working with mature business finance customers to develop an exit strategy that will enable the customer to seek finance from commercial service providers
- improving reporting mechanisms so that all key contractual elements are reported upon, including those not covered by specific KPIs
- where possible, maintaining consistency in the wording of KPIs from year to year to enable longitudinal tracking of performance.



## 5. IBA’s governance, policies, and procedures

This section focuses on answering the overarching evaluation question:

- Are IBA’s governance and administration policies, systems and processes efficient and effective in delivering the BSP?

As outlined under section 2, the evaluation methodology had specific regard to the ANAO performance audit of IBA’s business support and investment activities to minimise overlap and duplication.<sup>40</sup> Accordingly, this section has regard to the audit findings as appropriate.

### Findings summary – IBA’s governance, policies, and procedures

- The 2021 ANAO report identified that the IBA had broadly established “appropriate policies and procedures to administer its business support activities but arrangements have not been effectively implemented”. IBA has undertaken specific activities to address these findings, including their own evaluation on the changes and improvements that have been introduced.
- It was evident from examined internal documents that considerable effort went into developing updated policies and procedures in relation to the delivery of business support services and associated commercial finance products. IBA’s recent internal quality assurance reviews have highlighted an increase in compliance with document accuracy, completion, and storage.
- The policy parameters previously restricting the level of support to BSP target cohorts of early stage and high risk customers are no longer specified. The change in these policy parameters means there is no longer a policy-driven need for the grant arrangement.
- The availability and provision of usable customer data to the evaluation team across the various service offerings (internal business support, external business support and financial products) for analysis was poor. This in part was due to significant systems issues associated with IBA’s business CRM.
- Identified shortcomings of the business-related data were included in IBA’s Digital Transformation demand pipeline. Planned improvements included enhancing the current CRM capability to align with current and future business requirements, and to accurately capture all components of a customer journey. The improvements to IBA’s business CRM were expected to be implemented by 30 September 2022.
- Areas where policies, systems, and processes could be improved include simplifying the application process for finance, improving transparency regarding eligibility requirements, being timelier in responding to enquiries and collecting data related to program entry and demand.

### 5.1. Overarching governance for IBA

IBA is a statutory authority of the Australian Government and is accountable to the Parliament and the Minister for Indigenous Affairs. IBA’s purpose is set out in the ATSI Act. The ATSI Act gives IBA a range of powers to engage in commercial activities that help serve its purpose, including providing business loans and other financial products. The IBA Board is the accountable authority under the PGPA Act and is responsible for:

---

<sup>40</sup> ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia’s Business Support and Investment Activities*.

promoting proper use and management of public resources, achievement of purpose and financial sustainability for the entity.

IBA’s governance framework is explained in further detail at Appendix A.

ANAO’s recent audit found:

The purpose of IBA’s business support activities are clearly defined in the IAS agreement for business support activities and aligns with IBA’s purpose as set out in the Act and other key documents, including the PBS, the Australian Government Statement of Expectations for IBA and IBA’s 2020–21 Corporate Plan (shown in Table 3.1).<sup>41</sup>

The referenced Table 3.1 of the audit report is shown in Figure 23.

<p><b>2020–21 PBS</b></p> <p><b>Outcome 1</b> Improved wealth acquisition to support the economic independence of Aboriginal and Torres Strait Islander peoples through commercial enterprise, asset acquisition and access to concessional business and home finance.</p>	<p><b>Australian Government Statement of Expectations for IBA</b> include that it:</p> <ul style="list-style-type: none"> <li>• is expected to have a particular focus on improving economic outcomes for Aboriginal and Torres Strait Islander people; and</li> <li>• will work with the Australian Government to improve Indigenous economic development and employment.</li> </ul>
<p><b>PBS Program 1.1 Indigenous Economic Participation and Wealth Creation</b></p> <p>3. Support Aboriginal and Torres Strait Islander organisations to invest, grow capital and build commercial capability.</p>	<p><b>2020–21 Corporate Plan (CP)</b></p> <p>Support Aboriginal and Torres Strait Islander entrepreneurs and businesses to build business knowledge, skills and capabilities.</p>
<p><b>PBS — Delivery:</b> IBA increases wealth and economic independence for Aboriginal and Torres Strait Islander people by delivering:</p> <p>2. Finance products and tailored support to help start, acquire or grow a business.</p>	<p><b>CP — How we create impact — business solutions:</b></p> <ul style="list-style-type: none"> <li>• Business loans</li> <li>• Leasing services</li> <li>• Cash flow financing</li> <li>• Business support services</li> <li>• Strong Women Strong Business</li> <li>• Futures Forum</li> <li>• COVID-19 relief support.</li> </ul>
<p><b>IAS Business Solutions Program Agreement</b></p> <p>The purpose of the Business Solutions Program is to fund the provider (IBA) to provide Indigenous business support and capability development services to Indigenous businesses and entrepreneurs with a focus of early stage customers and pre-bank customers during the term of the project.</p>	<p><b>CP — Business Solutions Program Policy</b></p> <p>The Business Solutions Program contributes to IBA’s purposes by delivering a range of finance products as well as business support services to assist Aboriginal and Torres Strait Islander people to start, develop and grow their businesses.</p>

Figure 23: ANAO Table 3.1 Alignment between IBA’s business support activity purpose and government expectations

<sup>41</sup> ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia’s Business Support and Investment Activities*, p. 32.

When considering governance roles, responsibilities and coordinating structures of IBA, ANAO concluded that clear roles, responsibilities, and structures had been established. Further:

In summary, IBA Board and committee papers demonstrate that governance arrangements are effectively applied in practice. IBA and IBAAM apply the directions set out in the IBA Board and committee approved corporate documentation and internal policies.<sup>42</sup>

The ANAO findings emphasised there is alignment to Indigenous owned businesses that commercial lenders consider too high risk. Furthermore, they are effective in delivering against the policy intent of the BSP—including an emphasis on supporting early stage and pre-bank customers.

The issues surrounding IBA’s governance and administrative processes, including performance reporting systems and processes being robust and effective was significantly addressed by ANAO in the 2021 report when answering the question ‘Are arrangements established and implemented to administer business support activities effective?’ To answer this question, ANAO reviewed business support policies and procedures, grant agreement reporting and customer engagement. ANAO concluded:

IBA has established appropriate policies and procedures to administer its business support activities but arrangements have not been effectively implemented. In many cases, transactions have not been administered consistently with procedures and record keeping is not sound. IBA’s methodologies for 11 of 16 grant agreement KPIs were appropriate, but IBA could not provide verifiable reporting against eight of 16 grant agreement KPIs due to data quality issues. IBA has effective arrangements in place to engage with existing and new customers.<sup>43</sup>

In response to ANAO’s finding and subsequent recommendation on documentation and record keeping, IBA advised that:

... IBA has undertaken significant work in the area of record keeping in the business support area, which has resulted in marked improvements. Continuous improvement activities in relation to record keeping that commenced during the audit fieldwork will continue and will be prioritised. IBA has developed procedures for ensuring compliance with relevant legislation, practices, agreements and guidelines. The Board thanks the ANAO for its input and feedback to this process, and for its engagement in re-sampling to independently test improvement in record keeping practices over the audit period. IBA is committed to continuous improvement in this area and will focus its quality assurance processes on these matters going forward to ensure these improved results are sustained.<sup>44</sup>

---

<sup>42</sup> ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia’s Business Support and Investment Activities*, pp. 21-25.

<sup>43</sup> ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia’s Business Support and Investment Activities*, p. 35.

<sup>44</sup> ANAO (2021), Auditor General Report No.36 2020-21, *Indigenous Business Australia’s Business Support and Investment Activities*, p. 38.

Recognising the 12-month lapsed time since the ANAO report was tabled, IBA provided an update to the evaluation team on what steps IBA had taken to document/streamline the process for reporting on the number of start-up and pre-bank customers receiving business support services so that the reported figures could be replicated by third parties. In June 2022, IBA advised:

The immediate steps the Program took to streamline the process included:

- The creation of a 'Performance Measure Record' (PMR) which is a procedure setting out how the performance measure is calculated, including defining the methodology, definition, calculations, and processes. This allows our quality assurance team to check and provide assurance on our performance reporting.
- We have updated our internal guidance note (which is a standard operational procedure) for KPI 106.6 "Participation Services" to ensure the data collection is calculated accurately to report on the KPI; and
- Creating an excel spreadsheet to collect and collate data on Business Loans and Business Support services consistently and accurately for reporting on the above KPI.

IBA has not undertaken any system enhancements to improve the calculation or recording of pre-bank customer data, as we are due to implement a new Core Banking System on 31 July 2022. Once implemented, our services activities will be drawn from a single source data warehouse, which will standardise our reporting functions.

Our Strategy and Innovation team also engaged an external consultant to assist in the quality assurance and checking of processes and documents for the participation measure.

The consultant was satisfied with the steps taken to ensure the reporting measures could be followed and replicated by a third party.

The evaluation team was provided with considerable policy and procedural documentation from IBA.<sup>45</sup> Consistent to the advice to ANAO, it was evident that considerable effort had gone into developing updated BSP policies and procedures in relation to the delivery of business support services and associated commercial finance products as part of the broader suite of Business Solutions documentation. In June 2022, IBA provided an additional summary of actions undertaken:

As of June 2021, IBA rolled out updates to its key procedural documents in the Business Solutions program. This program of work included:

- Streamlining existing Business Solutions policies and procedures for ease of staff use and to reduce complexity
- Training staff with the new procedures and handbooks, and

---

<sup>45</sup> Internal documentation shared by IBA to the evaluation team included the Business Solutions Program Policy, the Business Support Procedure, the Commercial Account Management Handbook and Commercial Finance Handbook. Versions of the IBA's risk management framework and associated policy documents were also provided, as were former and current credit policy documents. The provision of these documents was underpinned by four comprehensive presentations covering the BSP; Governance and Risk Management; Customer Voice and Cultural Capability; and IBA's COVID-19 Indigenous Business Relief Package (IBRP).

- Testing to ensure staff compliance and adherence to the new documents.

Assurance checks on the Program have been undertaken since 2021 by IBA's quality assurance team, to ensure the Program's compliance with relevant policies, procedures, guidance notes and legislative requirements (including in relation to record keeping).

A monthly sample is analysed across External Business Support, Commercial Finance products and loan management activities. These reviews (amongst other qualitative metrics), focus on collection, management and storage of customer information and IBA records within the Content Management system.

In support of these changes to our documented policies and procedures, the quality assurance reviews conducted since implementation have highlighted an increase in compliance with document accuracy, completion, and storage where 62% of non-compliance is rated very low risk and 29% low risk.

In addition to the above, an evaluation of the new Business Solutions Program policies and procedures framework was recently undertaken to evaluate whether the changes had resulted in improvements to the program. The evaluation concluded:

- the consolidation of Business Solutions policies and procedures has achieved its primary purpose of improving operating efficiency within Business Solutions
- The Framework removes significant ambiguity and confusion for staff to process Business Solutions applications, providing staff a single source of knowledge.

The review of IBA internal policy enabled a comprehensive assessment of the change in IBA's risk appetite and associated credit risk policy parameters (that underpinned the move from a direct appropriation to the grant arrangement in 2016—see Appendix A) and the current credit risk policy. The policy parameters previously restricting the level of support to BSP target cohorts of early stage and high risk customers are no longer specified. This means that as long as these applicants can satisfy IBA's leading principles and criteria, these businesses can be supported. The policy documents are also silent on the underlying source of funding, meaning the policies and procedures apply to all funding modalities. This means there is no longer a policy-driven need for the grant arrangement and funding could be returned as a direct appropriation.

The availability and provision of usable customer data to the evaluation team across the various service offerings (internal business support, external business support, and financial products) for analysis was poor. This was based on the inability to extract relevant and suitable data from the existing BSP CRM.<sup>46</sup>

---

<sup>46</sup> The data provided was that which underpinned each year's fourth Quarterly Performance Report as required under the grant agreement. This data was provided by IBA in three tranches—internal business support, external business support, and loan data—and by year. Due to the dataset being significantly deidentified (to protect the privacy of customers), with duplicate customer details removed in a year of data, it was not possible to determine whether a customer had received assistance over multiple years for the same service tranche, nor whether they had received any assistance under the other tranches, let alone in what year this occurred. This made assessing a customer's journey through the types of support offered, or an assessment by demographics across service offerings, impossible to complete. Noting limitations in IBA's data management systems, IBA was unable to provide BSP customer data in a different format.

Notwithstanding the limitations in the IBA customer data, the evaluation was able to diagrammatically map the variability of an IBA customer journey through the BSP and the opportunity for multiple instances of support to be provided over the life of the relationship (as shown earlier at Figure 2 and below Figure 24).

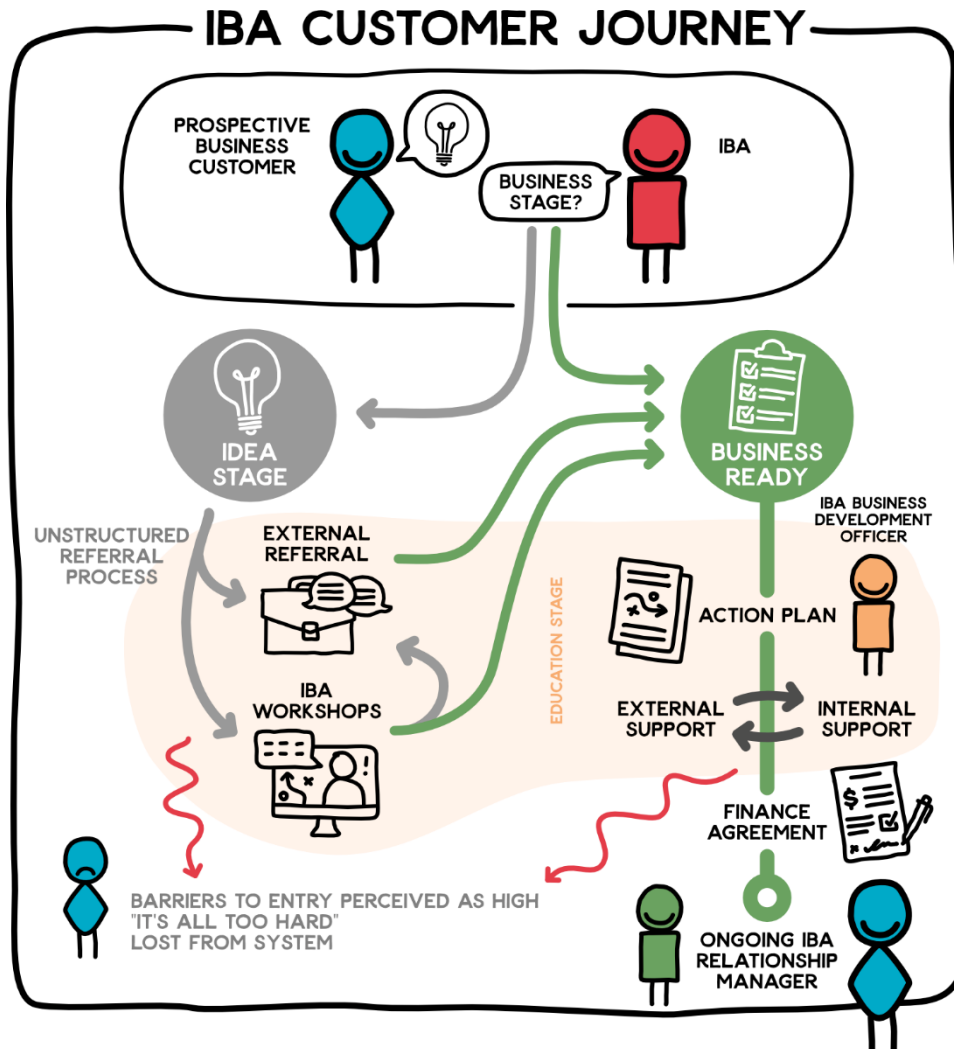


Figure 24: IBA customer journey under the BSP  
 Source: Sustineo based IBA data and stakeholder experiences

Stakeholder discussions highlighted that there are various scenarios where initial enquiries does not lead to a specific BSP service or support, for example if a business simply wanted assistance to create an ABN or get a registered business name. More extensive examples were provided in business survey responses where a potential customer reached out to IBA but did not hear back. This later example has been illustrated in the above diagram as being 'lost from the system'. Key themes on when and how this occurred was explored earlier under section 4.1.5. Understanding the level of demand through initial enquiries and a better appreciation of why parties may get 'lost' is an area that warrants further consideration in any future program.

The provision of external business support is guided by the development of an 'Action Plan' initially between an IBA customer and IBA staff. This plan guides the parameters of support contracted by IBA to an external provider. IBA's current BSP CRM is not able to

readily present the nature of this support through standard definitions/categories of support. Rather, the financial value of the contracted support is recorded and tracked.

As noted under limitations, it is the financial value of the contracted support that underpinned IBA's reporting on external business support, and what was provided to the evaluation team. While this information enabled some analysis in relation to customer demographics receiving external business support, it was insufficient for analysis on the overall types of actual assistance being provided across the country. It was also insufficient to enable any patterns of demand for assistance to be identified.

The evaluation team understands that the shortfalls in the availability of customer data for assessment is due to significant systems issues associated with IBA's business CRM. The current system does not enable this level of data extraction and analysis to be readily completed. No overarching, comprehensive program specific CRM was established at the commencement of the BSP grant arrangement to allow for such insight to be readily obtained. In response to an evaluation request seeking an update on the current status of the CRM, in June 2022 IBA advised:

Business Solutions use Microsoft Dynamics CRM to manage the process flows for all the different Business Support services offered and while the original design is workable, major improvements are required to meet current business objectives. Identified shortcomings have been included within IBA's Digital Transformation demand pipeline and resources are currently being identified to undertake identified improvements.

The program is currently finalising its CRM requirements which include:

1. Enhance the current capability of the CRM to align with current and future business requirements.
2. Accurately capture and manage all components of a customer journey.
3. Improve usability for staff through updated work flows reflecting the current and future customer journey.
4. Pre-populate and capture of customer information.
5. Integration of CRM with content manager to capture customer provided information into CRM to increase data integrity and reduce duplication of effort.
6. Allow for detailed reporting for end to end visibility of customer outcomes and to enable continuous improvement.

It is anticipated that the improvements to IBA's CRM will be implemented by 30 September 2022.

The detail associated with external business support contracts is a valuable source of intelligence that is currently not readily reported on in the BSP performance reports. The introduction of the new business CRM provides an opportunity to better extract this information and have it available to inform future support initiatives.

These anticipated improvements in the IBA Business Solutions CRM may go some way to address the shortfalls identified in available customer data across the various service offerings of the BSP.

## 6. Program outcomes of the BSP

This section examines the achievement of BSP outcomes, including:

- Has the BSP achieved its short-term outcomes?
- Has the BSP achieved its medium-term outcomes?
- Has the BSP achieved its long-term outcomes?

The outcomes are adapted from the proposed theory of change and program logic which was developed as a component of the BSP Evaluation Strategy (see Appendix D).

### Summary of Key Outcomes for BSP

**Short-term outcomes** are evidence that the program engaged customers somewhere on their business journey and has assisted to equip them with skills, knowledge, tools and possibly increased financial capacity. Also has reduced barriers for aspirant businesses to enter the business sector.

**Medium-term outcomes** reflect an ability for businesses to grow, service loans, improve capability and opportunity.

**Long-term outcomes** involve businesses growing within a broader network to take advantage of business opportunities, e.g. IPP and Supply Nation. It also involves understanding the contribution of the program to building the business sector and the positive benefits such as broader employment and wealth creation.

*Note: These outcome levels are relatively consistent with the three impact stages found within the IBA impact report.*

Although a business journey may be described here as linear, it is evident that BSP customers can access services at any stage of the business journey. They may also access the same or different support multiple times during their business journey.

#### Findings summary – Program outcomes of the BSP

##### Short-term

- The number of businesses in the IBA business loan portfolio grew, including a doubling of loans from 237 in 2016–17 to 492 in 2020–21. The overall value of the portfolio stayed relatively stable at around \$55 million. While there were more loans serviced in recent years, they were of lower value on average compared with 2016–17 (approximately \$202,000 per loan on average for 2016–17 compared with \$111,000 per loan for 2020–21). Many of the additional loans funded under the BSP were new to BSP and higher-risk customers, particularly in later years.
- Where industry data was available for BSP-funded loans, the construction industry was dominant in relation to number and overall value of loans. Some industry sectors that had low levels of loans could be potentially increased through sharing lessons learnt and mentoring. Almost all industries saw an increase in the number of loans recorded each financial year, the value of loans recorded each year saw less change. Of the 18 industries present across all yearly data, half showed an overall increase in the number of loans within the portfolio, and half a decrease in the value recorded across time.
- Of the Indigenous business survey respondents who were IBA business customers (n=22), 79% were ‘Satisfied or ‘Extremely Satisfied’ with the business engagement experience with IBA, based on their current business journey.
- When IBA customers were asked ‘How have the business support products/services you have received from IBA helped your business?’ the most frequent reasons given were marketing and networking, followed by revenue growth, capital investment, increased



#### Findings summary – Program outcomes of the BSP

employment, and maturing the business capability. Of the 20 respondents to this question, only two considered that the support they received had not helped at all.

- Reported barriers and challenges to accessing IBA business services predominately related to two themes: lack of follow-up, responsiveness, or availability of IBA staff to assist; and difficult/complex application processes, with repeat requests for information, resulting in delays.

#### Medium-term

- Loan survivability rates demonstrated that businesses were viable in the short term. Results against the four-year business survivability rates were consistent with or greater than broader ABS rates for most similar sized business. However, this does not indicate whether businesses were growing or competitive. IBA's 2020 Social Impact Survey (and associated framework) did indicate some medium-term benefits to engagement in the business and finance program including empowerment, financial resilience, and wellbeing.
- There was no evidence that there were significant loan defaults by BSP customers. IBA instigated various management actions, including the appointment of external business support, to help businesses recover prior to drawing down upon bad debt provisions. In addition to the 'Business as Usual', the COVID-19 IBRP provided specific, additional support.
- No exit strategy was included in the BSP design to encourage mature businesses to seek access to business finance from other sources. This has resulted in there being little evidence of BSP-supported businesses having graduated to accessing capital from mainstream/ private sector lending organisations.

#### Long-term

- There was anecdotal and some published material indicating that the Indigenous business sector is vibrant and growing. The BSP has loaned money to 630 customers which is about 17% of Indigenous businesses in Australia (based on 2018 estimates). The program impact was potentially higher in regional and remote areas where it can be more challenging to start up a business.
- There was also evidence that the longer-term viability and potential of Indigenous businesses to support economic wealth and employment could be improved through greater integration and awareness of support across the Indigenous business ecosystem. This further emphasises the importance of a referral system. There are opportunities for trialling or investigating options for community-based business development to improve broader impacts.
- There are a number of potential strategies to improve understanding of longer term outcomes, including developing better knowledge of the sector overall, tracking customers through their journey, and developing more sensitive measures of long-term business success.

### 6.1. Short-term outcomes – enabling customers along the business development journey

The program logic anticipated that in the short-term, BSP customers would become prepared for business success by accessing business support services. It anticipated that this would occur through a variety of ways including participating in learning and networking events, building their financial and business capabilities, being supported to develop quality and viable business plans, assistance in identifying markets, channels, and customers, and establishing or enhancing business systems and practices.

In the short-term, the program logic anticipated that support under the BSP, particularly for early stage and pre-bank entrepreneurs, would assist the Indigenous business sector to grow and develop. It was hoped that this could be measured through an increase in the number, size, and type (sector) of businesses. It was anticipated that with such an increase in Indigenous businesses there would be a flow-on increase in the employment of Indigenous people, and the increased procurement of Indigenous-provided goods and services.

### 6.1.1. Provision of loans

Over the 5-year period of 2016–17 to 2020–21, the number of loans in IBA’s business loan portfolio grew every year, with a total of 492 loans in 2020–21 (Table 6). Over the period, the number of loans has more than doubled, while the average loan amount has considerably decreased from approximately \$202,000 per loan for 2016–17 compared with \$111,000 per loan for 2020–21. The total value of all business loans stayed relatively stable<sup>47</sup>.

Table 6: Number and total value of business loans by financial year

Financial Year	Number of loans in the portfolio	Total value of all loans (in millions of \$)
2016–17	237	47.9
2017–18	299	55.0
2018–29	410	63.9
2019–20	469	57.5
2020–21	492	54.4

Source: Analysis of IBA provided information

As discussed earlier in section 4.1.3, business loans funded by BSP have primarily gone to pre-bank or higher-risk customers, including 90% of customers since 2017–18. Higher-risk pre-bank customers have become the dominant loan type in the latter years of the program (see earlier Figure 14).

### 6.1.2. Overview of industries

In 2016–17, the overall IBA business loan portfolio consisted of loans across 18 industries. Where industry data was available for those loans funded under BSP, the Construction industry received the most loans, and the highest value loans (receiving over 17% of loan value and 20% of all loans committed since 2016–17). The breakdown by industry (based on ANZIC industry codes) for loan count and as a percentage of overall funds committed is shown below in Figure 25 and Figure 26. The full detail by industry is provided in Appendix F.

Of the nine industries that showed overall growth in the IBA business loan data, four industries showed growth year on year. These industries were: Construction,

---

<sup>47</sup> It should be noted that this analysis is limited to business loans only and excludes the other suite of business services and products provided by IBA such a performance bonds, invoice finance and financial leasing.

Accommodation and Food Services, Professional, Scientific, and Technical Services, and Administrative and Support Services.

This dominance of the construction sector was consistent with broader Australian industry trends reflecting the opportunities within the construction sector. However, the growth of Indigenous loans in this sector is also encouraging, suggesting Indigenous businesses are gaining a market share. Supply Nation flags construction as a key industry type where Indigenous businesses can be competitive and have significant opportunities. The construction sector is also a key industry type under the IPP, whereby government and big business seeks Indigenous-based expertise. This sector is also one where businesses of different sizes can develop, including sole traders.

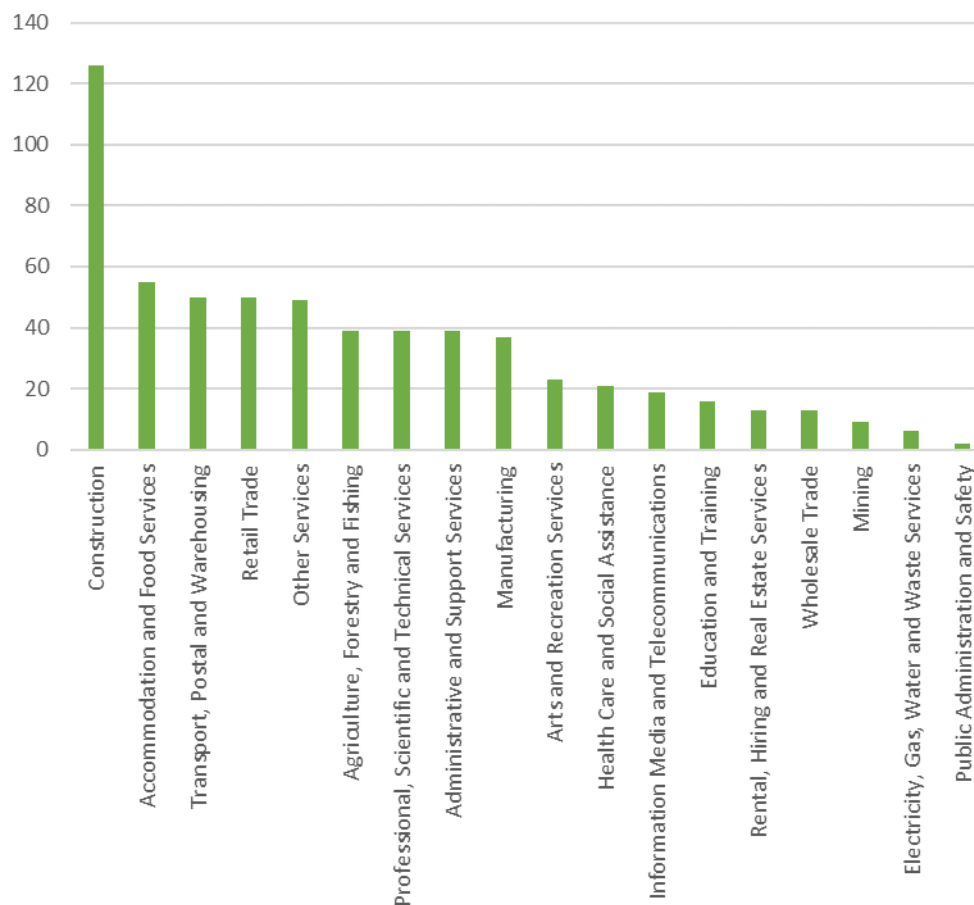


Figure 25: Number of BSP loans for period 2016–17 to 2020–21, by industry

Two other industries that Supply Nation flagged as having competitiveness for Indigenous businesses were the health sector and tourism. Tourism is not identified as a separate industry type in this analysis as it does not have its own ANZIC category. The health care and social assistance industry received 21 loans (3%) but accounts for 7% of total BSP loans. There may be future opportunities to develop service industries, particularly in remote/regional areas, where Indigenous businesses can form strong networks to supply health services.

In terms of market share, two prominent industries that were seen as dominant in the broader industry (ABS figures) but were not as important in the BSP case were:

- rental, hiring and real-estate (2% of BSP loans, 11% for broader industry trends)
- professional, scientific and technical services (6% of BSP loans, 13% for broader industry trend).

These differences highlight possible opportunities for Indigenous businesses to gain a higher market share in potentially lucrative business sectors.

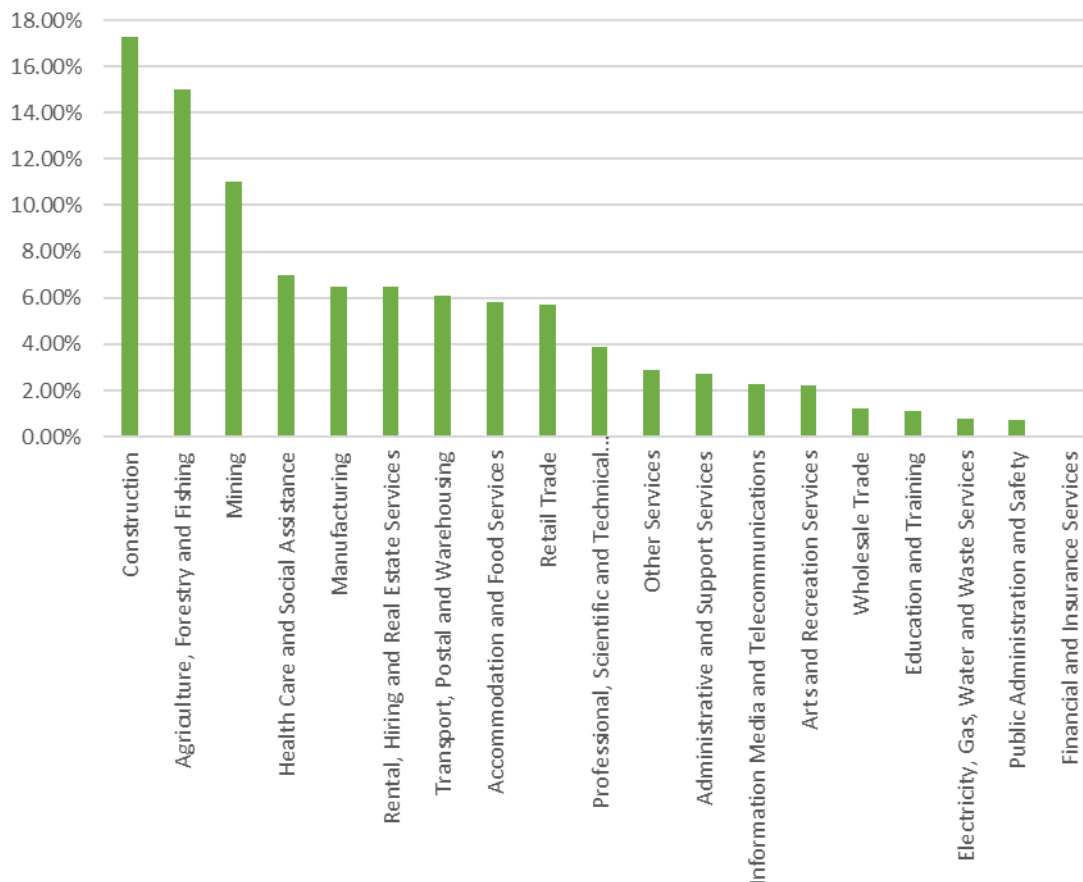


Figure 26: Loan value as a percentage of total loan value (\$70.9 million), by industry

In terms of actual loan amounts, the dominance of industry sectors changed. The most dominant sectors based on overall share of loans were construction; agriculture, forestry and fisheries; and mining. The agriculture, forestry and fisheries and mining sectors consist of businesses that are typically developed on land subject to native title and are often located in regional and remote Australia. Such businesses can require economies of scale and significant investment to develop.

Indigenous people hold more than 20% of the land mass of Australia and the resources within it. There are opportunities for Indigenous people to use their cultural or

geographical advantage to develop industries such as arts, natural resource management, tourism, and the mining sector<sup>48</sup>. This would help address the issues that:

In regional areas, 21% of non Indigenous businesses are in agricultural forestry and fishing compared to only 4% of Indigenous businesses. This underscores the important connection between land ownership and business opportunity. (University of Melbourne study)

In lieu of this, the lessons learnt from the current successful enterprises in these industries within the BSP could be potentially transferred through case studies or mentoring. Indigenous people would be likely to learn significantly from their peers, and the desire for increased opportunities for mentoring was found in the business survey.

In understanding trends across industry sectors it is worth considering that the BSP, through its start-up package, provides a grant (30%) and finance (70%) component. The provision of this grant component is based on the purchase of capital items, which helps provide security against the loan for industries that are capital intensive such as construction. Securing these assets can reduce barriers to business development. For other business sectors, there could be alternative incentives to assist early start-ups like funds for research and development or education and training.

### 6.1.3. *Implementation of the BSP*

The program in the short term was required to provide business support to a range of both loan and non-loan customers. A key requirement was to provide a tailored approach to meeting customer needs and enabling the building of key skills and capabilities.

The support program needed to ensure BSP customers were prepared for business success, through accessing services for:

- participating in learning and networking events
- building their financial and business capabilities
- being supported to develop quality and viable business plans
- assistance in identifying markets, channels, and customers
- establishing or enhancing business systems and practices.

In relation to the BSP achieving this, there was limited evidence that the support program did build business capacity. Of the 20 respondents to the Indigenous business survey who provided an answer when asked ‘How have the business support products/ services you have received from IBA helped your business?’ the most frequent reasons given were: marketing (n=6); networking (n=6); revenue growth (n=5); capital investment (n=5); increased employment (n=5); and maturing the business capability (n=5). The detailed breakdown of responses is shown below in Table 7.

---

<sup>48</sup> Morley S., (2014). *Success factors for Indigenous entrepreneurs and community-based enterprises*. Resource sheet no. 30. Produced for the Closing the Gap Clearinghouse. Canberra: Australian Institute of Health and Welfare & Melbourne: Australian Institute of Family Studies

*Table 7: Responses to the question ‘How have the business support products/ services you have received from IBA helped your business?’*

Response	Count	Percentage (n=20)*
Marketing	6	30%
Networking	6	30%
Revenue growth	5	25%
Capital investment	5	25%
Increased employment	5	25%
Maturing the business capability	5	25%
Accessing new markets	4	20%
Easing financial stress	4	20%
Productivity improvements	3	15%
Accessing new products	3	15%
Other (please specify)	2	10%
Not helped at all (please specify)	2	10%
Online sales	1	5%
Total	51	100%

*\*Note: Respondents were able to select multiple answers to this question.*

Support such as improving marketing and online sales could involve a business receiving external support assistance to develop a marketing plan and e-commerce strategy, and helping the business develop or update their website to accommodate online sales. Networking support could be provided through the Strong Women Strong Business networking Facebook page or through attendance at workshops and meeting other businesses at a similar stage in the business lifecycle. Through getting a loan, a business may categorise this as increasing the businesses access to capital and discussions on payment terms with the IBA relationship manager may have helped to ease immediate financial stress.

There was also some evidence that the support in some cases was instrumental to participants moving along their business journey. For example, two survey respondents stated:

But certainly if it wasn't for IBA and the funding that we got from IBA ... we wouldn't be as far along in our journey as what we are now.

As difficult as it has been, it's allowed me to make big steps in progressing, so like there is definitely that. ... The assistance has definitely been appreciated in terms of the finance stuff.

These results may help to explain why the customer satisfaction survey for existing customers had ratings of 80%.

A critical component for achieving these outcomes aligned to Indigenous values were having a good relationship with the IBA staff. Over half the IBA customer surveyed said

that IBA 'really took the time to get to know me and my business'. This finding is consistent with those in the education/employment sector where mentoring is seen as a critical linkage to accessing future opportunity.

Only 10% (n=2) of respondents stated that the support they received had not helped at all. The reasons provided related to delays and a lack of follow-up from IBA.

### Improvements needed to program delivery

Despite the positive feedback and relatively high customer satisfaction for existing customers, of the 68 business survey respondents who answered the question 'Have you experienced any barriers or challenges accessing business products or services from IBA?', 51% (n=35) answered 'yes'. When asked to describe these barriers or challenges, there were two main recurring themes: tedious processes and IBA staff unresponsiveness.

A core issue was the lengthy application process and other administration challenges. Four respondents specifically noted:

[Finance] application is time-consuming and arduous.

The [finance] application for the second loan was tedious, time consuming and bureaucratic and by the time the loan was through we had the missed the bottom end of the ... market.

In my opinion it [the application for finance] takes too long from start to finish.

Numerous changes in approval criteria ... little to no information passed on, forever chasing for updates or progress information. Extremely long length of time for [finance] application completion ... It shouldn't take four months to access crucial support when a bank loan is in your account the same day. It's ridiculous.

For some customers, this meant that they did not apply. Specifically, two survey respondents advised:

Applying for a business loan or home loan is such a massive process and one I doubt I would be successful in.

They told me the paperwork was too hard for me to fill out, so not to bother trying.

Interviewees in follow-up discussions made similar observations:

I have thought about trying to access a loan through them [IBA], but it's so— I've been sent out the email, all the paperwork, it's— I wouldn't even know

where to start. So for me, I kind of just have never bothered engaging, cause it all feels a bit overwhelming.

The second common issue reported related to a lack of follow-up from IBA or staff unresponsiveness. This was highlighted by three survey respondents:

Staff are unresponsive. I get email responses 6–9 months after my enquiries. Information regarding support services is very unclear. I'm only ever directed towards borrowing money which my business has no need for ... I applied for a workshop with IBA to do some training and professional development. This training course we waited months for but was then cancelled for some reason.

I put in an application for funding in the peak of COVID, unfortunately it was never followed up by either myself or IBA.

It takes months and even years of endless emails and arm wrestling with IBA to get any assistance from IBA. They never go out of their way to help i.e. they never say- leave that to me and I'll get back to you, that NEVER happens. Just endlessly being handballed from one bureaucrat to another going nowhere times infinity.

A number of those surveyed/interviewed also relayed that more needs to be done to support early stage business development. This includes filling current skills and knowledge gaps, including:

- providing basic business skills such as book-keeping, inventory management, and financial literacy
- providing mentoring and training opportunities.

This is because Indigenous business owners are often the first in their family to run a business, do not have existing relationships with other business owners, or may not have had the opportunity to undertake formal courses in business administration. Comments from delivery partners and Indigenous businesses recognised these gaps and are based on the individuals experience and exposure to the BSP:

Often clients don't have very good "commercial awareness" and need a lot of "hand holding". Lot of people wanting to start don't understand or want to do the 'record-keeping' side. ...

The BSP doesn't have enough focus on getting people ready for running a business. More training and mentoring ...

People used to have to do basic business training through the BSP, but not effective and enough now ...



Again, lack of skills at the business entry stage. Need to require minimum financial and business training BEFORE the business plan stage, and then providing practical coaching and support for the first 6–12 months.

Coaching provided under the BSP could be improved beyond the initial Business Plan development.

Not much focus is on developing financial literacy. For example, in a 2-day business workshop 2-hours was spent on financial management, but 1-day on marketing. Balance wrong.

BSP could easily provide an on-line course on financial and other business skills that applicants need to complete and pass BEFORE being eligible for applying for BSP support

Research has shown that financial literacy is the platform for improvements in Indigenous self-employment, with poor financial literacy limiting Indigenous people. Developing business skills within Indigenous communities has been shown to have positive impacts on community development. The comments above highlight different perspectives of the business support currently available under the BSP. While there are more extensive business support programs delivered through BSP partnerships such as the Murra Indigenous Business Masterclass program being delivered in partnership with the Melbourne Business School, and the Digital Support Program enabling up to 50 businesses in Victoria and Kinaway members to access professional and expert digital support, there is a demand for more support in this area.

Recognising that the BSP is delivered through a relatively flexible model for tailoring support to the needs of customers, the short-term outcome findings reflected here can help inform and fine tune support to enhance a customer's business development journey. Better identifying and reducing barriers to entry is an important aspect for consideration.

## **6.2. Medium-term outcomes – sustaining business viability**

The program logic anticipated that in the medium-term, BSP customers would engage with the wider business sector/support services. Businesses would be developing peer support networks, developing and strengthening Indigenous business networks, and contributing to networking activities as leaders/mentors. In the medium-term, it was also anticipated that customers would have strengthened their business capabilities and be able to maintain sustainable business operating models, including growth and diversification strategies, and have increased equity within their business.

The critical requirement in the medium term was that the business is viable and able to service the loan. The business capability was also anticipated to mature, including expanding and being able to respond to opportunities.

### ***6.2.1. Loan serviceability and business survivability***

As discussed in section 4.1.3, the indications are positive in relation to business survivability, particularly for the later years of the loan profile (see earlier Figure 18). However, tracking is confined to a four-year timeframe aligned to the KPI and ABS metric.

To understand medium term outcomes, it would be necessary to track the survivability for a longer time. It would also be useful to understand survivability in relation to business stage, level of risk, locations, and industry type to understand trends. This may help to better direct support to increase the survivability rates including potential approaches of mentoring networks for small businesses in certain locations or industry sectors.

Another key measure of a minimum level of viability is capacity to service a loan. Due to the high risk profile across the IBA business loan portfolio, the BSP grant provides a provision for doubtful debts (PDD) from the annual capital component. The PDD assists the program to assess expected losses to the loan portfolio and monitors performance against the programs risk tolerances. Currently, evidence suggests that minimal funds have needed to be drawn upon which is positive, indicating IBA is working with customers to avoid a loan being identified as non-performing (more than 90 days in arrears) and the program has needed to write-off the debt. It should be noted that the time taken to get to this situation is dependent on things such as the circumstances of the business exit pathway or the borrower's personal circumstances.

IBA actively works with customers who face financial difficulty during their business and finance journey and take an active loan management approach. Support services can include:

- deferred payments (e.g. when the COVID-19 pandemic created economic risks)
- negotiated instalments where a payment(s) has been missed
- finance restructure/term extensions where business or personal circumstances change
- external consultant support to reposition the business into new markets or revenue streams

Some of the comments made by delivery partners in section 6.1 in relation to financial literacy were based on experience in supporting IBA customers facing financial difficulty.

As stated in IBA's Annual Report 2019–20:

We also moved quickly (and before many mainstream lenders) to announce relief measures for IBA home loan customers; offering interest rate reduction to reduce payments, and hardship assistance to customers in need, including deferring repayments and other support.

### ***6.2.2. Business capability***

In the medium term it was expected that customers would have strengthened their business capabilities and be able to maintain sustainable business operating models, including implementing growth and diversification strategies, and have increased equity within their business. They would potentially expand and diversify including the delivery

of larger scale or more complex goods and services. They would also need to have cash flow to service existing loans. It was also expected a business would potentially be seeking access to additional finance to help them grow, including other types of financial products such as performance bonds to enable them to take on larger contracts.

A third of those businesses surveyed who were IBA customers identified that involvement in the BSP had helped to mature their business capability by gaining new business skills, addressing gaps in their business model, being able to grow in a variety of ways or by improving their productivity.

In the medium-term, BSP customers would also be expected to engage with the wider business sector/support services. Businesses would be developing peer support networks, developing and strengthening Indigenous business networks, and contributing to networking activities as leaders/mentors. For example, the Strong Women Strong Business closed Facebook group is predominantly driven by members of the group, with a mixture of posts sharing resources, seeking advice, promoting businesses, and health and wellbeing. The group also includes a Mentor/Mentee Platform which is available to members.

When examining medium term outcomes, it is important to consider that building Indigenous business is inherently challenging and complex based on the circumstances and industry type. There is potentially a lag between engagement in the program and business success. The capacity of the program to enable customers to re-enter at different phases of the business journey is an important design feature to account for this.

It is also important to be able to more tangibly measure the skills, capacity and networks gained from the program to better understand medium term outcomes. There would also be merit in understanding factors relating to business resilience and adaptation and how programs such as BSP can contribute to this.

In addition, engagement in a program such as the BSP may necessitate a re-orientation or re-direction of businesses. As noted earlier, IBA provides support for businesses facing financial difficulty to re-assess and either exit or develop ways to adapt business practices. The lessons from the COVID-19 IBRP in IBA adjusting its own delivery approaches to business support, such as having enhanced tracking of demand and response and introducing changes to size of the support available, is also applicable.

### ***6.2.3. Exit strategy from government-funded support***

A medium-term outcome is that BSP customers would be starting to reach a certain level of sustainability and maturity so that they could effectively exit from government-funded support.

Feedback from delivery partners (i.e. IBA staff or external business support consultants who responded to the evaluation's delivery partner survey) noted the lack of an exit strategy for businesses that are sufficiently established, mature, and have a strong enough financial position to access business capital from mainstream/ private sector lending organisations. Having an exit strategy like this would enable IBA to take some of its capital and invest it into other businesses who are not able to access funds elsewhere.

For example, in the case of a successful business seeking significant levels of additional capital (multi-millions) from IBA, the delivery partner advised:

IBA has supported this business and is now in the marketplace saying we want to continue to support this business ... [IBA] needs to have a strategy of how it exits this business and there is none. As a consequence there is no communication in the marketplace to say we'll come back and support you, but our view of it is we want you to go now to a [another] lender...

A similar message was expressed to the evaluation team by other delivery partner survey respondents during follow-up consultations.

IBA has in the past provided a referral service to other financial institutions, including IBA historically partnering with commercial banking organisations to deliver small business loans (microfinance) and associated business support to eligible Indigenous entrepreneurs.<sup>49</sup> By 2012–13, in addition to providing its own lending, IBA was providing referrals to Australia's major banks, or to dedicated Indigenous micro-loan and small-business loan teams. These referrals are an invaluable process to ensure customers only finance with IBA as a last alternative. Currently, there is no requirement to track or report referrals to commercial banks.<sup>50</sup> Discussions with IBA highlighted this is currently not an area of assistance provided by IBA. This reinforces the value of a comprehensive referral service being established.

In summary, the evidence indicates there were positive signs that the BSP will achieve its medium-term outcomes, although it is currently too early to form a complete judgement.

### **6.3. Long-term outcomes – contributing to the overall business sector and creating broader benefits**

The program logic anticipated that in the long-term, the BSP investment would enable BSP customers to contribute to broader community development and support. In the long-term, businesses would be providing community capacity building and support through participation in community development activities, demonstrating leadership, and creating intergenerational wealth and human capital through sharing and transferring capital and capabilities across generations.

#### **6.3.1. Contribution to growing the Indigenous business sector**

Assessment of IBA customer data showed that the BSP has loaned money to 620 customers which, when compared as a proportion of registered Indigenous business numbers from 2018,<sup>51</sup> is about 17% of Indigenous businesses in Australia. Of these 620 loans, 460 were loans to new to BSP customers. When this calculation is done on 'new'

---

<sup>49</sup> Indigenous Business Australia, *Annual Report 2009–2010*, pp. 3-5, 9-10, 16.

<sup>50</sup> The BSP project schedule refers to building commercial capacity and development of Indigenous entrepreneurs. While mention is made to building partnership with other service providers including commercial banks, BSP performance reporting is silent on any activity involving supporting business customers to access commercial finance in this way.

<sup>51</sup> As shown below in Figure 27.

loan customers, this amounts to supporting 13% of Indigenous businesses in Australia. While the overall number of Indigenous businesses have likely grown since 2018, this is a sizeable contribution.

It is plausible that the BSP is making an important contribution to the Indigenous business sector, based on the number and types of loans that have been funded and the current survivability rates. This is particularly in its role in supporting new start-ups and providing access to finance to higher-risk customers.

Despite the probable gains, it is difficult to show the actual contribution of the BSP as there is no up to date baseline of Indigenous businesses (number, size, and type). There is a need to understand trends in the sector including composition, name, size, and type of business and how these change over time.

### 6.3.2. Overall trends in the business sector

There is limited research available on the changes to the Indigenous business sector over time, and even less information available as a result of the BSP. In 2018 the University of Melbourne commenced a long-term project to develop and maintain a longitudinal dataset of Indigenous businesses to track the sector’s development over time. The results were published for the first time in 2021. The research found that the Indigenous business sector is growing and expanding. As highlighted in the study between 2006 and 2018, the Indigenous business sector grew significantly:

Over the 12 years examined (FY2006–FY2018), we observed a 74 per cent increase in the number of businesses operating in the Indigenous business sector, a more than doubling in gross income from the sector (115 per cent growth) and more than 22,000 jobs created (100 per cent growth).<sup>52</sup>,

The research also included a snapshot of registered business performance as duplicated in Figure 27.




Indicator	FY2006	FY2012	FY2018
 Number of businesses	1841	2273	3619
 Gross income of businesses and corporations in 2020 dollars)	\$2.27 billion	\$3.64 billion	\$4.88 billion
 Employment	22,715	31,187	45,434

Figure 27: Registered Indigenous business performance

<sup>52</sup> Evans, M., Polidano, C., Moschion, J., Langton, M., Storey, M., Jensen, P., & Kurland, S. (2021) *Indigenous Businesses Sector Snapshot Study, Insights from I-BLADE 1.0*. The University of Melbourne. <https://fbe.unimelb.edu.au/ibl/assets/snapshot/RFQ03898-M-and-M-Snapshot-Study.pdf>, p. 6.

In addition to the work of the University of Melbourne, in May 2020 the ANU Centre for Social Research & Methods published a new method of estimating the number of Indigenous business owners-managers.<sup>53</sup> In this research estimates, it is estimated that around 19,400 Indigenous Australians were business owner-managers in 2016, almost double the number in 2006.

There is currently no available data of the recent growth of the sector during the BSP's life. As noted earlier, the tracking and reporting on change was not a requirement under the BSP KPIs. Since 2016–17, IBA's Annual Reports have also not reported on the concentration of support provided by industry to show the change in finance demand across the sector.

The growing Indigenous business sector was showcased at the Supply Nation Indigenous Business Tradeshow and Gala Awards Ceremony held in May 2022. At this event, more than 160 Aboriginal and Torres Strait Islander businesses from around Australia were showcased at the Sydney International Convention Centre.

This Supply Nation flagship event, known as 'Connect', sought to unite Aboriginal and Torres Strait Islander businesses, corporate organisations, and government departments to foster strategic opportunities, and promote and celebrate the success of the Indigenous business sector.

More than 1,860 Indigenous businesses, corporate, and government members and international delegates went through the Tradeshow doors—the biggest Supply Nation Indigenous Business Tradeshow yet.

Engaging with attendees highlighted the diverse experiences of represented businesses, and the variety of pathways businesses had taken to get to where they are. Key ingredients of business success included gaining access to networks and opportunities and having a strong mentor who was available to support and nurture the development of the emerging leader.

It was also evident that those businesses who were aware of the opportunities for support and connection such as being registered members of Supply Nation, or being connected through local chambers of commerce, knew and understood the importance of networks and the value of being preferred suppliers when competing for business opportunities.

### ***6.3.3. Growth of business networks – implications for BSP customers***

Trends showed that for BSP customers who responded to the Indigenous Business Survey, 42% (n=26) were not members, registered suppliers, or clients of any of the listed industry bodies. While not necessarily suitable for all businesses, being a member of Supply Nation or other business support entities such as the state-based Indigenous business chambers of commerce or the IBSS Indigenous Business Hubs provides effective avenues to expand on the original BSP support a business may have received, and to get support for or awareness of other business opportunities.

---

<sup>53</sup> Shirodkar, S., Hunter, B., and Foley, D., (2020) *A new method of estimating the number of Indigenous business owner-managers*, ANU Centre for Social Research & Methods, CSRM & SRC Methods Paper No. 2/2020.

Awareness and connection to other national and state-based organisations involved in the provision of business support can increase the impact and anticipated outcomes of investment in the BSP. Such sentiment was expressed by one survey respondent involved in the delivery of some of IBA’s online small business workshops:

... and out of all those workshops, the biggest thing coming out of all of them is ‘how do we network with each other?’ ... ‘Where do we go so we can talk to each other all the time?’”

The demand to feel connected and engage with like-minded individuals in a safe and non-threatening environment was identified during the evaluation. While relatively small in nature, the BSP’s role in providing ongoing encouragement and support to find effective ways to build such networks this is important going forward. The contributions of BSP alumni to other IBA business activities are also indications of success for this longer term outcome. These issues are explored further in section 8.3.

#### ***6.3.4. Community level impacts of a program such as BSP***

One of the most significant flow-on effects into communities resulting from business development is the creation of employment. Trends across 2006 to 2018 show that as there is a rise in Indigenous businesses, there is also a concurrent rise in the number of jobs created per business.

The rate of increase of Indigenous business numbers between 2006 and 2016 is approximately 5.5% per year. The rate of growth of employment numbers and total Indigenous business gross income has been higher than for active business number (5.9% and 6.6.% per year), which point to growth in the average size of the active businesses, and may point to a maturing of the sector.<sup>54</sup>

Direct evidence of this occurring through the BSP is found in the Indigenous business survey where 25% (n=5) of IBA customers flagged increased employment has helped their business. The creation of employment also links well to Closing the Gap targets as explored further in section 8.1.

The combination of business development and employment provides sound opportunities for broader impacts on communities. As illustrated by the IBA ‘impact’ report, this can result in empowerment, financial resilience, and improved wellbeing.

As noted in the evaluation’s Analytical and Evaluation Framework (Appendix C), long-term outcomes were not expected to be measurable during the timeframe of the evaluation. However, the findings do provide some timely and relevant insight into broader issues associated with the growing Indigenous business sector.

---

<sup>54</sup> Evans, M., Polidano, C., Moschion, J., Langton, M., Storey, M., Jensen, P., & Kurland, S. (2021) *Indigenous Businesses Sector Snapshot Study, Insights from I-BLADE 1.0*. The University of Melbourne. <https://fbe.unimelb.edu.au/ibl/assets/snapshot/RFQo3898-M-and-M-Snapshot-Study.pdf>, p. 16.

## 7. Core values/strength-based approach to program delivery

This section examines the program capacity to build and strengthen Indigenous cultural values through the design and delivery of the BSP. In particular, it answers the evaluation question:

- Does the design and delivery of the BSP build on strengths, demonstrate cultural respect and involve collaboration?

This question aligns to the IAS evaluation framework core principles:

- Build on strengths to make a positive contribution to the lives of current and future generations of Indigenous Australians.
- Designed and delivered in collaboration with Indigenous Australians ensuring diverse voices are heard and respected.
- Demonstrate cultural respect towards Indigenous Australians.

### Findings summary – Core values/strength-based approach to program delivery

- The program intent, as reflected in key policy documents, represented a strength-based philosophy including the creation of economic independence. It builds on IBA's experience in delivering the long running BDAP.
- Internal IBA documents show that IBA seeks to maintain a customer-focused approach to delivering services, and to assisting customers through all stages of their business journey.
- IBA had a Reconciliation Action Plan (RAP) since 2007, but in 2016, it made a conscious decision to move away from the RAP program. Since then, IBA has sought to embed cultural capability, introduced strategies to enhance Indigenous employment and procurement outcomes through service delivery, and embedded IBA's key value of Respect across the organisation.
- Stakeholder consultations and internal IBA documentation shows that IBA endeavours to embed customer voice and stakeholder engagement across the range of services delivered under the BSP. This includes through the engagement of partnerships and business support service consultants primarily from Indigenous businesses, the opportunity for customers to provide feedback through an annual customer satisfaction survey, and the recent introduction of a Social Impact Survey.
- The BSP showed capacity to create empowerment, wellbeing, and financial resilience for some customers of the program. This was typically contingent upon building sound relationships with IBA staff and receiving services tailored to the specific needs of the business. These relationships were underpinned by respect and collaboration.
- Improvements to program delivery such as increasing responsiveness could improve outcomes.
- There was no direct evidence of building organisational or community strengths nor flow on impacts to communities, although it is plausible that by supporting Indigenous businesses grow and mature these impacts have occurred.
- At an organisational level, IBA has done significant work on improving its corporate culture. This includes updating policies and procedures to improve its capacity to show cultural respect and the development of a cultural capability framework for staff outlining the essential skills, knowledge and behaviours for engaging with Indigenous customers. However, from the viewpoint of the BSP, there is an opportunity to enhance transparency regarding requirements for cultural competency in service delivery.



## 7.1. Build on strengths to make positive contributions to the lives of Indigenous Australians

IBA's statutory purpose as set out in the ATSI Act is to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency, and to advance the commercial and economic interests of Aboriginal and Torres Strait Islanders. The program intent, as reflected in key policy and corporate documents such as the IBSS and IBA's corporate plans and annual reports, represents a strengths-based approach, including notions of economic independence and growing Indigenous business and capital capability. The BSP also has a focus on building knowledge, skills, and capabilities.

This was highlighted earlier in the report, particularly under section 5.1 where, for example, IBA's goals for the organisation are built around a strengths-based approach and the alignment of IBA's business support activity to its purpose and government expectations. This approach was built on the extensive experience IBA had in delivering the BDAP since 2005.

Research has shown that programs such as the BSP which foster business and economic development can empower individuals and communities, through improved social capital, skills and knowledge, and economic opportunities<sup>55</sup>. This is particularly the case in remote and regional areas where such opportunities may not have been available previously and there can be economic and social disadvantage despite community assets and strengths.

In relation to Business Solutions, the IBA's first impact report in 2020 provided evidence (survey and interview) that the BSP enabled empowerment, financial resilience, and wellbeing. It also generated personal growth and improved business skills.<sup>56</sup>

However, these benefits were only found when IBA support was strong, meaning that the service was tailored to the client, responsive, and lacked red-tape and bureaucracy. The impact report found that both positive and negative impacts on customers primarily related to the experience a customer had with IBA staff. Positive experiences were driven from a needs-focused approach, whereas negative experiences were more often a result of a products-focused approach.

The findings in this evaluation support these broader views that a strength-based approach can be achieved when:

- a program is tailored to assess and meet the specific needs of the individual business, starting with a viable business plan
- a program has a strong networking and building social capital element
- high focus is on early stage support to compensate for barriers to entry of Indigenous businesses

---

<sup>55</sup> See for example Minderoo Foundation, Generation One, *Backing Black Business: Greater financial inclusion for Australia's Indigenous business sector*, February 2021. See <https://www.minderoo.org/generation-one/reports/backing-black-business/>

<sup>56</sup> IBA, Impact Report 2020: Full Report, February 2021. See <https://iba.gov.au/impact-report-2020/>

- skills and capacity building is integral, including foundational skills but also specific industry expertise.

## **7.2. Programs designed and delivered in collaboration**

### ***7.2.1. Program design***

The BSP was highlighted as a key approach of the IBSS with IBA to support start-ups and entrepreneurs that are outside of the commercial lending/banks' risk profile but who with one-on-one support and tailored finance can succeed.

The IBSS, including the policy intent for the BSP, were developed after significant consultation. It was recognised that building the Indigenous sector as a whole required supporting new businesses and entrepreneurs through one-on-one support and tailored finance. This intent has been carried through into current program approaches aligning with IAS grant funding directions to have a renewed focus on early stage, pre-bank, and high risk customers.

However, the BSP itself, including the recent design and implementation, had not been through a process of stakeholder consultation, rather many elements grew out of the former BDAP.

### ***7.2.2. Program delivery***

The BSP, similar to other IAS grants, tracks the level of Indigenous employment as a KPI. It is appropriate that no specific employment targets are presented because while the support of Indigenous businesses has a flow-on impact to increasing Indigenous employment, the BSP is not an employment program. The reported proportion of Indigenous employment involved in the BSP has increased from 30% in 2017-18 to 35% in 2021.

Since the interim grant arrangement was entered into in 2016-17, a number of specific program delivery initiatives have been introduced in response to the identification of an emergent need. These initiatives were often designed and delivered in collaboration. For example, in the 2017 agreement new indicators related to collaborative partnerships with third parties was added, as was increasing participation of Aboriginal and Torres Strait Islander women in business. This included IBA organising a conference on getting Indigenous women into business, and the formation of a Facebook networking group 'Strong Women, Strong Business'. IBA Alumni and Ambassadors (past BSP customers and network members) champion this initiative to enhance 'business on country' and to grow the Strong Women, Strong Business network.

## **7.3. Demonstrate cultural respect toward Indigenous Australians**

### ***7.3.1. IBA cultural approaches***

IBA's inaugural Reconciliation Action Plan (RAP) was developed in 2007 and refreshed in 2010, 2012 and 2013. The 2014-16 RAP was developed by IBA's Reconciliation Action Plan Working Group, which comprised representatives from different business areas and

included both Aboriginal and Torres Strait Islander and non-Indigenous staff members. The development of the 2014-16 RAP took into account the lessons learnt from implementing previous RAPs, IBA's experience and achievements to date, the views of IBA customers and stakeholders, and IBA's plans for the future.

The 2014-16 RAP stated that IBA's core functions were already centred on Aboriginal and Torres Strait Islander people, and the focus for the 2014-16 RAP was to explore how IBA could move beyond 'business as usual'.

Since that time, and building on this earlier work, IBA has developed a number of tools and processes to build capacity for cultural respect. In 2016 IBA made a conscious decision to move away from the RAP program and focus on employment and procurement outcomes across the organisation. Key initiatives that IBA progressed since the 2016 RAP included embedding cultural capability across all staff, the introduction strategies to enhance Indigenous employment and procurement outcomes through service delivery, and embedding IBA's key value of Respect across the organisation. The value of Respect is embedded through IBA's policies including recruitment, performance, and recognition and rewards.

IBA's 'Cultural Capability' framework outlines the essential capabilities (skills, knowledge, and behaviours) staff seek to present when engaging with Aboriginal and Torres Strait Islander customers. This includes cultural capability training of staff, cultural immersion opportunities, the establishment of the Galambany Indigenous Staff network within IBA, The Diversity Council membership and Champion, and use of Indigenous training providers, among other activities.

### ***7.3.2. BSP delivery approaches***

Some 10% of participants identified the program was delivered in a culturally sensitive way with no issues with cultural competency identified.

However, as outlined in section 6.1.3, some businesses, including those who have not become customers, had issues with the level of customer service including responsiveness and ability to meet client needs. Addressing this is an essential step towards cultural competency and taking into account cultural values. Capturing the level of demand for support and having a stronger element of co-design to address emergent gaps could improve this.

IBA, through its customer satisfaction survey and social impact survey, are gaining a better understanding of issues related to service delivery including in relation to social and economic outcomes. This requires understanding the customer journey better and the experiences of those participating. In mid 2021, IBA also established a new Director role titled 'Director Community & Customer Experience' to strengthen its work in this area.

Aligned with one of the BSP's KPIs, the IBA continues to use partnerships for the delivery of the BSP. For example, in 2018-19, it entered into a partnership with Murawin Pty Ltd to provide business support and capability development to up to 150 Indigenous women through workshops; and it also worked with the Melbourne School of Business for the Murra Indigenous Business Masterclass program. The diversity of IBA's partnerships has been important in its efforts to connect widely with a range of

Indigenous businesses, and to address emergent needs of the BSP. However, there is currently no requirement to capture or report on a partner's cultural competency. There is an opportunity to expand upon this in future.

## 8. Future directions

The evaluation identified several options for future delivery. This section examines the strategic priorities/drivers for the BSP currently and how they can inform future directions.

This includes consideration of future directions in light of Closing the Gap priority reforms, broader context of Indigenous business development and practicalities of current BSP grant approaches in the context of broader IBA business support activities.

### Findings summary – Future directions

- When considering program implementation in light of Closing the Gap Priority Reforms, progress has been made but more could be done to integrate with current directions, particularly in relation to shared decision making, building the community-controlled sector and supporting access to consistent data and information.
- Results from a broader policy development stakeholder process highlighted the ongoing need to improve access to capital and finance, strengthen regional and community capacity and business opportunities in land and water; and increase capability and connection to broader opportunities.
- Since the development of the BDAP and BSP, there has been a growth of different service providers and opportunities for Indigenous business both in government and the corporate sector. This broader support ecosystem means there is overlapping service provision, and a need to assist Indigenous businesses navigate through the different options to maximise their opportunities and create longer-term competitiveness and sustainability.
- The activities and support provided under the BSP grant agreement is now only a sub-set of the support IBA offers to support Indigenous businesses. The quarterly BSP performance reporting provided in isolation of the other IBA business support results in an incomplete picture of support. This grant reporting is then aggregated into broader business reporting as part of IBA's annual reporting to Parliament. The duplicate reporting consumes a considerable amount of corporate time and effort and could be streamlined.

### 8.1. Closing the Gap Priority Reforms

The broader Australian Government Closing the Gap agenda includes elements relevant to Indigenous businesses. A new *National Agreement on Closing the Gap* (the National Agreement) was signed by all Australian governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations in July 2020.

To promote program delivery in collaboration with Indigenous Australians following on from a strengths-based approach, there is merit in examining broader directions taken in relation to Closing the Gap Priority Reforms in future directions for the BSP.

#### Closing the Gap Reform 1: Formal partnerships and shared decision-making

**Outcome:** *Aboriginal and Torres Strait Islander people are empowered to share decision-making authority with governments to accelerate policy and place-based progress on Closing the Gap through formal partnership arrangements.*

The current BSP delivery shows evidence that there is scope for increased input into program design and delivery, particularly on shared decision-making.

IBA as an organisation is decentralised across Australia. IBA works with collaborative partners to foster local partnerships and positioning business development within the local context of regional opportunity and enabling systematic change. While BSP KPIs focus on individual customers and meeting their needs based on a demand driven approach to grow IBA organisational success and capacity, the qualitative reporting highlights individual partnerships and initiatives being supported by the BSP. However, there is however no mention of shared decision-making.

### **Closing the Gap Reform 2: Building the Community-Controlled Sector**

**Outcome:** *There is a strong and sustainable Aboriginal and Torres Strait Islander community-controlled sector delivering high quality services to meet the needs of Aboriginal and Torres Strait Islander people across the country.*

IBA has shown the capacity through the BSP to form partnerships with Indigenous businesses in the delivery of the BSP, particularly in the case of the external support. This includes utilising these third parties to enhance access to business support where there is a gap in geographic reach or specialist knowledge.

As outlined in the BSP performance reporting, there is a mix in the type of businesses engaged to support the BSP – some are engaged on a subcontracted basis to deliver a broad range of business support services as per IBA customer requirements, whereas other entities are engaged through a more collaborating partnership approach aligned to develop and deliver on a specific initiative.

There is an opportunity to support the development of the community-controlled sector through services provided under the BSP. There are also potential opportunities as raised in the long-term outcome section (section 6.3) to develop community-based business models and partnerships which also could further strengthen the community-controlled sector.

### **Closing the Gap Reform 4: Shared access to data and information at a regional level.**

**Outcome:** *Aboriginal and Torres Strait Islander people have access to, and the capability to use, locally-relevant data and information to set and monitor the implementation of efforts to close the gap, their priorities and drive their own development.*

This priority reform includes the following:

- Partnerships are in place to guide the improved collection, access, management, and use of data to inform shared decision-making.
- Governments provide communities and organisations with access to the same data and information they use to make decisions.
- Government's collect, handle and report data at sufficient levels of disaggregation, and in an accessible and timely way.
- Indigenous communities and organisations are supported by governments to build capability and expertise in collecting, using, and interpreting data in a meaningful way.

As described in 6.3.1, there is currently no up to date baseline of Indigenous businesses (number, size, and type). There is a need to understand trends in the sector including composition, size, and type of businesses and how these change over time. Collection of this sort of information, including the use of a consistent set of definitions associated with the Indigenous business sector, will help address this priority. Aligning future BSP reporting to be consistent with such business definitions will also help in measuring the impact of the program, and the growth in the sector.

### Recommendation 2

NIAA and IBA should ensure that any changes in the BSP delivery model and intent are designed to contribute to Closing the Gap targets and Priority Reforms. An area in which there is strong potential for this is the development of a more regional delivery model that develops place-based service delivery organisations to provide BSP external business support. This would provide stronger links to underserved areas, opportunities for a more diverse range of businesses, and wide-ranging benefits for regional communities.

## **8.2. Industry and stakeholder feedback**

A number of core themes/initiatives are outlined below, based on strategic directions emerging from a broader policy development stakeholder consultation process and also from key Supply Nation strategic documents<sup>57</sup>.

In 2021, as part of a broader policy development process, some strategic directions were set through a process of industry consultation involving 12 industry roundtables and 200 industry representatives from diverse organisations including Indigenous organisations.<sup>58</sup> More than 40% of participants in this group identified as being of Aboriginal and Torres Strait Islander descent.

The **provision and access of finance and capital** for Indigenous business is seen as a key strategic priority, this includes:

- improved access to capital and finance opportunities
- access to capital for Indigenous businesses, especially early stage capital
- exploring alternative and innovative finance and investment options, such as options to connect Indigenous businesses and entrepreneurs to partners and capital providers.

This theme emphasises facilitating new and emerging approaches for finance and asset capital provision, including formation of new partnerships with a variety of service providers. This is consistent with international practice where examples from overseas highlights alternatives for gaining access to finance. For example, in Canada and the United States of America government support is provided to Indigenous businesses through Indigenous-owned financial institutions. These are typically autonomous organisations capitalised by government that provide services including loans, financial

---

<sup>57</sup> Such as the Supply Nation, First Nations Capital, *Indigenous Business Growth: Working together to realise potential, September 2018*.

<sup>58</sup> Participants included community-controlled organisations, industry peak bodies, business chambers, employer groups, government, education, service providers, unions, academia and entrepreneurs.

and management consulting, and business start-up support.<sup>59</sup> While there are very few equivalent institutions in Australia (such as First Australians Capital), at the time of evaluation they do not receive government support.

The approach for providing financial support to Indigenous businesses taken overseas is very different to what is currently done in Australia, and there is an opportunity to trial such an approach in the Australian context to determine whether it is something that should be supported more broadly.

The second key theme addresses investing in **human capital** to support business growth:

- Investment in the provision of service and expert advice (governance, leadership, financial and business skills) to build the capacity and capability of emerging Indigenous businesses.
- Better connect Indigenous businesses into international trade and investment opportunities.

The business support services currently offered through the BSP continue to invest in human capital to support business growth. The ability to build on this support through increased mentoring and coaching is important, as is helping businesses develop networks and collaborations with others.

The third theme is to have a focus on **local, place-based opportunities** which tap into regional level opportunities including related to sea and land assets:

- Greater support to enable local and regional opportunities, in particular the decarbonisation, sustainable land-use and bush-fire fire prevention opportunities.
- Enable traditional owners to activate the commercial potential of land and sea assets and grow business and jobs.
- Creating a better enabling environment for traditional owners to grow businesses in sectors such as energy and agriculture, and to leverage the unique skills, connections to country and knowledge of Indigenous Australians.
- Invest in building the capabilities of communities to strategically access the potential of available resources.

These three themes align with and build on the various findings throughout this report, including the opportunity to introduce innovative alternatives for accessing business capital, how to build on the investments to date in human capital to strengthen the skill base within the Indigenous business sector to build *on* the business, and how to increase the level of local, placed-based opportunities to better meet the needs of Indigenous business.

---

<sup>59</sup> See Appendix G for further information. Also see Supply Nation, First Nations Capital, *Indigenous Business Growth: Working together to realise potential*, September 2018, and Minderoo Foundation, *Generation One, Backing Black Business: Greater financial inclusion for Australia's Indigenous business sector*, February 2021



### 8.3. BSP in a broader business context

The Indigenous business sector has grown significantly between 2006 and 2018. As noted under section 6.3.2, there are a variety of estimates, with the extent of growth ranging between almost double to as high as 74% over the period.

As shown in Table 8, enabling and servicing this growth has been a range of government and private industry programs/initiatives broader than the BSP<sup>60</sup>, including:

- government funded policies such as the IPP, other federal government funding, and state-based policies
- business chambers including Indigenous chambers of commerce and business hubs which provide a range of business support services and networking opportunities
- Indigenous support organisations
- corporations developing corporate social responsibility programs.

This creates a pluralistic environment of opportunity, with similar complementary but sometimes overlapping services as they have been developed in different contexts, localities, and with different resources.<sup>61</sup> This includes businesses participating in Indigenous business chambers of commerce and connecting to opportunities through membership such as Supply Nation. There also appears to be no clear coordinating point across organisations.

In addition, and as noted under section 3, the definitions of sector cohorts used in reporting even within the BSP is not clearly defined, nor do the terms cut across the different BSP service offerings. This makes comparisons across the different support initiatives difficult.

The business hubs as well as many of the more established Indigenous business chambers of commerce provide a facilitation service to help a member to obtain access to finance. This facilitation service often links to negotiations with Industry partners to adjust (decompartmentalise) their delivery contracts to enable smaller business entities to build up a proven profile of delivery, thus becoming a lower risk organisation and gaining access to commercial finance. This was particularly noted in discussions with Yarpa Hub.

---

<sup>60</sup> Based on publicly available material, and discussions with stakeholders who manage or use the services of these entities. Note the support terms used are generic to encompass the varied descriptions of services provided by different entities.

<sup>61</sup> Other more ad hoc arrangements have emerged to support Indigenous businesses to get together and yarn, and to activate local Indigenous business communities. Once such movement is called 'Black Coffee', a grassroots Indigenous business networking event held in regions around Australia each month. Originating in Queensland, the goal of Black Coffee is to provide a platform to connect micro and small business owners around Australia.

Table 8: Indigenous specific business support and access to capital entities

	BUSINESS SUPPORT										CAPITAL FINANCE SUPPORT				
	Workshops & business education	Marketing & communications	Risk analysis, due diligence & business review / exit support	Legal advice & services	Bookkeeping & accounting	Growth strategising & business advice	Shared office space	Networking & mentoring	Procurement & contract support	Facilitation / access to capital	Start-up loan / grant package	Business / working capital loan	Equipment & acquisition finance	Invoice financing & performance bonds	Other / tailored
IBA: BSP grant arrangement	☑	☑	☑		☑	☑		☑			☑	☑			
IBA: broader business program	☑	☑	☑		☑	☑		☑				☑	☑	☑	☑
Many Rivers	☑	☑	☑	☑	☑	☑		☑				☑			☑
First Australians Capital	☑							☑				☑			☑
Good Shepherd															☑
Commercial financial institutions (commercial banks, fin tech orgs, etc.)												☑	☑	☑	
Yarpa Business Hub (NSW)	☑	☑		☑	☑	☑	☑	☑	☑	☑					
Waalitj Hub (WA)	☑	☑	☑	☑	☑	☑	☑	☑	☑	☑					
The Circle (SA)	☑					☑	☑	☑	☑	☑					
Canberra Indigenous Entrepreneurs Centre (ACT)	☑						☑	☑							
NSW Indigenous Chamber of Commerce	☑	☑		☑		☑	☑	☑	☑	☑					
Kinaway Chamber of Commerce (VIC)	☑					☑	☑	☑	☑	☑					
Southeast Queensland Indigenous Chamber of Commerce	☑							☑		☑					
Noongar Chamber of Commerce and Industry (WA)	☑			☑		☑	☑	☑	☑	☑					
Northern Territory Indigenous Business Network						☑		☑	☑						
Balkanu Cape York Development Corporation	☑	☑			☑	☑		☑	☑						

As highlighted by the extent of available support summarised above in Table 8, there is a wide variety of different support mechanisms, procurement policies, and eligibility criteria across the support offerings to help Indigenous businesses. Stakeholder consultations reinforced the challenge of navigating through these support offerings. For example, there is a lack of transparency when it comes to eligibility requirements other than the need to provide evidence of descent. In some instances, an Indigenous business may be defined as any business that is 50% or more Indigenous owned. For support from IBA, a business needs to be at least 50% Indigenous owned and Indigenous led. To be a 'registered' Supply Nation supplier the business needs to be at least 50% owned, but to be considered a 'certified' supplier the business requires 51% ownership, management and control by Indigenous people. This variability of basic concepts reinforces the need for some consistent definitions and use of terminology to describe the type and level of support available.

Identifying the organisations that service different regions is complicated, as some organisations offer services nation- or state-wide, while others are provided at a local or regional scale. Organisations and policies which previously provided Indigenous business support, and which are now dormant, lack information to redirect enquiries. The inconsistencies between definitions of an Indigenous owned business mean some businesses are ineligible to receive services from state or territory organisations but eligible to receive services from federal-level organisations. The current Indigenous ecosystem is shown below.

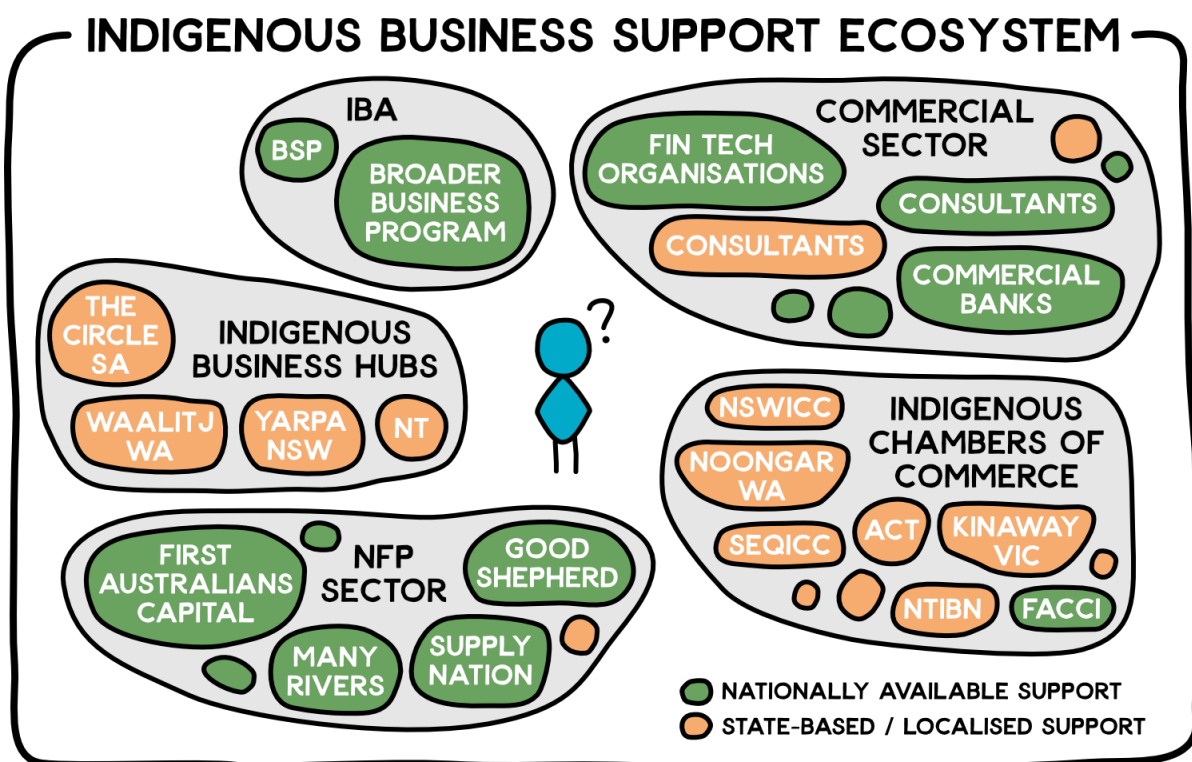


Figure 28: Indigenous business support ecosystem  
 Source: Sustineo

In the future delivery of support for Indigenous entrepreneurs and businesses, consideration should be given to a coordinating ‘hub’ of sorts that could provide an overarching information conduit to talk with a business (emerging or established) to understand what their goal is.

There is currently a missing link in the Indigenous business support ecosystem for how a business interacts across the various support offerings. In addition to the various support entities, the maturation of national and state government Indigenous procurement policies, linked at times to registration requirements with bodies like Supply Nation, NSWICC and Kinaway add an additional layer of business opportunity but can be complex to navigate. Requirements for registration or membership varies state by state, with no national consistency. Research from the University of Melbourne<sup>62</sup> highlights the challenges of identifying and analysing Indigenous businesses given the absence of a common, nationally consistent ‘single-point’ of registration.

There would be considerable value in identifying and supporting an entity to be responsible as a ‘bridge’ helping to identify, advocate for, and support individuals on a needs-basis to navigate the support ecosystem. This role has not been satisfied by the current BSP arrangement with IBA. In many ways this role could be likened to a combined role of a business advocate and a business broker.

This is also supported by Supply Nation and First Australians Capital who have identified how financial institutions and government can better meet Indigenous business funding needs:

- Create greater visibility of available funding sources across sectors and regions. For example financial institutions and government can more widely promote grant and loan options that already exist and provide the realistic support to make a successful application.
- Review the design of current funding sources and adopt a more diverse risk profile to ensure they create opportunities for every segment of the Indigenous business market. Funding products with the appropriate risk profile and support service, for businesses at a similar stage of maturity.<sup>63</sup>

### Recommendation 3

NIAA should undertake a critical review of the suite of Indigenous business support mechanisms with the aim of understanding trends in the business sector, its characteristics, and associated definitions. This will enable better overall understanding of the Indigenous business sector, provide insights into the role of BSP activities compared to other business support initiatives, and enable the identification of gaps in support. The review should inform the establishment of a formalised registration system, and consistent terminology and definitions for key business lifecycle characteristics (such as

---

<sup>62</sup> See <https://pursuit.unimelb.edu.au/articles/the-power-of-the-indigenous-business-sector>.

<sup>63</sup> Supply Nation, First Nations Capital, *Indigenous Business Growth: Working together to realise potential*, September 2018, p. 8.

ideation, start-up, preparation, early stage, and pre-bank) across the range of business support mechanisms.

It is expected that having a consistent set of definitions and a formalised registration system across the sector would generate a range of benefits. For example, it is likely to:

- Help Indigenous businesses and entrepreneurs to better understand the types of service and support available.
- Assist policy makers at all levels of government to understand the emerging shape of the sector and the support that is already available. This will ensure that new mechanisms complement existing initiatives and do not create unnecessary duplication.
- Support improved reporting on the impacts of the various support mechanisms, and consequent changes in the sector over time.
- Assist researchers in the field by supporting greater comparability across data sources. The development of consistent data available for sharing between parties would go some way to addressing the Closing the Gap Priority Reform 4, discussed above in section 8.1.

#### Recommendation 4

NIAA must address the emergent coordination gap across the suite of Indigenous business sector support activities. As part of this, NIAA should identify and support an entity to be responsible for assisting new and established Indigenous businesses to better understand the variety of business support initiatives and networking opportunities available, and to help businesses identify pathways aligned to their needs.

The key role for this entity would be to act as a facilitator, helping businesses to identify possible pathways and providing advocacy and support to individuals on a needs-basis across the ecosystem. To enable this entity to operate effectively, the Commonwealth and other parties operating in the sector will need to improve the transparency of eligibility and broad-level selection criteria that businesses need to meet to access support.

### **8.4. Better integration of the BSP with other IBA business support offerings**

In addition to the BSP, IBA delivers other business-related initiatives from its own revenue, or under other grant arrangements with NIAA. As a result, the BSP quarterly reporting and annual financial reconciliation process is only on a sub-set of the support IBA provides to Indigenous businesses. Adding to the complexity of reporting, there were instances where earlier BSP reports included additional information on business products and services not specifically funded by the BSP grant arrangement.<sup>64</sup>

The full picture of support provided to Indigenous businesses is reported through IBA's corporate reporting requirements under the PGPA Act, is delivered through IBA's Business

---

<sup>64</sup> This was particularly in relation to other finance products and overall numbers of business finance approved each year as noted in section 4.1.

Solutions division, and is governed by the Business Solutions Policy and Procedure Framework and associated IBA policies, procedures, delegations, and handbooks.

For example, IBA's 2020–21 Annual Report stated:

Throughout 2020–21 we offered business relief packages, providing \$13.1 million in support to assist 159 customers identify pandemic impacts and identify new opportunities and business models. This included assisting 112 Indigenous businesses we had not worked with before. As part of our 'business as usual', we delivered 355 finance products valued at \$52.4 million, and 465 different forms of business support and skills development.<sup>65</sup>

'Business as usual' refers to the standard suite of business services and products provided by IBA under the Business Solutions banner. This includes an annual allocation of \$10 million of new BSP funds and additional recycled BSP funds, with the remainder coming from own-source income or other IAS funding arrangements.

Further, the emphasis and reporting on the number of businesses attending business capability workshops was reintroduced in 2020–21 as an IBA corporate performance measure (as outlined in IBA's Corporate Plan 2020–21 and its PBS). In 2020–21, IBA's annual target was 500, with a reported result of 502.<sup>66</sup> As the number of customers attending workshops has not been a specific measure for the BSP since 2016–17, it is not possible to determine how many were currently funded through the BSP under business support.

It is recognised that under the structure of a grant agreement, specific purposeful accountability measures need to be applied. These are in addition to the standard PGPA Act reporting requirements expected of all Commonwealth entities. With the increase in the use of other grant arrangements, and own-source funding, the current BSP quarterly reporting arrangements are administratively resource intensive<sup>67</sup> and provide an incomplete picture on the extent of IBA's support being provided to Indigenous businesses and emergent entrepreneurs.

While the annual BSP grant funding makes it necessary to acquit recycled funds through the annual grant reconciliation, these funds are not taken into consideration in the revision of overarching BSP KPIs and the subsequent reporting on use is unclear in the performance reports.

The grant funding modality can also create uncertainties with future funding and staff resources due to expiring grant agreement arrangements, and has a direct impact on IBA's overarching agency Average Staffing Level cap. Even where funding is allocated into future years in IBA's PBS, actual funding is only available as agreed in a grant agreement.

---

<sup>65</sup> Indigenous Business Australia, *Annual Report 2020–2021*, p. 6.

<sup>66</sup> Indigenous Business Australia, *Annual Report 2020–2021*, pp. 27 and 30.

<sup>67</sup> It is important to recognise the extensive effort of IBA and NIAA staff in producing and reviewing these reports and reconciliations, and in improving the consistency in reporting. This is particularly in light of the absence of a single source data warehouse to underpin reporting functions.

As noted in section 5.1, there is no longer a policy-driven need for the grant arrangement and funding could be returned as a direct appropriation to IBA. The credit policy risk tolerances previously restricting the level of support to BSP target cohorts of early stage and high risk customers are no longer specified. This means that as long as these applicants can satisfy IBA's leading principles and criteria, these businesses can be supported.

The customer demand for BSP services has annually exceeded the KPI targets. Despite the absence of data on key customer demographics, there is clearly ongoing demand from businesses for opportunities to gain business skills, access ongoing mentoring, and take part in other specific loan aftercare initiatives. Noting the limited options available for certain support, and to help Indigenous businesses ultimately participate in the mainstream economy, the BSP should continue to provide targeted support and access to finance to early stage, pre-bank and higher-risk businesses. This could continue to be provided under the BSP's grant arrangement, or as a specific performance measure under IBA's broader Business Solutions division.

As noted above, support for the very early phases of a business journey is offered by multiple parties. Assuming that funding support continues for the various business hubs and state-based Indigenous business chambers of commerce and that a future iteration of funding is to be provided for BSP-related activities, there is an opportunity for IBA to better communicate the unique aspects of support it provides to those businesses seeking access to finance, particularly those who would not be able to readily obtain suitable finance from alternate sources.

## Appendix A: IBA governance framework

The Australian Government has a long history of seeking to support economic and social development for Aboriginal and Torres Strait Islander people across Australia. Indigenous Business Australia (IBA), a statutory authority of the Australian Government, is an entity that is focused on promoting economic development opportunities for Aboriginal and Torres Strait Islander people.

IBA's purpose is set out in the *Aboriginal and Torres Strait Islander Act 2005* (the ATSI Act). The ATSI Act also gives IBA a range of powers to engage in commercial activities that help serve its purpose. IBA is accountable to the Parliament and the Minister for Indigenous Affairs, with the IBA Board the accountable authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). IBA's governance framework is shown in Figure 29.

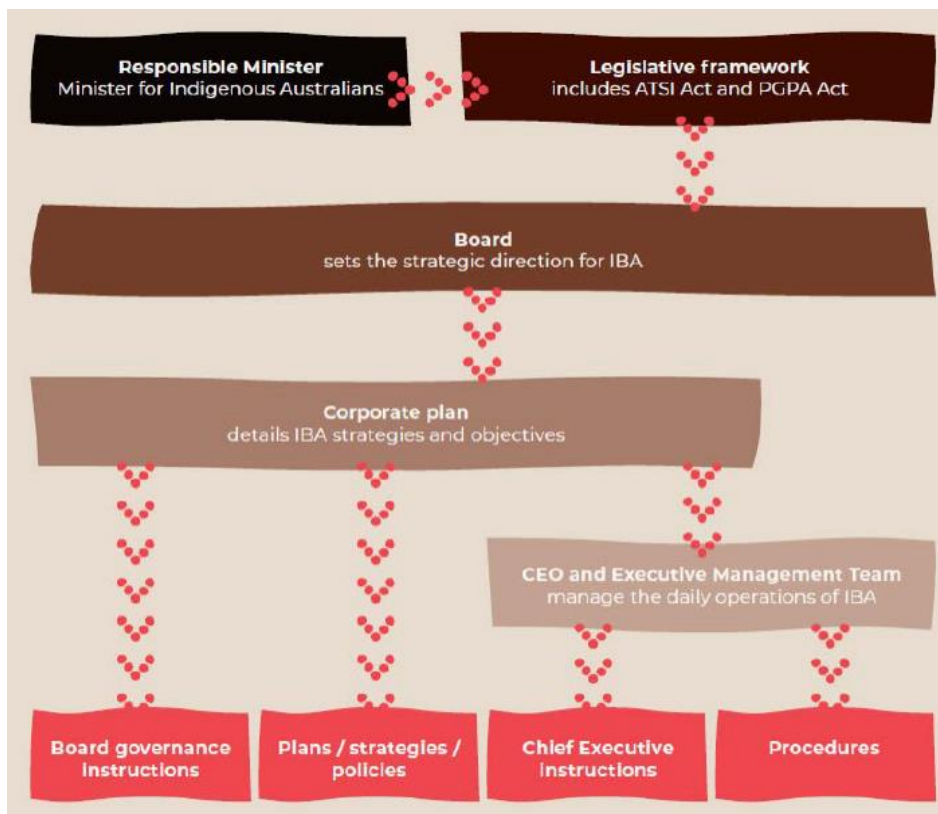


Figure 29: IBA governance framework

Source: Extracted from material provided by IBA

To meet its purpose, products and services are delivered through three divisions of IBA:

1. **Housing Solutions** – delivering finance products and support to assist Indigenous customers to access home ownership.
2. **Business Solutions** – providing finance products and support to help Indigenous customers start-up, acquire or grow their own businesses.
3. **Investment and Asset Management** – building commercial capability and creating wealth through investment in, and direct management of, businesses and assets.



Each division is measured by a set of performance targets that demonstrate how IBA is delivering outcomes against its purpose. IBA's approach to performance measurement is guided by targets as specified in its Corporate Plan and Portfolio Budget Statements (PBS) and reported through annual reporting requirements of the PGPA Act. In addition, policies and procedures underpinning the delivery of all products and services form part of IBA's overarching governance framework.

Up until 2015-16, when IBA introduced an adjustment to its risk appetite in business lending, the Australia Government supported IBA in its delivery of business support services and the provision of business finance products through annual appropriations as detailed in the PBS.<sup>68</sup> In response to IBA's change in risk, and expected reduction in support for early stage and pre-bank Indigenous business customers, in 2016-17 the Australian Government amended funding arrangements for the program from a direct appropriation to an interim grant arrangement with the Department of Prime Minister and Cabinet (and subsequently with NIAA). In 2017-18, the BDAP was renamed the BSP alongside the move to a more extensive funding agreement (providing annual funds of \$17.3 million for business support services and a \$10.2 million capital component).

Notwithstanding the overarching performance targets as set out in IBA's corporate governance documentation, the grant agreements defined specific KPIs (as contractual targets) that were expected to be satisfied, with a sub-set linked to payment of 40.5% of the annual business support allocation.

The initial 2016-17 grant agreement set out 13 KPIs which underpinned quarterly performance assessments. These KPIs had a specific focus on IBA continuing to deliver and report on the uptake of its suite of seminars/workshops for business previously delivered under BDAP, with four of the 13 KPIs setting targets to different target audiences. A specific KPI for customer satisfaction was included, as was the requirement for an increase in the number of customers receiving business support and/or loan services in regional and remote Australia from the previous year. An efficiency KPI was also included, requiring overheads (allocated corporate costs attributed to the program) be reduced.

The number of KPIs were adjusted to nine KPIs in the two-year 2017-18 agreement. A subsequent variation to this agreement provided new (both in wording and reference numbering) KPIs for the period 1 July 2019 to 30 June 2021. The current agreement has been extended out to 30 June 2023.

As required by the grant agreements, quarterly reports on BSP performance are provided to NIAA, and an annual financial reconciliation. This reporting is in addition to the broader IBA governance reporting as required by the PGPA Act.

---

<sup>68</sup> The annual appropriation covered the provision of business support services whereas the capital equity injection was used to fund the provision of financial products to eligible Indigenous-owned and managed businesses.

## Appendix B: The Indigenous Business Sector Strategy

The BSP is one component of the IBSS, a 10-year strategy aimed at improving access to business and financial support for Australia’s growing Indigenous business sector.

During the 2016 Federal Election, the Australian Government committed to creating an environment where Indigenous business and innovation could grow and prosper. The subsequent IBSS was designed to assist in expanding the capacity of the Indigenous business sector to meet the increasing demand for Indigenous goods and services, driven in part by the Indigenous Procurement Policy (IPP) and other strategies. More than just meeting demand, the IBSS was designed to help Indigenous people build sustainable businesses that will support themselves, their families and their communities through job creation and financial security and independence. Underpinning these initiatives is the understanding that a stronger Indigenous business sector can contribute to the growth of local economies and the broader Australian economy.

The IBSS was to be implemented over a 10-year period (2018 to 2028) and sought to increase the number, size and diversity of Indigenous businesses. The IBSS has four pillars – better access to business support, improved access to finance, stronger connections and networks, and harnessing knowledge. The focus of the IBSS in the first three years was on ‘Laying the Foundations’ followed by ‘Learning and Innovating’ in the second three years and ‘Growing and Thriving’ in the third three years.

Each of the four pillars is supported by a range of ‘actions’. The actions identified in the IBSS are summarised in Table 9.

Table 9: Overview of actions in the IBSS<sup>69</sup>

Pillar	Action	Implementing organisation
Better Business Support	<b>Establishing National Indigenous Business Hubs.</b> These are intended to provide access to business and employment advice, networking opportunities, and access to short-term office space.	NIAA with implementation partners
	<b>Project Hubs.</b> These Hubs focus on supporting Indigenous businesses to tender for major infrastructure projects.	Not known
	<b>Increasing self-employment through the Community Development Programme (CDP).</b> This action is aimed at increasing self-employment through an ‘incubation model’ pilot that supports some CDP providers to help Indigenous people to start and stabilise small businesses.	NIAA with implementation partners
	<b>Stronger joint ventures.</b> Proposes workshops and subsidised one-on-one support for Indigenous businesses seeking advice on joint ventures.	IBA
Improved Access to Finance	<b>Finance and capital support from Indigenous Business Australia.</b> Delivered through the BSP. Covers a ‘start-up finance package’, ‘procurement loans’ and ‘invoice finance’.	IBA

<sup>69</sup> Source: Sustineo analysis of the IBSS, unless otherwise noted.

Pillar	Action	Implementing organisation
	<b>Expanding microfinance and grants for business assets.</b> Aims to double the size of microfinance programs, concentrating on regional and remote areas.	Many Rivers NIAA grant program: Indigenous Entrepreneurs Fund (IEF) <sup>70</sup>
	<b>Indigenous Entrepreneurs Capital Scheme.</b> Will connect Indigenous businesses with commercial finance options.	Not known
<b>Stronger connections and relationships</b>	<b>Expanding Partnerships.</b> The Government will establish new partnerships with NGOs and chambers of commerce, and encourage national organisations to reach out to Indigenous entrepreneurs.	Australian Government
	<b>Accessing Networks.</b> Supported through the Annual Indigenous Business Summit, a national road show of Meet the Buyer events, and the Business Hubs.	Australian Government
	<b>Aboriginal and Torres Strait Islander women in business.</b> This action states that all other actions in the IBSS need to focus on access for Aboriginal and Torres Strait Islander women.	Some aspects delivered by IBA
<b>Harnessing the power of knowledge</b>	<b>Digital Launch Pad.</b> The Government will create a website for Indigenous entrepreneurs to access business support services, capital products, industry information and emerging opportunities.	Australian Government
	<b>Better data collection.</b> The Government will seek to improve the scope and detail of data on Indigenous businesses.	Australian Government

In relation to providing access to finance, the IBSS outlined a staged approach to capital support to move Indigenous businesses to a position where they could access capital without government support as quickly as possible. Figure 30 (below) shows how different IBSS actions aim to support Indigenous business across different stages of the business lifecycle.

<sup>70</sup> The IEF was a 3-year grant program that ended on 30 June 2019. Funding under the IEF is no longer available. Potential applicants are advised that they should speak with their local NIAA office to discuss alternative options under the Indigenous Advancement Strategy.

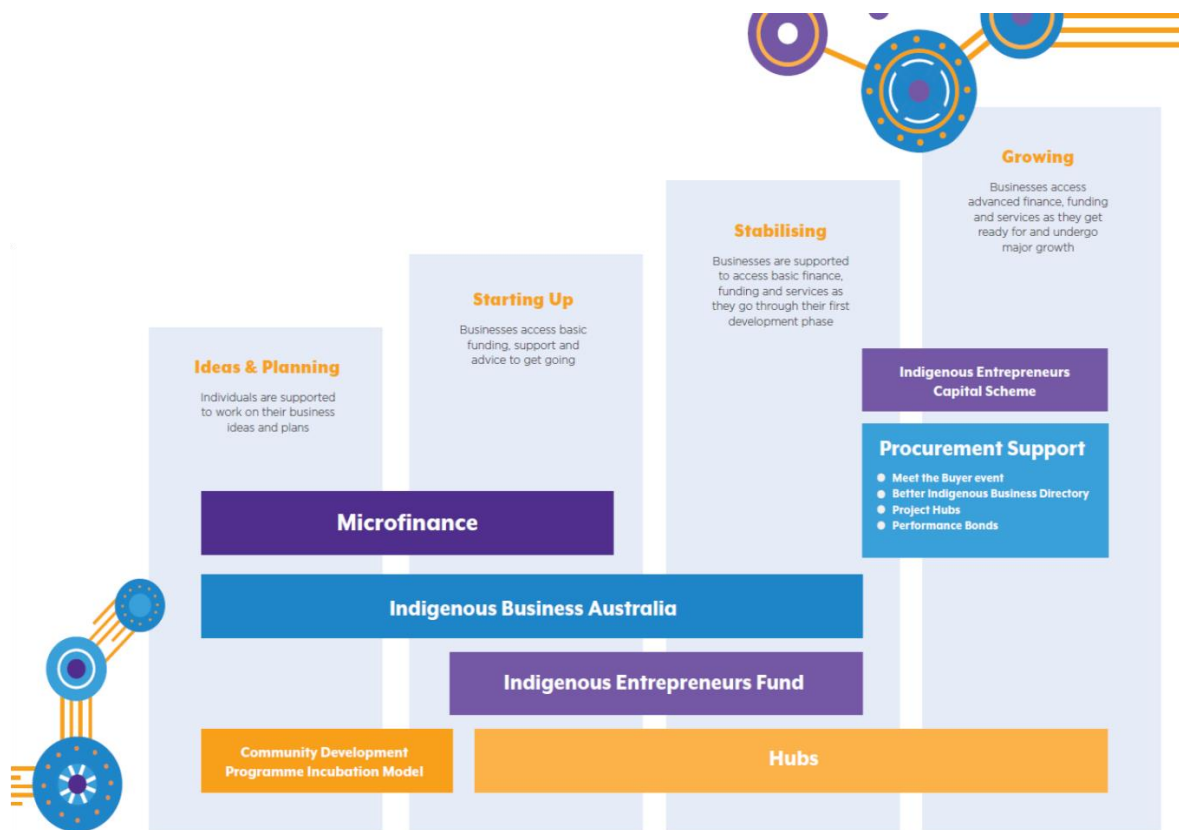


Figure 30: IBSS support across business development stages<sup>71</sup>

In reference to the IBSS suite of services across the business cycle, as shown in Figure 30 the BSP is illustrated by the IBA blue box which cuts across Ideas & Planning, Start-up and Stabilising, as well as some of the aspects in the blue box entitled Procurement Support. The BSP provides business support and capability development services, and concessional loan products to those Indigenous businesses that are assessed as viable but are unlikely to obtain private sector finance even with Commonwealth support. The program seeks to assist Indigenous owned and led businesses (both IBA’s loan/ financing customers and non-loan/ non-financed customers) at all stages of the business lifecycle (from ideation, preparation, start-up through to stabilisation, growth, maturity and exit). It is designed to assist Indigenous businesses with low levels of equity or collateral and/ or high support needs, focusing in particular on assisting early stage entrepreneurs and those entrepreneurs that are outside of the banks risk profile but who with one-on-one support and tailored finance can succeed.

It was considered that businesses that are investment ready continue to seek capital from private sector sources, freeing up capital and resources to assist Indigenous businesses that do require government assistance.

<sup>71</sup> Australian Government (2018), ‘How the IBSS supports each business development stage’, available at [https://www.niaa.gov.au/sites/default/files/publications/ibss\\_development\\_cycle.pdf](https://www.niaa.gov.au/sites/default/files/publications/ibss_development_cycle.pdf)

## Appendix C: Analytical and Evaluation Framework

The Analytical and Evaluation Framework builds on the evaluation questions and sub-questions and sets out the expected analytical task(s), the expected data source(s) and proposed data collection tool(s).<sup>72</sup> It is acknowledged that the actual use of these questions will be informed by a range of factors including relevance to particular respondents, suitability of questions in an interview setting (and the time constraints of the interview) and cultural appropriateness of the question and interview format.

The Analytical and Evaluation Framework shown below is a high-level representation of the broad approach to data collection.

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
<b>Program Design</b>				
<b>1. Is the suite of products and services delivered under the BSP aligned with the policy intent?</b>	1.1 Does the suite of products and services deliver the policy intent to grow the cohort of economically sustainable Aboriginal and Torres Strait Islander owned businesses, including: <ul style="list-style-type: none"> <li>- providing access to finance for “high-risk” firms</li> <li>- providing Indigenous owned businesses targeted business advisory support</li> <li>- ensuring the program delivery is efficient and effective, including cost-effective, and value for money</li> <li>- sustainability of Indigenous owned businesses</li> </ul>	Analysis based on review of policy and BSP documentation, product and service descriptions and stakeholder feedback	NIAA policy and contract documents IBA program and reporting documents NIAA and IBA staff interviews	Document Review Semi-structured Interviews

<sup>72</sup> The numbering of questions has been updated as part of drafting this report for ease of reading.

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
2. Is the program design aligned with IBSS suite of services	2.1 Do the suite of services duplicate other services delivered under the IBSS?	Analysis based on review of policy and contract documentation, assessment of service delivery capability and performance and stakeholder feedback	NIAA policy and contract documents	Document Review Online surveys
	2.2 Are there any clear gaps in service offerings for Indigenous owned businesses that could be delivered under the BSP by IBA?		IBA program and reporting documents NIAA and IBA staff interviews Indigenous Business survey Industry Stakeholder survey	Semi-structured Interviews
<b>Program Delivery</b>				
3. Has the delivery of BSP products and services met the contract targets?	3.1 What is the utilisation of products and services by location, size and type of business support services and/or loan product, type and size of business, gender, diversity and any other characteristics?	Collation of data relating to each product / service offering and segmentation / analysis of utilisation of each by relevant characteristics including: - customer – location, age, gender, size and type of business, business sector, stage of business development (start-up, expansion / diversification etc.), risk profile - product / service – size of loan	IBA performance reports IBA program and customer data (including the 'loan book') IBA staff interviews	Document / Data Review Semi-structured Interviews
	3.2 Are customers satisfied with their experience of the BSP throughout the customer journey?	Analysis of customer feedback	IBA Customer Satisfaction Survey Data Indigenous Business Survey Customer interviews Delivery partners survey IBA staff interviews	Document / Data Review Online surveys Semi-structured Interviews

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
4. Do the products and services delivered under the BSP meet the needs of clients?	4.1 Do individual products and services meet customer needs and expectations?	Analysis of customer feedback	IBA Customer Satisfaction Survey Data	Document / Data Review Online surveys
	4.2 Are there barriers or challenges for customers in utilising the BSP's products and services?	Analysis of customer evaluations, if any, including in relation to workshops, events etc.	IBA Customer Needs Analysis or similar assessments Indigenous Business Survey	Semi-structured Interviews
	4.3 Are there any gaps in the product and service offering? 4.4 Does the suite of products need to be changed or enhanced, e.g. - modifications to existing products / services - new products - new / alternative delivery modes	Comparison of product and service design and customer feedback with customer needs analysis, if any	Customer interviews Delivery partners survey IBA staff interviews	
	4.5 Have there been innovations in product and service design and delivery?	Identification of innovation in production and service design and delivery including new or tailored / targeted products and services or alternative / innovative delivery mechanisms	IBA product and service information IBA staff interviews	Document Review Semi-structured Interviews
5. Are IBA's governance and administration policies, systems and processes efficient and effective in delivering the BSP?	5.1 Does IBA's credit policy, risk framework, guidance and oversight align with the policy's target cohort of clients, i.e. Indigenous owned businesses that commercial lenders consider too high risk?	Analysis of IBA's policies and processes for guidance and oversight of delivery of the BSP, including: - credit policy - risk framework - assessment, prioritisation and decision-making policies and procedures	IBA policies and guidelines, including risk tracking as provided to the IBA Board IBA Chair / CEO interviews IBA staff interviews	Document Review Semi-structured Interviews

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
	5.2 Are IBA's operating policies, systems and processes effective in delivering against the policy intent of the BSP?	Analysis of IBA's policies, systems, guidelines and processes for guidance and oversight of delivery of the Program, including: <ul style="list-style-type: none"> <li>- product and service identification, development and review</li> <li>- assessment and referral</li> <li>- loan initiation and management</li> <li>- engagement of external providers for delivery of BSP components</li> <li>- customer relationship management</li> </ul>	IBA policies, systems, guidelines and processes IBA staff interviews	Document Review Semi-structured Interviews
	5.3 Are IBA's performance reporting systems and processes robust and effective?	Analysis of IBA's performance reporting systems and processes, including: <ul style="list-style-type: none"> <li>- data management including collection, collation and cleansing</li> <li>- data quality</li> <li>- data analysis</li> <li>- monitoring and reporting</li> </ul>	IBA data systems IBA performance reports IBA staff interviews ANAO performance audit findings	Observation / examination of data systems Document / Data Review Semi-structured Interviews



Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
6. Are there any learnings from the design and delivery of the COVID-19 support package that could be applied to the BSP?	6.1 What learnings can be taken from the design and implementation of the COVID-19 (IBRP) support package: - Streamlined application process - Streamlined assessment process - Size of assistance package - Analysis of loan / grant assistance - Demographics of uptake of assistance	Analysis of IBA's performance reporting systems and processes, including monitoring and reporting of the additional COVID-19 response support package	IBA performance reports IBA staff interviews	Document / Data Review Semi-structured Interviews
	<b>Core Values</b>			
7. Does the design and delivery of the BSP build on strengths, demonstrate cultural respect and involve collaboration?	7.1 Were Indigenous stakeholders consulted on the design and delivery of the BSP?	Identification of consultation processes and outcomes	IBA documents IBA staff interviews	Document / Data Review Semi-structured Interviews
	7.2 Does the design and delivery of products and services respect and demonstrate an understanding of Indigenous culture and values?	Analysis based on review of product and service descriptions and stakeholder feedback	IBA product and service information IBA staff interviews Customer feedback collected through IBA Customer Satisfaction Surveys or IBA evaluations of individual products and services Customer interviews	Document / Data Review Semi-structured Interviews

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
	<p>7.3 Do customers and Indigenous stakeholders have an ongoing voice in the design and delivery of the BSP?</p>	<p>Identification of the mechanism or procedures for stakeholder engagement, including:</p> <ul style="list-style-type: none"> <li>- customer satisfaction surveys</li> <li>- customer complaints processes</li> <li>- use of customers and Indigenous stakeholders on committees, reference or advisory groups</li> <li>- targeted consultation on changes to the design and delivery of products and services</li> <li>- other mechanisms</li> </ul>	<p>IBA policies and processes documents</p> <p>IBA Customer Satisfaction Surveys</p> <p>IBA staff interviews</p> <p>Customer and stakeholder interviews</p>	<p>Document / Data Review</p> <p>Semi-structured Interviews</p>
	<p>7.4 Does IBA have a Reconciliation Action Plan (RAP) or equivalent culturally-informed engagement approach and how is it used to measure their adherence and the BSP adherence to core values?</p>	<p>Examination of the IBA RAP (or equivalent) and associated reporting</p>	<p>IBA RAP (or equivalent) documents and reports</p> <p>IBA staff interviews</p>	<p>Document / Data Review</p> <p>Semi-structured Interviews</p>
<b>Program Outcomes</b>				
<p><b>8. Has the BSP achieved its short-term outcomes?</b></p>	<p>8.1 Have customers improved their business capabilities through business support services?</p>	<p>Analysis based on customer evaluations, if any, including in relation to workshops, events etc., customer self-assessment and observations by IBA staff / providers delivering capability</p>	<p>IBA evaluations of individual products and services</p> <p>IBA staff interviews</p> <p>Delivery partner interviews</p> <p>Customer interviews</p>	<p>Document Review</p> <p>Semi-structured Interviews</p>

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
		development and support activities in relation to: <ul style="list-style-type: none"> <li>- developing business skills and acumen</li> <li>- developing business / marketing plans</li> <li>- establishing business systems and processes</li> </ul>	IBA impact framework and reporting	
	8.2 Were the customers who accessed the suite of financial products the targeted cohort?	Analysis based on information and feedback collected, with specific emphasis on customer characteristics	IBA customer data IBA staff interviews Customer interviews IBA impact framework and reporting	Document / Data Review Semi-structured Interviews
	8.3 What percentage of customers who received financial support were new, or existing customers with a prior financial / loan history with IBA?	Analysis based on information and feedback collected, with specific emphasis on customer history with IBA's suite of products and services	IBA customer data Customer interviews IBA staff interviews	Document / Data Review Semi-structured Interviews
	8.4 Is the application process efficient and were the services provided appropriate?	Analysis based on information and feedback collected	Customer interviews Delivery partner interviews IBA staff interviews IBA impact framework and reporting	Document / Data Review Semi-structured Interviews
	8.5 Has the number and size of Indigenous business grown and developed?	Analysis of the change in number and size of Indigenous businesses based on IBA customer data and customer	IBA customer data IBA impact framework and reporting Customer interviews	Document / Data Review Semi-structured Interviews

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
<b>9. Has the BSP achieved its medium-term outcomes?</b>		feedback, including employment of Indigenous staff  Analysis of the change in business spending on goods and services and assets based on customer feedback	Supply Nation Research reports	
	<b>9.1 Have customers engaged with the wider business sector and support services?</b>	Identification of customer participation in or leadership of support activities and networks facilitated by organisations in the wider business sector, including: <ul style="list-style-type: none"> <li>- initiatives by local Indigenous businesses (peer support)</li> <li>- local Indigenous business chambers and other Indigenous organisations</li> <li>- broad-based business chambers and business organisations</li> <li>- the banking and finance sector</li> <li>- consultants and support providers</li> <li>- education and training institutions</li> </ul>	Customer interviews Stakeholder interviews NIAA regional network interviews Community stakeholder interviews	Semi-structured Interviews
	<b>9.2 Have customers strengthened their business capabilities?</b>	Customer self-assessment of developments and improvements in their: <ul style="list-style-type: none"> <li>- business models</li> <li>- business planning and</li> </ul>	Customer interviews	Semi-structured Interviews

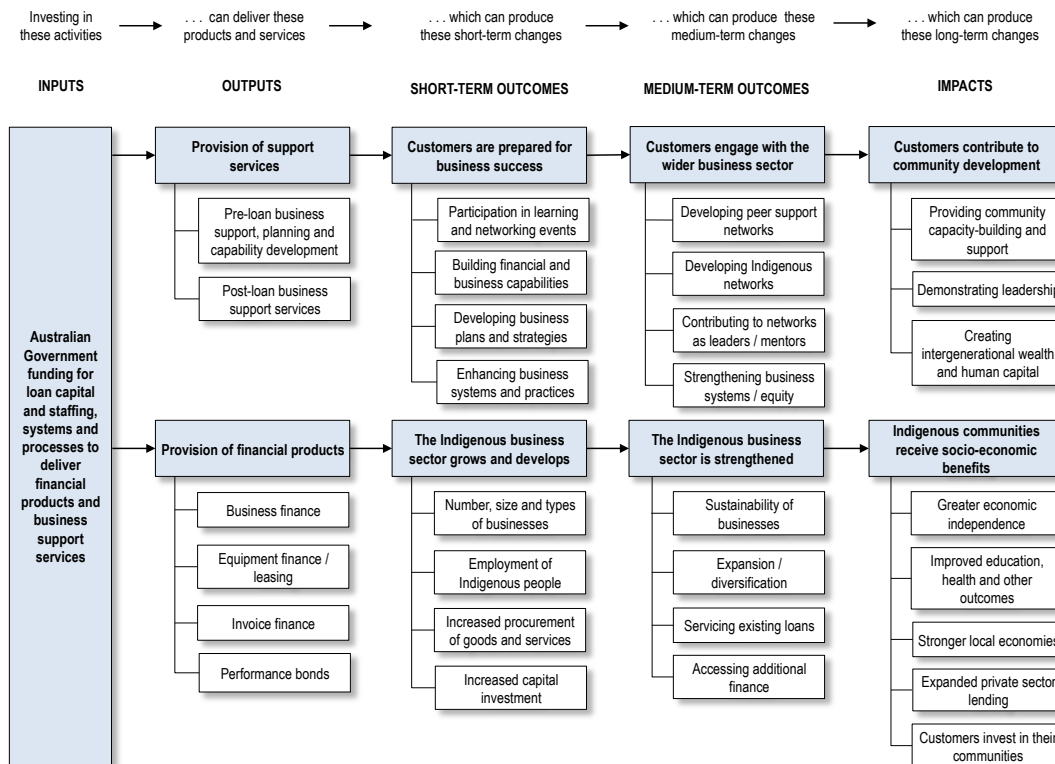
Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
<b>10. Has the BSP achieved its long-term outcomes?</b> Note – Long-term outcomes are not expected to be measurable during the timeframe of the evaluation, however, the questions will underpin future assessments of long-term outcomes		strategies for growth and development - operating capabilities		
	9.3 Is the Indigenous business sector growing and becoming more sustainable?	Analysis of the change in business survival rates based on IBA customer data and customer feedback Customer self-assessment of business prospects and viability	IBA customer data Customer interviews Community stakeholder interviews Supply Nation Research reports	Document / Data Review Semi-structured Interviews
	10.1 Is there a correlation between business sustainability / growth, and employment in the community?	Analysis of the change in business survival rates based on IBA customer data and customer feedback, including employment of Indigenous staff	IBA customer data Customer interviews Community stakeholder interviews Supply Nation Research reports	Document / Data Review Semi-structured Interviews
	10.2 Are customers contributing their business capabilities to community development and support?	Analysis based on customer and community stories	Case studies collected by IBA, NIAA and other agencies IBA impact framework and reporting Customer interviews Community stakeholder interviews Supply Nation Research Reports	Document / Data Review Semi-structured Interviews
	10.3 Are communities receiving socio-economic benefits from the development of the Indigenous business sector?			
10.4 Are customers investing capital and time into their Indigenous communities / networks?				

Evaluation Question	Evaluation Sub-questions	Analytical Method	Data Source	Evaluation Data Collection Tools
<b>Future Delivery</b>				
<b>11. What are the alternatives for the future delivery of the BSP?</b>	11.1 Are there risks, cost implications or challenges in the delivery of the current suite of products and services? 11.2 Are there alternative delivery models? 11.3 What are these alternatives?	Analysis based on review documents, data and consultations from all sources	All sources used in the evaluation	Document / Data Review Semi-structured Interviews

## Appendix D: BSP Theory of Change and Program Logic

The BSP Theory of Change and a Program Logic were developed collaboratively with NIAA and IBA in early 2020 as part of the development of the Evaluation Strategy. They were based on a comprehensive review of Program documentation (such as the overarching Head Agreement, subsequent contract variations and Project Schedules, performance reporting and IBA’s Annual Reports), with the outputs and outcomes validated through a workshop with key NIAA and IBA staff. The Theory of Change seeks to explain how the Program activities will produce the Program’s intended results and is illustrated in Figure 31 below.

Figure 31: BSP Theory of Change



The above Theory of Change is based on two broad inputs – business support services (to build the business capability of customers) and financial products (to improve accessibility of finance). The above diagram portrays a simple linear and hierarchical relationship between these inputs and the expected changes, whereas in reality, there are more complex interrelations between these.

In relation to **business support services**, by assisting customers to develop business ideas and by providing learning programs and advisory services, it is expected that in the short term, customers will develop their business and financial capabilities, clarify their business ideas and business model and develop business systems and practices. In the medium term, it is expected that customers, as a result of increased business awareness and acumen, will engage in wider business support networks and services, and also

contribute to these, for example as leaders and mentors. Further, this will enable customers to strengthen their businesses, in terms of improved systems and practices, and increased equity, which may result from better business management (for example reducing their business loan). As businesses succeed, and customers' business skills and experience develop, it is expected that in the long-term customers may have an impact on their community as they contribute to community development and support activities in ways that draw on their business success and business management and leadership skills.

In relation to **financial products**, by providing customers with access to finance to develop businesses, it is expected that in the short term, the Indigenous business sector will grow and businesses will invest in capital, more Indigenous-produced goods and services will be purchased and as a result, more Indigenous people will be employed. Building on this growth, and the improved business capability of customers, it is expected that in the medium term, business will continue to succeed and will expand and diversify, with existing loans paid out and additional financial products accessed, if required. In the long-term this may have an impact on Indigenous communities through increased economic independence (through stable employment) which may also contribute to stronger local economies and improved health, social and other outcomes for Indigenous communities. The growth and sustainability of the Indigenous business sector may also result in increased provision of private sector lending to the Indigenous business sector.

The BSP Program Logic builds on the Theory of Change and provides a high level representation of the BSP by mapping the inputs, outputs and results and also shows the Program's intent, context and enabling environment, specifically in relation to:

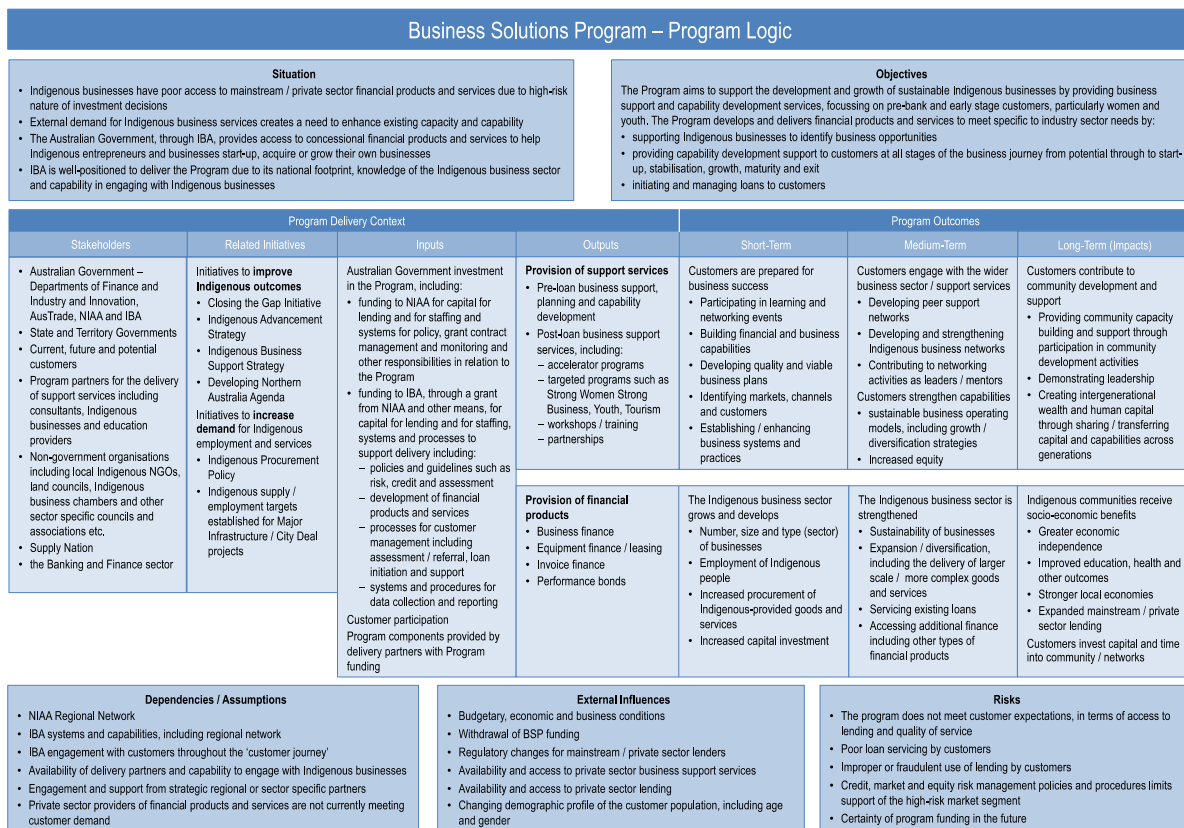
- Situation – the key drivers and needs that provide the rationale for the BSP
- Objectives – what the BSP is designed to achieve
- Stakeholders – the key actors delivering, using and supporting the BSP
- Related initiatives – other policies and programs that contribute to or influence the BSP's results
- Inputs – the resources invested in the BSP for staffing, systems and processes and loan funds
- Outputs – the products and services delivered by the BSP
- Outcomes – the BSP's intended short-term, medium-term and long-term outcomes (impacts).

As part of the development of the Evaluation Plan and ethics approval process, considerable effort was expended by the evaluation team and NIAA staff into reviewing the BSP Program Logic as illustrated in Figure 3.

Both Figure 2 and Figure 3, are being validated during the course of the evaluation, with a refined BSP Theory of Change and a BSP Program Logic to be presented in the final Evaluation Report.



Figure 32: BSP Program Logic



In addition to representing the context of the BSP and its intended results, the Program Logic seeks to demonstrate the causal and hierarchical links between the BSP's input and outputs and its intended results (outcomes). In this way the Program Logic sought to guide the design and conduct of the evaluation by identifying key contextual and delivery (output) factors that will need to be documented and understood as well as elements for the evaluation to measure and assess (outcomes).

Coupled with the Program Logic, the Assumptions and Risks at Table 10 below identifies some of the key assumptions and risks associated with the actions and outputs that are expected to lead to the desired outcomes. By identifying these assumptions and risks we are able to recognise potential gaps or flaws in the revised Program Logic. This does not necessarily mean that the Program is flawed, but by identifying these we are able to be aware of risks to the Program's success that need to be monitored as part of the evaluation.

Table 10: Assumptions and Risks

Action or Output	Assumptions	Risks
<ul style="list-style-type: none"> <li>Help Indigenous people build sustainable businesses that will support their families and communities.</li> <li>Improved education, health and other outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Business success and wealth creation will have positive consequences for Indigenous communities.</li> </ul>	<ul style="list-style-type: none"> <li>System intervention of financial support will have unintended negative effects in Indigenous communities.</li> </ul>

Action or Output	Assumptions	Risks
<ul style="list-style-type: none"> <li>• Customers invest in their communities.</li> <li>• Creating intergenerational wealth and human capital.</li> <li>• Financial security and independence.</li> <li>• Increased equity.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial achievements will benefit individuals and ‘trickle down’ to communities.</li> <li>• IBA is more effective than other financial service and assistance providers at engaging with Indigenous customers.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased business will shift individuals away from local knowledge and tradition.</li> <li>• Financial achievements will benefit individuals but not communities.</li> <li>• Support, training and advice is provided but there are still not enough employment opportunities.</li> <li>• Familiar welfare support mechanisms are taken away.</li> <li>• Fears of loss of reliable ‘safety net’ override desire for financial independence.</li> </ul>
<ul style="list-style-type: none"> <li>• Focus on pre-bank and early stage customers, particularly women and youth.</li> <li>• Targeted programs for women, youth, tourism.</li> </ul>	<ul style="list-style-type: none"> <li>• Women and youth are empowered / able to seek and utilise assistance.</li> <li>• Access to financial services is a priority form of support for women and youth.</li> <li>• Private sector finance providers or other agencies are not able to meet customer needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Support is available but awareness and uptake is not high.</li> <li>• Uncertainty of future program funding.</li> </ul>
<ul style="list-style-type: none"> <li>• Expanded business sector meeting increased demand for Indigenous goods and services.</li> <li>• Identifying business opportunities.</li> <li>• More demand for Indigenous-provided goods and services.</li> <li>• Increased capital investment and private sector lending.</li> <li>• Increase in number, size and diversity of Indigenous businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a distinct market share for Indigenous goods and services.</li> <li>• Provision of goods and services by Indigenous businesses has greater community benefit than non-Indigenous business ownership.</li> <li>• Availability of delivery partners with suitable capability.</li> </ul>	<ul style="list-style-type: none"> <li>• Indigenous goods and services are not competitive with non-Indigenous equivalents.</li> </ul>
<ul style="list-style-type: none"> <li>• Increase in demonstrated leadership and individual agency.</li> <li>• Developing peer support networks.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of financial advice and tailored assistance will enhance personal and interpersonal qualities.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial support and business focus leads to increased competition and conflict in</li> </ul>

Action or Output	Assumptions	Risks
<ul style="list-style-type: none"> <li>• Stronger connections and networks.</li> <li>• Demonstrated leadership.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial success leads to enhanced leadership skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Indigenous communities.</li> <li>• Customers benefit personally but don't adopt positive roles in the community.</li> </ul>
<ul style="list-style-type: none"> <li>• Access to training and business development support.</li> <li>• Availability of equipment finance / leasing.</li> <li>• Servicing existing loans.</li> <li>• Stronger local economies</li> </ul>	<ul style="list-style-type: none"> <li>• Leased equipment and support will be used for business development in the local community, not elsewhere.</li> <li>• Recipients of training and financial assistance will utilise their new skills and wealth in local communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of training and business success will result in a 'brain drain' to metropolitan population centres, or distancing of successful customers from their Indigenous communities.</li> <li>• Recipients of training and financial assistance will utilise their new skills and wealth to move out of local communities.</li> <li>• Poor loan servicing by customers.</li> <li>• Fraudulent or improper use of assistance by customers.</li> </ul>

## Appendix E: Demographic data from surveys

This appendix contains the demographic data of survey respondents for both the online Indigenous business survey, and the online delivery partner survey.

### Indigenous Business Survey

The Indigenous Business Survey was publicly circulated on NIAA social media via the NIAA publications team. Individual emails including the survey link were sent by IBA to all business customers who had received support over the evaluation period. The survey was open for eight weeks to maximise the number of responses.

The Business Survey received 92 responses, which was reduced to 71 following data cleaning. Of those, 64 respondents completed 100% of the survey. The remaining seven responses have been retained as they answered enough substantive (non-demographic) questions to be useful for analysis. Completion rates for these seven responses ranged from 43% to 99%. A summary of respondent demographic characteristics is presented in Table 11.

Table 11: Respondent demographics

Characteristics		Responses	
Age	25 - 30 years old	3	4.23%
	31 - 35 years old	4	5.63%
	36 - 40 years old	14	19.72%
	41 - 45 years old	10	14.08%
	46 - 50 years old	9	12.68%
	51 - 55 years old	11	15.49%
	56 - 60 years old	8	11.27%
	Over 60 years old	12	16.90%
Gender	I identify in some other way (please specify)	1	1.41%
	Man	42	59.15%
	Woman	28	39.44%
Role	Chief financial officer	1	1.41%
	Joint business owner	18	25.35%
	Other (please specify)	5	7.04%
	Senior manager	4	5.63%
	Sole business owner	43	60.56%
Length of business operation	Less than 1 year	5	7.04%
	1 to 2 years	5	7.04%
	2 to 5 years	23	32.39%
	5 to 10 years	19	26.76%
	Greater than 10 years	18	25.35%
	Do not recall	1	1.41%
State / Territory	ACT	2	2.82%
	NSW	7	9.86%
	NT	5	7.04%

Characteristics		Responses	
<b>(primary location)</b>	QLD	18	25.35%
	SA	9	12.68%
	TAS	4	5.63%
	VIC	6	8.45%
	WA	20	28.17%
<b>Business size</b>	1 - 4 employees	48	67.61%
	5 - 19 employees	16	22.54%
	20 - 199 employees	7	9.86%
<b>Annual turnover</b>	Under \$50,000	14	19.72%
	\$50,001 to \$100,000	6	8.45%
	\$100,001 to \$200,000	8	11.27%
	\$200,001 to \$500,000	14	19.72%
	\$500,001 to \$1,000,000	4	5.63%
	Greater than \$1,000,000	22	30.99%
	Prefer not to say	3	4.23%
<b>Industry sector</b>	Accommodation and Food Services	6	8.45%
	Administrative and Support Services	2	2.82%
	Agriculture, Forestry and Fishing	2	2.82%
	Arts and Recreation Services	2	2.82%
	Construction	12	16.90%
	Education and Training	6	8.45%
	Electricity, Gas, Water and Waste Services	1	1.41%
	Health Care and Social Assistance	1	1.41%
	Information Media and Telecommunications	1	1.41%
	Manufacturing	3	4.23%
	Other Services	20	28.17%
	Professional, Scientific and Technical Services	5	7.04%
	Public Administration and Safety	1	1.41%
	Rental, Hiring and Real Estate Services	2	2.82%
	Retail Trade	4	5.63%
	Transport, Postal and Warehousing	2	2.82%
Wholesale Trade	1	1.41%	
<b>Regional area*</b>	Major cities of Australia	34	47.89%
	Inner regional areas of Australia	22	28.17%
	Outer regional areas of Australia	25	35.21%
	Remote Australia	24	32.39%
	Very remote Australia	13	16.90%
<b>Industry affiliation*</b>	Supply Nation	37	52.11%
	None	32	45.07%
	Western Australia Indigenous Business and Employment Hub (Wirra Hub)	9	12.68%
	The Circle - First Nations Entrepreneur Hub, Adelaide	5	7.04%
	Indigenous Business Women's Network (IBWN)	3	4.23%
	NSW Indigenous Business Chamber of Commerce (NSWICC)	3	4.23%

Characteristics	Responses
NT Indigenous Business Network (NTIBN)	3 4.23%
Other	2 2.82%
Yarpa NSW Indigenous Business and Employment Board Hub (Yarpa Hub)	2 2.82%
Aboriginal Business Industry Chamber of South Australia (ABICSA)	2 2.82%
South East Queensland Indigenous Chamber of Commerce (SEQICC)	2 2.82%
First Australians Chamber of Commerce and Industry (FACCI)	2 2.82%
Kinaway Chamber of Commerce Victoria Ltd	2 2.82%
Townsville Region Indigenous Business Network (TRIBN)	1 1.41%

\*Respondents were able to select more than one answer for these questions. Therefore, the percentages provided indicates the proportion of total respondents (n=71) that selected each option.

### IBA customers

The demographic data provides a snapshot of the 30 respondents who had been IBA customers (see Table 12). Notably, of the respondents who had been IBA customers, 63% (n=19) were male, 60% (n=18) were over the age of 50, 70% (n=21) were from businesses that had been operating for more than five years, 36.7% (n=11) were from Western Australia, 50% (n=15) were from business with a turnover of more than \$500,000 per year, and 51.9% (n=14)<sup>73</sup> were from businesses in the 'start-up' or 'growth' phase.

Table 12: IBA customer demographics

Characteristics	Responses	
Age	25 - 30 years old	2 6.67%
	31 - 35 years old	1 3.33%
	36 - 40 years old	2 6.67%
	41 - 45 years old	4 13.33%
	46 - 50 years old	3 10.00%
	51 - 55 years old	6 20.00%
	56 - 60 years old	5 16.67%
	Over 60 years old	7 23.33%
Gender	Man	19 63.33%
	Woman	11 36.67%
Role	Chief financial officer	1 3.33%
	Joint business owner	9 30.00%
	Other (please specify)	5 16.67%
	Senior manager	3 10.00%
	Sole business owner	12 40.00%
Length of business operation	Less than 1 year	2 6.67%
	1 to 2 years	2 6.67%
	2 to 5 years	5 16.67%

<sup>73</sup> There were 27 respondents for this question.

Characteristics		Responses	
	5 to 10 years	9	30.00%
	Greater than 10 years	12	40.00%
State / Territory (primary location)	NSW	2	6.67%
	NT	3	10.00%
	QLD	4	13.33%
	SA	7	23.33%
	VIC	3	10.00%
	WA	11	36.67%
Business size	1 - 4 employees	15	50.00%
	20 - 199 employees	6	20.00%
	5 - 19 employees	9	30.00%
Annual turnover	Under \$50,000	3	10.00%
	\$50,001 to \$100,000	3	10.00%
	\$100,001 to \$200,000	2	6.67%
	\$200,001 to \$500,000	5	16.67%
	\$500,001 to \$1,000,000	3	10.00%
	Greater than \$1,000,000	12	40.00%
	Prefer not to say	2	6.67%
Industry sector	Accommodation and Food Services	2	6.67%
	Administrative and Support Services	1	3.33%
	Arts and Recreation Services	1	3.33%
	Construction	3	10.00%
	Education and Training	1	3.33%
	Electricity, Gas, Water and Waste Services	1	3.33%
	Manufacturing	2	6.67%
	Other Services	11	36.67%
	Professional, Scientific and Technical Services	2	6.67%
	Public Administration and Safety	1	3.33%
	Rental, Hiring and Real Estate Services	2	6.67%
	Retail Trade	2	6.67%
	Transport, Postal and Warehousing	1	3.33%
	Regional area*	Major cities of Australia	14
Inner regional areas of Australia		8	26.67%
Outer regional areas of Australia		7	23.33%
Remote Australia		11	36.67%
Very remote Australia		7	23.33%

\*Respondents were able to select more than one answer for these questions. Therefore, the percentages provided indicates the proportion of total respondents (n=30) that selected each option.

### Limitations

Of the 71 respondents, 42.3% (n=30) stated that they had been IBA business customers. This number is too small to be a representative sample of the broader IBA customer base. However, observations drawn from the survey data provide an indication of potential

areas for future investigation, and are used to triangulate findings from the broader desk analysis and follow-up interview data.

## Delivery Partner Survey

The Delivery Partner Survey was not publicly circulated as the target audience was IBA staff involved in the delivery of the BSP and IBA external support consultants. Promotion of this survey was through an individual email including the survey link, sent by IBA to their confidential list of relevant parties involved in the delivery of the BSP over the evaluation period. The survey was left open for six weeks to maximise the number of responses.

In total there were 35 respondents to the Delivery Partner Survey, which was reduced to 24 following data cleaning. Of those, 23 respondents completed 100% of the survey, while the remaining respondent completed 79%. A summary of respondent demographic characteristics is presented in Table 13.

Table 13: Delivery partner demographics

Characteristics		Responses	
Gender	Man	14	58.33%
	Woman	9	37.50%
	Prefer not to say	1	4.17%
Role	External Business Support Provider (contracted by IBA)	11	45.83%
	IBA - business support services	10	41.67%
	IBA - financial products	2	8.33%
	Other (please specify)	1	4.17%
Length of time working for IBA	Less than 1 year	1	4.17%
	1 to 2 years	1	4.17%
	2 to 5 years	9	37.50%
	5 to 10 years	7	29.17%
	Greater than 10 years	5	20.83%
	Do not recall	1	4.17%
State / Territory (Primary location)	QLD	7	29.17%
	WA	5	20.83%
	NSW	5	20.83%
	VIC	4	16.67%
	NT	3	12.50%
Client facing role	Yes	20	83.33%
	No	4	16.67%
Regional area*	Major cities of Australia	16	66.67%
	Inner regional areas of Australia	17	70.83%
	Outer regional areas of Australia	19	79.17%
	Remote Australia	15	62.50%
	Very remote Australia	8	33.33%

\*Respondents were able to select more than one answer for these questions. Therefore, the percentages provided indicates the proportion of total respondents (n=24) that selected each option.



## Appendix F: BSP loans by industry

Where industry data is available for those loans funded under BSP, we found that the industry that has received the most loans, and the highest value loans, was the *Construction* industry (receiving over 17% of loan value and 20% of all loans committed since 2016–17). The breakdown by industry is shown in Table 14.

Table 14: Total number and value of BSP loans recorded from 2016–17 to 2020–21 by Industry

Industry	Number of Loans since 2016–17 (to 2020–21)	% of Loans (n=620)	Total Value of Loans since 2016–17 (to 2020–21)	% of Total Value (\$70.9 million)	Average Loan Value
Construction	126	20.3%	\$12,258,507	17.3%	\$97,289.74
Accommodation and Food Services	55	8.9%	\$4,139,878	5.8%	\$75,270.51
Retail Trade	50	8.1%	\$4,031,813	5.7%	\$80,636.26
Transport, Postal and Warehousing	50	8.1%	\$4,315,814	6.1%	\$86,316.27
Other Services	49	7.9%	\$2,076,210	2.9%	\$42,371.63
Agriculture, Forestry and Fishing	39	6.3%	\$10,648,550	15.0%	\$273,039.74
Professional, Scientific and Technical Services	39	6.3%	\$2,751,035	3.9%	\$70,539.37
Administrative and Support Services	39	6.3%	\$1,944,477	2.7%	\$49,858.38
Manufacturing	37	6.0%	\$4,639,693	6.5%	\$125,397.12
Arts and Recreation Services	23	3.7%	\$1,553,455	2.2%	\$67,541.52
Health Care and Social Assistance	21	3.4%	\$4,970,000	7.0%	\$236,666.67
Information Media and Telecommunications	19	3.1%	\$1,664,263	2.3%	\$87,592.79
Education and Training	16	2.6%	\$746,000	1.1%	\$46,625.00
Wholesale Trade	13	2.1%	\$822,000	1.2%	\$63,230.77
Rental, Hiring and Real Estate Services	13	2.1%	\$4,622,330	6.5%	\$355,563.85
Mining	9	1.5%	\$7,787,100	11.0%	\$63,482.90
Electricity, Gas, Water and Waste Services	6	1.0%	\$594,190	0.8%	\$865,233.33
Public Administration and Safety	2	0.3%	\$490,000	0.7%	\$99,031.67
Financial and Insurance Services	1	0.2%	\$21,700	0.0%	\$245,000.00
<b>TOTAL*</b>	<b>620*</b>		<b>\$70,902,293</b>		<b>\$114,358.54</b>

\* Note: Totals include the additional n=13 loans with undefined industry division, with value of \$63,482.90 over entire reporting period. Source: Analysis of IBA provided data

## Appendix G: Overseas indigenous business support programs

The evaluation undertook a literature review of government-funded financial products available Indigenous businesses in Canada and the United States of America (US).<sup>74</sup> In both countries, the government supports Indigenous businesses through dedicated, flexible loans that may be used to cover a range of business start-up and operational costs. These mechanisms are analogous to the support provided by IBA, and to a lesser extent, Many Rivers (which provides micro business support). However, Canada and the US also support Indigenous businesses through indigenous-owned financial institutions, which are typically autonomous organisations capitalised by government that provide services including loans, financial and management consulting and business start-up support. There are very few equivalent institutions in Australia (such as First Australians Capital), and they do not receive government support.

Table 15 summarises government-supported financial products for Indigenous businesses in Australia, Canada and the US. Further detail on the mechanisms used in Canada, and information on the US, is provided in the section below.

---

<sup>74</sup> The review searched for similar programs in New Zealand but found no evidence of government-funded financial products specifically for Maori businesses. Instead, the New Zealand government provides a range of other business support services, such as advice and networking opportunities (see [here](#)).

Table 15: Overview of government-supported financial products for indigenous businesses in Australia, Canada and the US

Country	Product	Delivery organisation	Description	Amount	Permitted uses
AUSTRALIA	Business loan package	IBA	Standard loans for new or existing businesses.	A\$10,000 – A\$5m	<ul style="list-style-type: none"> <li>Working capital requirements</li> <li>Purchase of existing businesses, plant and equipment, and other commercial assets</li> </ul>
	Start-up finance package	IBA	Provides up to 30% of a new business loan as a grant.	Up to A\$100,000	<ul style="list-style-type: none"> <li>Purchase of business assets</li> </ul>
	Producer offset loan	IBA	Provides loans to Indigenous-owned production companies.	A\$100,000 – A\$2m	<ul style="list-style-type: none"> <li>Financing for documentary, film or television projects</li> </ul>
	Procurement loan	IBA	For businesses awarded a contract through the Indigenous Procurement Policy (or other government programs).	Up to A\$100,000	<ul style="list-style-type: none"> <li>Payment of upfront contract costs</li> </ul>
	Asset leasing	IBA	Provides operating leases, finance leases or chattel mortgages.	A\$5,000 – A\$750,000	<ul style="list-style-type: none"> <li>Purchase assets including vehicles, plant and equipment</li> </ul>
	Invoice financing	IBA	Provides businesses with cash flow based on the value of credit sales or major contracts.	Variable	NA

Country	Product	Delivery organisation	Description	Amount	Permitted uses
	Performance bonds	IBA	IBA issues bonds to buyer or provides cash security to a bank to serve as assurance that if business fails to meet its obligations the bond can be used to reduce the buyer's losses.	Variable	NA
	Small business support	Many Rivers	Access to microfinance loans to help get the business started.	Variable	Start-up costs
CANADA	Indigenous Entrepreneur Loan	Business Development Bank of Canada (BDC)		Start-ups: <C\$150,000 Existing businesses: <\$C250,000	<ul style="list-style-type: none"> <li>Acquire fixed assets</li> <li>Finance franchise fees</li> <li>Start-up costs</li> <li>Set up for exporting</li> <li>Replenishing working capital</li> </ul>
	Aboriginal Financial Institutions (AFI) loans	AFIs		Variable	<ul style="list-style-type: none"> <li>Dependent on AFI type and loan type</li> </ul>
	Aboriginal Business Financing Program	AFIs	Grants delivered through AFIs.	Individuals: <C\$99,000 Community-owned businesses: <\$C250,000	<ul style="list-style-type: none"> <li>Equity</li> <li>Quasi-equity</li> <li>Business support services</li> </ul>
UNITED STATES	Indian Loan Guarantee and Insurance Program (ILGP)	Bureau of Indian Affairs	Provides borrowers with loan guarantees through lending institutions.	Up to US\$500,000 (more for tribal enterprises)	<ul style="list-style-type: none"> <li>Operating capital</li> <li>Equipment purchases</li> <li>Business acquisition and refinance</li> </ul>

Country	Product	Delivery organisation	Description	Amount	Permitted uses
					<ul style="list-style-type: none"> <li>Building construction</li> <li>Lines of credit</li> </ul>
	Loans through Native CDFIs	Native CDFIs	The government provides Financial Assistance Awards (in the form of loans, grants, deposits, and equity investments) which support Native CDFI financing activities.	Variable	<ul style="list-style-type: none"> <li>Dependent on Native CDFI type and loan type</li> </ul>
	Tribal Energy Loan Guarantee Program (TELGP)	Department of Energy	The Department will guarantee up to 90% of unpaid principal and interest due on loans made to a federally recognized Indian tribe or Alaska Native Corporation.	Variable	<ul style="list-style-type: none"> <li>Loan must be for energy development project.</li> </ul>
	Native American Business Development Institute (NABDI) grants	NABDI	Provides funds for tribes to conduct feasibility studies on the viability of businesses, technologies, or economic development projects.	Uncapped (usually between US\$25,000 and \$75,000)	<ul style="list-style-type: none"> <li>Hire of consultants to conduct feasibility study</li> </ul>
	Small Business Administration (SBA) loans	SBA	Provides loans to small businesses, with an emphasis on support for minorities and communities lacking access to capital.	Up to US\$5 million	<ul style="list-style-type: none"> <li>Working capital</li> <li>Equipment</li> <li>Acquisition</li> <li>Construction</li> <li>Refinancing</li> <li>Etc.</li> </ul>

## Canada

There are over 43,000 Indigenous-owned SMEs in Canada, drawn from the First Nations, Inuit and Métis communities.<sup>75</sup> Many of these businesses find it difficult to access commercial loans due to challenges including the perception that they generate higher transaction costs and represent higher risk to lenders.<sup>76</sup> Additionally, businesses located on First Nations reserves face further barriers including remoteness and property-related restrictions enshrined in Section 89 of the 1985 Indian Act.<sup>77</sup>

Indigenous businesses in Canada are supported by a network of 59 Aboriginal Financial Institutions (AFIs). These “autonomous, Indigenous-controlled, community-based financial organizations”<sup>78</sup> were capitalised by the Canadian Government in the late 1980s to provide loans and entrepreneurial support, and now also “manage Canada’s equity financing programs for small businesses”.<sup>79</sup> AFIs fill a gap in the market by making loans to Indigenous entrepreneurs that mainstream financial institutions are unwilling to countenance.<sup>80</sup> There are three main types of AFI, outlined in Table 16.

Table 16: Types of AFI<sup>81</sup>

Types of AFI	Sources of capitalisation	Services
Aboriginal Capital Corporations	Federal Government	<ul style="list-style-type: none"> <li>Secured, interest-bearing term loans</li> <li>Letters of credit</li> <li>Operating and working capital loans</li> <li>Technical and advisory services</li> </ul>
Aboriginal Community Futures Development Corporations	Federal Government via Regional Development Agencies	<ul style="list-style-type: none"> <li>Business development loans</li> <li>Technical support</li> <li>Training and information</li> <li>Community initiatives e.g. strategic planning processes, research and feasibility studies</li> </ul>
Aboriginal Development Lenders	Private sector, provincial/territorial governments	<ul style="list-style-type: none"> <li>Debt and equity capital</li> <li>Business support services, including federal, provincial, and territorial programs</li> </ul>

### Government support mechanisms

The Canadian Government provides financial products to Indigenous businesses through three main mechanisms.

<sup>75</sup> APEC Policy Support Unit (2020), p. 2.

<sup>76</sup> Nickerson (2015), p. 1.

<sup>77</sup> Nickerson (2015), p. 1.

<sup>78</sup> National Aboriginal Capital Corporations Association (2021a).

<sup>79</sup> Collin and Rice (2019), p. 16.

<sup>80</sup> Although these loans are higher risk average annual loan losses for AFIs in 2019-20 were 2.1%. National Aboriginal Capital Corporations Association (2021a).

<sup>81</sup> National Aboriginal Capital Corporations Association (2021b).

- **AFI loans.** These are the primary source of finance for Indigenous SMEs in Canada. Currently, the AFI network provides C\$125m in new loans per year. The Canadian Government recently committed to increasing the financing available through AFIs via the Indigenous Growth Fund, which raised C\$150m in its first round.
- **Indigenous Entrepreneur Loans provided by Business Development Bank of Canada (BDC).** This scheme provides loans of up to C\$250,000 for existing businesses and C\$150,000 for start-ups.<sup>82</sup> Loans can be used for a range of purposes, including acquiring fixed assets, financing franchise fees, paying start-up costs, setting the business up for exporting, and replenishing working capital.<sup>83</sup> BDC is a government-backed institution.
- **Aboriginal Business Financing Program (ABFP).** The ABFP provides grants of up to C\$99,000 to individual entrepreneurs and C\$250,000 for community-owned Aboriginal businesses. These non-repayable contributions are delivered through AFIs and provide equity, quasi-equity and business support services.<sup>84</sup> The ABFP has been operating since 1990.

More recently, the Canadian Government established the Indigenous Community Business Fund to support First Nation, Inuit and Métis community-owned businesses affected by COVID-19. The Fund is providing C\$234 million in non-repayable financial contributions to cover operating costs and costs associated with adaptation, planning and reopening post-COVID.<sup>85</sup>

### United States of America

The most recently available data suggests that as of 2016 there were 29,089 Native American and First Nations-owned businesses in the US.<sup>86</sup> Similar to Indigenous-owned businesses in Canada, Native American and First Nations businesses in the US face a wide range of challenges in accessing commercial financial products. These challenges include geographic isolation, complex governance that prevents land being leveraged to obtain capital, the perceived risks of lending to Indigenous-owned business, and confusion over the application of banking laws in the context of the sovereign status of Native American nations.<sup>87</sup>

Similar to Canada, Native American businesses in the US are supported by a network of Native Community Development Financial Institutions (Native CDFIs). These organisations “provide financial services and loan products tailored to Native Communities’ development needs”.<sup>88</sup> There are currently 69 certified<sup>89</sup> Native CDFIs in the US,<sup>90</sup> including “loan funds, credit unions, banks, thrifts, and depository institution holding companies, all committed to the mission of supporting development in American Indian, Alaska Native, and Native Hawaiian communities”.<sup>91</sup> Native CDFIs provide

---

<sup>82</sup> Raderschall, Krawchenko and Leblanc (2020), p. 31.

<sup>83</sup> Business Development Bank of Canada (2021).

<sup>84</sup> National Aboriginal Capital Corporations Association (2021c).

<sup>85</sup> Government of Canada (2021).

<sup>86</sup> [United State Census Bureau \(2021\)](#).

<sup>87</sup> Gregory Guedel and Colbert (2016), pp. 9-20.

<sup>88</sup> Native Nations Institute (2016), p. 13.

<sup>89</sup> For a Native CDFI to be certified, at least half of its activities must be directed toward serving Native Americans, Alaska Natives, or Native Hawaiians.

<sup>90</sup> Native CDFI Network (2021).

<sup>91</sup> Native Nations Institute (2016), p. 13.

services including financial education, business coaching, and loans.<sup>92</sup> Federal government support for Native CDFIs is primarily delivered through the Native American CDFI Assistance Program (NACA Program), which provides loans, grants, deposits, and equity investments to support Native CDFI financing activities.<sup>93</sup>

### *Government support mechanisms*

There is a complex array of federal government financial support options available to Native American businesses, a number of which are outlined below:<sup>94</sup>

- **Indian Loan Guarantee and Insurance Program (ILGP).** The ILGP is administered by the Bureau of Indian Affairs' Division of Capital Investment (US Department of the Interior). The program allows eligible borrowers<sup>95</sup> to apply for a loan through an approved lending institution, with 90% of the loan guaranteed by the government. Several large banks and a range of smaller community banks participate in the program. Loans may be used for operating capital, equipment purchases, acquisition and refinancing, building construction, and lines of credit.<sup>96</sup>
- **Loans through Native CDFIs.** Between 2010 and 2018, Native CDFIs that received NACA program grants made approximately US\$312 million in loans and investments for businesses.<sup>97</sup> The specific provisions for loans vary across different types of Native CDFI.
- **Energy Department's Tribal Energy Loan Guarantee Program (TELGP).** The TELGP operates in a similar way to the ILGP. The Department of Energy guarantees "up to 90 percent of the unpaid principal and interest due on any loan made to a federally recognized Indian tribe or Alaska Native Corporation for energy development".<sup>98</sup> Loans are restricted to federally recognised tribes and tribal energy development organisations. Up to \$2 billion is available for loan guarantees through the program.
- **Native American Business Development Institute (NABDI) grants.** This grant program provides funds for tribes to hire consultants to conduct feasibility studies "on the viability of a business, technology, or economic development project".<sup>99</sup> NABDI planned to award 20–35 grants in 2021. Grants are typically between US\$25,000 and \$75,000.
- **Small Business Administration (SBA) loans.** SBA loans are not limited to Native American borrowers, but one of the agency's goals is to support minorities and communities lacking access to capital. Consequently, nearly one-third of its past loans were made to minority business owners.<sup>100</sup> SBA provides a variety of loan types, with the standard '7(a)' loan capped at US\$5 million.<sup>101</sup>

---

<sup>92</sup> Native Nations Institute (2016), p. 13.

<sup>93</sup> Native CDFIs also receive funding through other federal government including the Bank Enterprise Awards, Core component, Small and Emerging CDFI Assistance, and New Market Tax Credit programs. Dewees and Sarkozy-Banoczy (2008), p. 33.

<sup>94</sup> There are also a range of state government programs, but these are beyond the scope of this review.

<sup>95</sup> The business must have at least 51% Native American ownership, make a 20% down payment, and provide a product or service that benefits the economy of its tribal area or reservation.

<sup>96</sup> US Department of the Interior: Indian Affairs (2021b).

<sup>97</sup> Committee on Indian Affairs, United States Senate (2019), p. 13.

<sup>98</sup> Loans Program Office (2021).

<sup>99</sup> US Department of the Interior: Indian Affairs (2021a).

<sup>100</sup> Prakash, Priyanka (2020).

<sup>101</sup> US Small Business Administration (2021).



Recognising the broader underlying government policy of support for Indigenous Australians being Indigenous owned, and Indigenous lead, in the future delivery of support to Indigenous businesses, the consideration should be given to whether the Australian government is interested in following the example of Canada and the US and helping fund the provision of financial support to Indigenous businesses through Indigenous-owned financial institutions.

Sustineo Pty Ltd  
Suite 1B, Level 1, 32 Thesiger Court, Deakin ACT 2600 Australia  
GPO Box 591 Canberra ACT 2601 Australia  
E: [enquiries@sustineo.com.au](mailto:enquiries@sustineo.com.au)

The document may only be used for the purpose for which it was prepared.