



# Indigenous Entrepreneurs Capital Scheme

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## Improved Access to Capital for Indigenous Businesses

To meet the needs of a growing and diversifying sector, an Indigenous Entrepreneurs Capital Scheme will be established to improve access to private sector capital for Indigenous businesses.

### Why?

Due to historic economic marginalisation, Indigenous businesses are undercapitalised and have low levels of collateral. Through consultations, Indigenous entrepreneurs, business owners, and financial experts consistently identified the need for more access to commercial finance as central to the growth of Indigenous businesses. As a result, the Government is investing \$27 million in an Indigenous Entrepreneurs Capital Scheme.

### Who can access the Scheme?

The Indigenous Entrepreneurs Capital Scheme will be open to growing Indigenous businesses which have been in operation for two years or more and are just below bank ready. It will enable them to access a broader range of finance products than is currently possible; to build a banking relationship and a commercial credit history; and transition to independent, mainstream banking over the medium term.

### How will it work?

The Scheme is intended to be flexible, and work with the private sector to provide funding solutions for viable Indigenous businesses. By working with the private sector, the Scheme will leverage private sector experience, capability and infrastructure. Business viability assessments and decisions will be made by organisations that are best placed to make them: banks and financiers. It also means that Government can leverage its \$27 million investment, making each dollar allocated to the Indigenous business sector go farther.

The Scheme will be connected to **Indigenous Business Hubs**, which will provide timely and targeted support and advice relevant to their needs. This arrangement will ensure that capability building goes hand-in-hand with business finance.

To access the Scheme, an eligible Indigenous business can either go through an Indigenous Business Hub or approach a participating bank directly. The bank will work with the business to identify what the capital need is and the extent to which the business needs capital support drawn from the Scheme. From the outset, the banking relationship is between the Indigenous business and the bank.

Behind the scenes, Government will be working closely with the banks to ensure that the Scheme is only drawn on when it is needed and not being used to prop up unviable businesses.

### Timing

The Scheme will roll out later in 2018, in partnership with major banks. It will be evaluated after three years of operation.

