



**Information Paper**

**Defining Aboriginal and  
Torres Strait Islander -  
Owned Businesses**

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## INTRODUCTION

This paper presents the definitions to be used by the Australian Bureau of Statistics (ABS) for the purpose of collecting and disseminating statistics on Aboriginal and Torres Strait Islander-owned businesses (limited to small-to-medium sized, privately owned businesses). The definitions are intended to be used in the context of measuring economic participation and development in Australia. It is recognised that there are other definitions of Aboriginal and Torres Strait Islander-owned businesses used for various purposes (for example, facilitating funding support to businesses), and the definitions presented by the ABS are not intended to replace these definitions.

The definitions presented in this paper have been developed in consultation with stakeholders following the release of the discussion paper *Defining Aboriginal and Torres Strait Islander-owned Businesses, 2010* (cat. no. 4731.0). This discussion paper included a draft definition for comment. Following the release of the discussion paper, the ABS held a number of workshops and written submissions were received.

## CONTEXT

Measuring Aboriginal and Torres Strait Islander participation in economic activity, including business activity, was identified as a priority for data development in *ABS Directions in Aboriginal and Torres Strait Islander Statistics, June 2007* (cat. no. 4700.0), and there has been considerable and growing demand from government departments and Aboriginal and Torres Strait Islander organisations for statistical information measuring Aboriginal and Torres Strait Islander economic activity. The definitions presented in this paper are the first step to producing statistics about Aboriginal and Torres Strait Islander-owned businesses. Further investigation is required to develop viable methods for data collection.

The draft definition released in 2010 focussed on businesses with majority Aboriginal and Torres Strait Islander ownership. Stakeholder consultation identified that, in the context of measuring economic participation and development, data is required for businesses with a wide range of Aboriginal and Torres Strait Islander ownership levels. This includes businesses with minority (i.e. less than 50 per cent) Aboriginal and Torres Strait Islander ownership, businesses where there is equal ownership between an Aboriginal and Torres Strait Islander and non-Indigenous person and businesses with majority Aboriginal and Torres Strait Islander ownership.

The ABS has developed two definitions to support collecting and disseminating statistics on Aboriginal and Torres Strait Islander small-to-medium sized privately owned businesses:

- a definition of a business with Aboriginal and Torres Strait Islander ownership
- a definition of an Aboriginal and Torres Strait Islander owned and controlled business.

The first definition is designed to capture the level of participation of Aboriginal and Torres Strait Islander people in business activity. The second definition is a subset of the first, and includes businesses with majority ownership, as described in the *Definitions* section. The two definitions together will support the production of statistics to meet a wide range of data needs.

Measuring Aboriginal and Torres Strait Islander-owned business activity is one component of measuring economic activity. The ABS has developed these definitions to support the collection and dissemination of statistics relating to Aboriginal and Torres Strait Islander-owned businesses, and they are not intended to be used as a measure of all economic activity

## DEFINING ABORIGINAL AND TORRES STRAIT ISLANDER - OWNED BUSINESSES

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### DEFINITIONS

The definitions presented in this paper are limited to small-to-medium sized privately owned businesses. The ABS classifies business size on the basis of a number of employees. A small sized business is defined as one with 0-19 employees and a medium sized business as one with 20-199 employees. For more information on ABS standards relating to this definition see *Elements of the Definitions*.

### ABORIGINAL AND TORRES STRAIT ISLANDER-OWNED BUSINESSES

An Aboriginal and Torres Strait Islander-owned business has at least one owner who identifies as being of Aboriginal and Torres Strait Islander origin.

For this definition:

- a 'business' is defined to align with the ABS standard definition of a business
- self-identification is accepted for a person of Aboriginal and Torres Strait Islander origin.

### ABORIGINAL AND TORRES STRAIT ISLANDER-OWNED AND CONTROLLED BUSINESSES

An Aboriginal and Torres Strait Islander-owned and controlled business is one that is majority owned by Aboriginal and Torres Strait Islander persons.

For this definition:

- a 'business' is defined to align with the ABS standard definition of a business
- self-identification is accepted for a person of Aboriginal and Torres Strait Islander origin
- majority ownership is considered to be a proxy for control.

This definition excludes businesses where:

- there is equal ownership between Aboriginal and Torres Strait Islander and non-Indigenous persons (for example, partnerships between a married couple where only one partner identifies as an Aboriginal and Torres Strait Islander person)
- there is Aboriginal and Torres Strait Islander minority (less than 50 per cent) ownership in a business.

However, these businesses will be included in the broader definition of an Aboriginal and Torres Strait Islander owned business.

The inclusion of majority ownership differentiates the two definitions. Majority ownership is used as a proxy for control, providing for a definition that can be used to produce statistics relating to controlling interest in a business.

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## ELEMENTS OF THE DEFINITIONS

### ABS DEFINITION OF BUSINESS

The ABS definition of a business is:

*“A legal entity engaging in productive activity and/or other forms of economic activity in the market sector. Such entities accumulate assets on their own account and/or hold assets on behalf of others, and may incur liabilities. Excluded are the economic activities of individuals (except where individuals engage in productive activity either as a sole traders or in partnerships) and entities mainly engaged in hobby activities.”*

For information on the ABS definition of a business see *A Statistical View of Counts of Businesses in Australia* (cat. no. 8162.0).

Alignment with the ABS definition of a business provides that the set of Aboriginal and Torres Strait Islander-owned businesses will:

- be a subset of approximately 2 million small-to-medium sized businesses on the Australian Business Register
- exclude most community organisation as they are not part of the market sector and therefore do not meet the criteria of a business
- exclude individuals who are not registered as businesses and are therefore not legal entities.

The definitions presented in this paper are limited to small-to-medium sized privately owned businesses.

As businesses get larger and their ownership structures become more complex, assessing ownership becomes increasingly difficult. For example, evaluating whether a wholly-owned subsidiary of a publicly-listed company with majority Aboriginal and Torres Strait Islander management is in scope is a complex task.

### SELF-IDENTIFICATION OF AN ABORIGINAL AND TORRES STRAIT ISLANDER PERSON

Self-identification is accepted for Indigenous status of an individual (see Indigenous status in *Standards for Statistics on Cultural and Language Diversity, 1999* (cat. no. 1289.0)). The same standard is applied to business owners.

### RELATIONSHIP WITH OTHER DEFINITIONS

The purpose of the ABS definitions of Aboriginal and Torres Strait Islander-owned businesses are to support data collection needs of stakeholders.

It is recognised that there are other definitions of Aboriginal and Torres Strait Islander businesses used for various purposes (for example, facilitating funding support to businesses), and the definitions presented by the ABS are not intended to replace these definitions.

### NEXT STEPS

The ABS is working with stakeholders to develop options for collecting and disseminating data using both definitions of Aboriginal and Torres Strait Islander-owned businesses. A key challenge is developing a suitable list of in-scope businesses that can be used for data collection purposes (i.e. sampling frame). Work has commenced to understand the specific characteristics of interest for Aboriginal and Torres Strait Islander-owned businesses.

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**www.abs.gov.au** the ABS website is the best place for data from our publications and information about the ABS.

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