



# Youth in Business

Community Based Project



Karina Files  
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**Please note:** The Chief Minister's Round Table of Young Territorians is an independent advisory body. The views expressed in this report are those of the authors and are not necessarily reflective of those of the Office of Youth Affairs or the Northern Territory Government.

## Contact Page

Enquiries relating to the “Youth in Business” project can be directed to:

Office of Youth Affairs  
Department of the Chief Minister  
GPO Box 4396  
Darwin, NT 0801  
Telephone: (08) 8999 2827  
Fax: (08) 8941 5291  
Email: [oya@nt.gov.au](mailto:oya@nt.gov.au)

Or by contacting the author Karina Files at:  
Email: [karina\\_files@hotmail.com](mailto:karina_files@hotmail.com)

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- Department of Business;
- my family and friends; and
- members of the 2012 Chief Minister's Round Table of Young Territorians.

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## Abbreviations

Abbreviation	Definition
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
BEC	Business Enterprise Centre
DoB	Department of Business
GST	Good and Services Tax
NT	Northern Territory
SME	Small to Medium Enterprise
VET	Vocational Education Training

## Terms Used in this Report

Term	Description
Large Business	A company with more than 200 employees
Medium Business	A company with 20-199 employees
Small Business	A company with 1-19 employees
Youth	An individual aged 12-25 years of age (inclusive)

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## Executive Summary

The objective of the “Youth in Business” project was to research what support and development opportunities are currently available for youth in Tennant Creek who are interested in starting their own business. This included looking at what incentives there are available to encourage youth to pursue a career in business, with the long term goal of aiding economic and regional development of the wider Barkly region.

Throughout the development of the project, many hours were spent researching policies that relate to youth, business and entrepreneurial development from both Australian and international sources. Many of the policies researched were developed by government but some were supplied from the private sector. Many people from different organisations were consulted to ascertain what programs are currently available and what scope these programs cover.

During the consultation phase three potential avenues for mentoring and/or assistance to youth when starting a business in Tennant Creek were identified. The Tourism NT Industry Development unit aids the development of start-up and established Tourism businesses within the Barkly region.<sup>1</sup> Unfortunately this opportunity is limited to Tourism and does not extend to other industries. Furthermore, the Department of Regional Development and Indigenous Advancement, Indigenous Economic Development unit is designed to aid Indigenous business development.<sup>2</sup> However, if you are not an Aboriginal or Torres Strait Islander person or are unable to supply proof of Aboriginality, you do not qualify to participate in this program.

In terms of workshops, and advice in business, the Business Enterprise Centre Australia (BEC) runs small business workshops and offers assistance. This includes areas such as business plan development, marketing development and information on working within government regulations to name a few. Unfortunately there is only one BEC and it is located in Darwin. Another office was located in Alice Springs, which was able to service the Barkly region, however after discussions with staff I was informed that as a result of discontinued Australian Government funding this site has closed down. During the development of this report it was noted that to date, BEC has not conducted any workshops in Tennant Creek.<sup>3</sup>

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<sup>1</sup> For more information on Tourism NT Industry Development : <http://www.tourismnt.com.au/industry-resources.aspx>

<sup>2</sup> For more information on Department of Regional Development and Indigenous Advancement, Indigenous Economic Development: [http://www.drdia.nt.gov.au/indigenous\\_advancement](http://www.drdia.nt.gov.au/indigenous_advancement)

<sup>3</sup> For more information on Business Enterprise Centre Australia: <http://www.becaustralia.org.au/>

In addition to research and consultation, I also started a small home based business to experience first hand the challenges that youth face when trying to start their own business in a regional area of the Northern Territory (NT). Issues that were identified throughout this process included very limited support mechanisms available in Tennant Creek. The lack of accessibility to mentors and development staff for mainstream businesses pose a significant barrier to people wanting to start a business. The internet now provides a plethora of information but can be intimidating and overwhelming if you do not have a clear direction or understanding of what you need to do.

It is recommended that the Northern Territory Government:

1. look into the position of business in the senior schooling curriculum and career planning pathways, outside of the VET program;
2. develop a standalone youth entrepreneur policy that is designed to aid and support youth to develop businesses in the Northern Territory;
3. create a new position within the Department of Business whose role is to support emerging businesses and the business development of existing businesses in Tennant Creek; and
4. facilitate the development of a business mentoring program in Tennant Creek to engage and encourage youth to be a part of the business community and showcase the career opportunities that are available.

## Introduction

During my time on the Chief Minister's Round Table of Young Territorians my area of interest focused on how to encourage young Territorians to start their own business to enhance economic and regional development. I am passionate about Tennant Creek and the Barkly region as a whole because I can see the great potential it has to grow and become a major business hub of the NT.

To ensure economic prosperity, the capacity to attract and retain skilled employees plays an important role in developing any business. The objective of the "Youth in Business" project was to research what support and development opportunities are currently available for youth in Tennant Creek who are interested in starting their own business. This included looking at what incentives there are available to encourage youth to pursue a career in business, with the long term goal of aiding economic and regional development of the wider Barkly region.

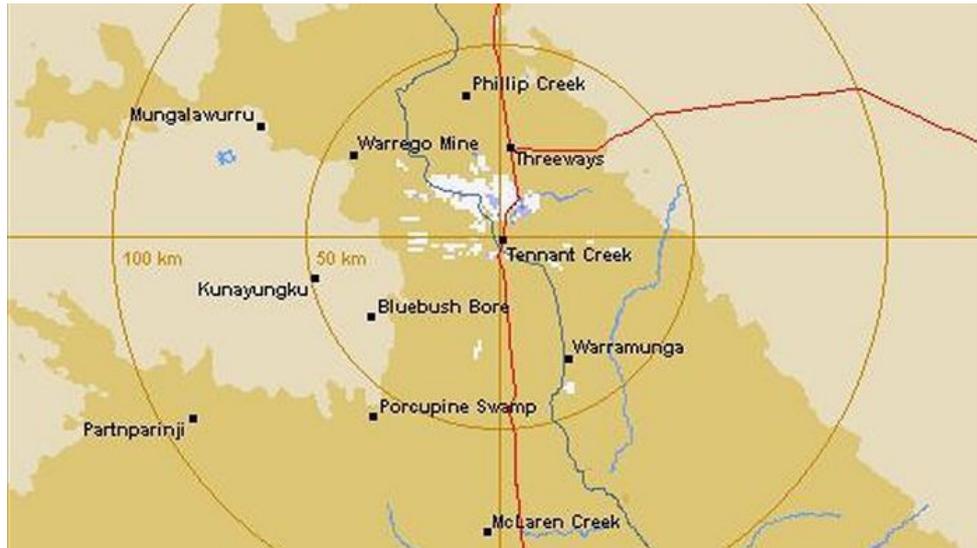
Throughout this process, I reviewed what business support is available in Tennant including mentoring and grant funding. Research was also conducted on a variety of barriers faced by young entrepreneurs. This provided an opportunity to compare policies and incentives that have been developed both from within Australia and internationally to assist youth in business. The examples collected are further highlighted in the discussion section of this report.

As a component of this project I chose to start a home based business and document the processes and barriers that I encountered to be able to relate firsthand experience to qualitative and quantitative research. I conducted market research and identified gaps in the existing market. My business offered women's shoes and accessories and was predominately conducted at the fortnightly community markets. When establishing this business I researched wholesaler suppliers, freight charges and delivery costs in relation to recommended retail prices and requirements for Australian Business Number (ABN) registrations and legislation regarding income tax and General Service Tax (GST).

## Discussion/Major Findings

Tennant Creek is located 500kms north of Alice Springs and has a rich history in mining and mineral production. Since the decline and closure of the local mines in the 1980's and 1990's, the population has significantly decreased. At the peak of the mining boom there were over 1000 people located at Warrego, just north of Tennant Creek and now the site is abandoned.

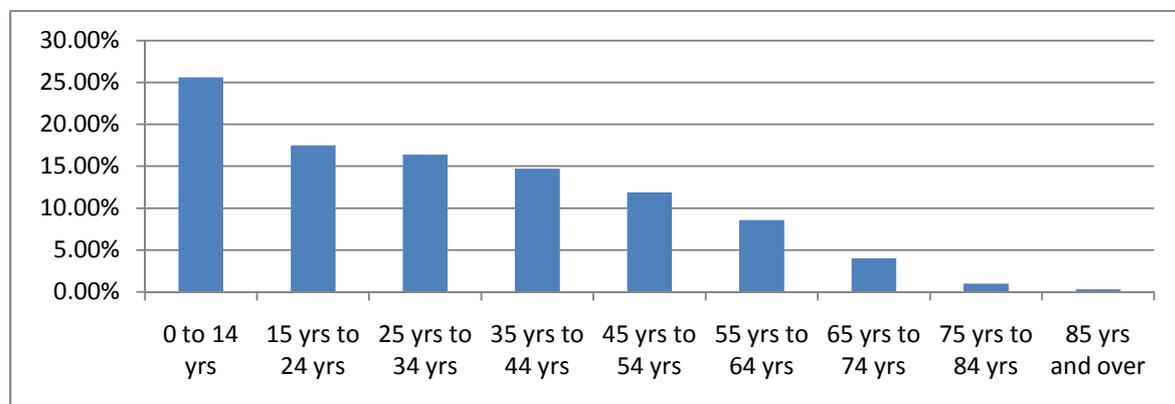
**Image 1: Map of Tennant Creek and surrounding areas**



**Source:** Bureau of Meteorology, [www.bom.gov.au](http://www.bom.gov.au)

Despite the mine closures, the population of the Barkly region consists of a high number of youth aged 12-25 years, who are spread across a vast geographical area. With this in mind, it is important to recognise the challenges of supporting and delivering services to meet the growing diverse needs of this youthful population.

**Graph 1: Barkly Region population by Age Group**



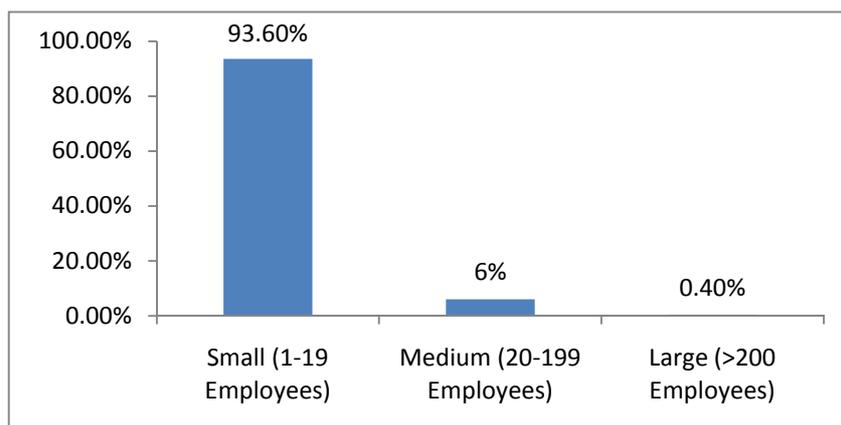
**Source:** Australian Bureau of Statistics, 'National Regional Profile: Barkly (S) (Local Government Area)' released 4 November 2011<sup>1</sup>

The population breakdown for the Barkly Region as shown in Graph 1 indicates that 43.1 per cent of the total Barkly region population is under the age of 25. Based on the population statistics, it could be suggested that in the next 10 to 20 years the Barkly region will be largely defined as 'working age'.

In order to employ the next generation of workers, investment to aid the development of more businesses and opportunities for employment within the region is essential. This in turn may encourage youth to be the driving force in assisting to establish the future framework of regional business hubs.

Each month the Department of Business (DoB) publishes information on key NT business statistics, which provides current data on the leading indicators of the economy and its performance. Based on the available information Graph 2 indicates that the economic environment of the NT is predominately made up of small businesses, 93.6 per cent of the total businesses. Of those small businesses 61.3 per cent are sole traders and do not employ any staff.

### **Graph 2: NT Business Sizes**



**Source:** Department of Business, 'NT key business statistics'<sup>4</sup>

Currently in Tennant Creek and the Barkly region, the only direct assistance with business development and business start-up is through Tourism NT's Industry Development unit, and the Indigenous Economic Development unit under Regional Development. The two units can only assist those who either identify as Indigenous or those who want to start a tourism business. They are not able to support those who do not meet the criteria, e.g. a retail store, a construction company, etc.

In previous years, the BEC held regular workshops and mentoring programs in Tennant Creek (when based in Alice Springs). After discussions with staff I was informed that the Alice Springs branch of the BEC closed down due to discontinued Australian Government funding. This has resulted in a lack of service delivery to

<sup>4</sup> Department of Business, Northern Territory Key Business Statistics, current as of 1 November 2012, <http://www.dob.nt.gov.au/business/economics/key-statistics/Pages/default.aspx>

Tennant Creek and the wider Barkly region as no other provider has taken over this role. To date, the BEC has not delivered a workshop in Tennant Creek in 2012.

While developing my home-based business I found it difficult to source on the ground support. While there is a lot of information available on the internet, it is easy to get lost in different websites and often corporate jargon that is difficult to decipher. Having access to a mentor during this time would have been invaluable in advising the best approach in identifying the formal regulations that needed to be followed. Another issue I faced was gaining a workable understanding of Tax legislation and regulations, which was difficult without an appropriate mentor or support service available. Based on this experience, it is easy to understand why others may become easily deterred. It was fortunate that I have had previous experience developing business and marketing plans. By creating links between established businesses owners who can relay their experience to youth interested in business, this local level of support could provide the inspiration needed for youth to continue on the difficult path of beginning their own business.

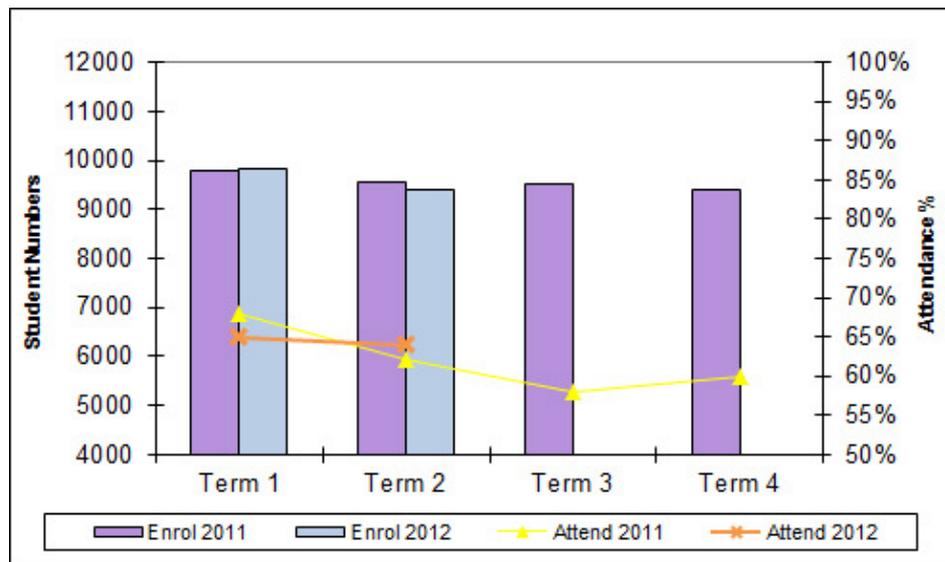
Throughout this project it has become clear that there is a gap in front line service delivery in Tennant Creek and the Barkly region in relation to business development and support. By developing a front line position within DoB, this position could assist established businesses working on items such as industry development, via training and upskills programs, procurement processes and partnership building to name a few. This position could also be utilised to link business into the schooling system by developing and running business workshops with secondary school students and local business owners.

By building a stronger emphasis of the opportunities the business sector has to offer within the secondary school curriculum, this could also aid in the economic development of the NT as a whole. Working with school aged students on business development in their local community and creating a connection with local business operators has the opportunity to remove the stigma such as “only old people own businesses” and “I am not smart enough to start my own business”, which were common themes when discussing the topic with youth in Tennant Creek.

Schools in the Barkly region are classified as very remote, according to the Department of Education and Children Services (formerly known as Department of Education and Training). These remote schools are renowned for their low attendance rates. In 2011, the attendance rates of remote schools across the NT plummeted as low as 55 per cent and the average attendance rate for term one and two of 2012 was approximately 65 per cent of total enrolments, as depicted in Graph 3. According to the Department of Education and Training Annual Report of 2010/11, there was a total enrolment figure of 5212 senior students in the NT, only 739 of which achieved their Northern Territory Certificate of Education. These figures are significantly less in the Barkly region according to discussions with teachers and youth sector workings in Tennant Creek. Unfortunately I was unable to obtain exact

numbers. By engaging students in the business arena earlier in their academic lives, we may be able to increase the number of school graduates through the promotion of alternative pathways into business whilst supporting the economic development of the NT as whole.

**Graph 3: Enrolment and Attendance rates of very remote schools 2011/12**



**Source:** Department of Education and Training Annual Report of 2010/11<sup>5</sup>

Teaching the value of local businesses also has the ability to be used as a relationship building tool within the community. By developing relationships, a mutual level of respect can be developed, resulting in a positive impact on the social issues such as a reduction in vandalism.

In addition I have conducted research on a variety of initiatives that directly relate to the development of young entrepreneurs. This includes policies and incentives that have been developed both from within Australia and internationally. Here are some examples of established programs that are being run:

1. The National Youth Development Agency of South Africa is designed to initiate, implement, coordinate and monitor youth development to reduce youth unemployment and promote social cohesion. Business development is aided by programs such as:
  - Small to Medium Enterprise Funding
  - Micro-Finance
  - Business Consulting Service Voucher Program
  - Business Opportunity Support Service

<sup>5</sup> Department of Education and Training Annual Report of 2010/11, <http://www.det.nt.gov.au/about-us/publications/annual-report-2010-11>

- Volunteer Enterprise Mentorship<sup>6</sup>;
2. The South Australia Young Entrepreneurs Scheme program (SAYES) is delivered by Business SA and is designed to provide business training, workshops, mentors and networking opportunities for under 30 year olds<sup>7</sup>;and
  3. Youth about Business is a program based in the United States of America which focuses on school aged youth and the development of business acumen and an understanding of the opportunities in the business environment. This is achieved by running a summer camp program and the Youth about Business Leadership Development Program. Throughout these programs, leaders of the business community run workshops and information sessions on issues with local relevance.<sup>8</sup>

The examples provided are ways in which youth are supported to pursue their business aspirations. Any of the above initiatives could assist in breaking down barriers faced by youth interested in establishing a business in the NT or trying to develop a business in general.

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<sup>6</sup> For more information on the National Youth Development Agency, <http://www.nyda.gov.za/>

<sup>7</sup> Business SA Newsletter, Issue 75, July 2011, <http://business-sa.com/xpress-newsletter/issue-75-july-2011/supplementary-articles/sayes-program-ready-to-launch-next-high-flyer>

<sup>8</sup> For more information on the Youth about Business program, <http://www.youthbusinessamerica.org/>

## Conclusion

In conclusion, there needs to be a stronger emphasis on the support and development of businesses in not only the Barkly region, but in all regional and remote areas of the NT.

By emphasising the importance of business support and development to young people, there is an opportunity to develop their capacity to become the next generation of business owners.

With the development of more local businesses, you increase the chance of attracting and retaining skilled employees to the region. This will also allow you to promote opportunities at a local level to encourage youth to stay in the Barkly region rather than seeking opportunities elsewhere.

By providing a business mentoring program to senior school students, they will be predisposed to the idea of starting a business and have a basic understanding of what is involved and how to go about it.

## Recommendations

It is my recommendations that the Northern Territory Government:

1. look into the position of business in the senior schooling curriculum and career planning pathways, outside of the VET program;
2. develop a standalone youth entrepreneur policy that is designed to aid and support youth to develop businesses in the Northern Territory;
3. create a new position within the Department of Business whose role is to support emerging businesses and the business development of existing businesses in Tennant Creek; and
4. facilitate the development of a business mentoring program in Tennant Creek to engage and encourage youth to be a part of the business community and showcase the career opportunities that are available.

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[http://www.youthaboutbusiness.org/summer\\_year.php](http://www.youthaboutbusiness.org/summer_year.php) Accessed 20/10/2012

## Evaluation

Throughout this project I have gained a wider understanding of what is involved in developing your own business and the struggles that you face when living in a remote location. It has provided me with a greater appreciation for the businesses that operate in Tennant Creek and with an increased passion to help further develop the economic environment of the NT.

Obstacles I have faced while working on this project include frustration in trying to find information on the internet when developing my business, trying to understand the regulations surrounding Tax and GST and the lack of local support options to create a business. At times I also struggled with maintaining a balanced workload while working full time, studying, researching and trying to establish the business.

I have learnt what impact small businesses have on remote towns and the ripple effect that can be caused from the development or closure of one business. There is a need for further support from the NT Government to ensure sustainable economic growth within the region.

From my experience when you live in a big city you do not tend to appreciate the availability of products and take them for granted. In Tennant Creek, for example, if our hardware shop were to close, our nearest store would be 500kms away in Alice Springs. This would not only affect individuals but also other small businesses that rely on the use of their products in their day to day operations. By encouraging the development of businesses in Tennant Creek economic growth and attraction of new residents are also encouraged.