



Research Brief

01/2017



NORTHERN
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Informing the Territory Economic Summits

Enabling remote Aboriginal economic participation through financial, economic and marketplace capabilities

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ISSN 2206-3862

Suggested citation

Tremblay, P. (2017). *Enabling remote Aboriginal economic participation through financial, economic and marketplace capabilities*. Research Brief [Informing the Territory Economic Summits], 01/2017. Darwin, NT: Northern Institute, Charles Darwin University.





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OVERVIEW

Increasing Indigenous economic participation, and addressing the need for greater economic inclusion of NT residents located in remote regions in particular, remains a central challenge for the NT government. Historically, different government persuasions and discourse have emphasized superficially similar policy enablers to address gaps in social infrastructure (socio-economic capabilities such as education, health, safety, housing and protection, etc.), and economic infrastructure (transportation and communications, business facilitation, economic incentives, etc.).

One element that is recognised as central but never systematically integrated in efforts to enhance economic participation is the gap in economic, commercial and financial knowhow, embedded in individuals and in institutions located in remote regions, relative to what is found in the mainstream economy. A key realisation associated with addressing such capabilities gap is that most programs and initiatives taking place outside the mainstream economy display inadequate effectiveness, for reasons outlined in this brief. While ASIC fulfils a useful coordination role with a number of key stakeholders (including the school system) involved in raising financial literacy for a number of disadvantaged groups located outside the mainstream Australian society, the challenges of the more remote regions reflect issues of a different nature and magnitude. This paper acknowledges the difficulties and the costs of not addressing the fundamental capabilities gap arising for those living outside the mainstream economy, and discusses some opportunities to target 'excluded' individuals and groups seeking to develop the knowhow and tools that would allow them to benefit and contribute wherever they are located.

Financial literacy: Current programs and existing partnerships for disadvantaged groups, including Indigenous Australians

In Australia, the Australian Securities and Investments Commission (ASIC) is the Australian Government agency responsible for financial literacy, consistent with its strategic priority to promote confidence and trust in the financial system. ASIC supports the financial capability of all Australians to improve their financial knowledge and skills and develop the attitudes and behaviours to make good financial decisions. ASIC leads and coordinates the National Financial Literacy Strategy 2014-17, which sets out a national framework for financial literacy work in Australia. The aim of the Strategy is to improve the financial wellbeing of Australians by advancing their financial literacy. Indigenous Australians are identified as one of a number of priority audiences in the National Strategy.

Progress continues mainly through the delivery of programs taking place within the school system, generally targeting places and demographical profiles where generational recurrence of disadvantage has been evidenced. Since 2011, a Financial & Commercial Literacy Working Group NT consisting of representatives from the Northern Territory including ASIC, the Northern Territory Government (NTG) and CPA Australia has conducted several workshops aiming to promote financial and economic inclusion for all Territorians in highly diverse contexts (Poulson & Godinho, 2011; 2012). In their summary findings, reports from these workshops advocated economic inclusion would require continued multi-disciplinary, cross-sectoral, longer-term collaboration between all interested stakeholders across government, industry, academia, not-for-profits and the community, in ways that would identify best practice and promote evidence-based policies, to reduce duplication and waste when programs either overlapped or had suffered implementation discontinuities.

Those workshops significantly recognised that existing financial capacity-building programs were not meeting the needs of Indigenous people living in remote communities who sought to be equipped to engage with the mainstream economy at some more fundamental and often basic levels. Ways of integrating commercial and



financial capability programs into holistic workplace contexts or community services were seen as the way forward, but limited progress has been achieved in those contexts.

Nationally, the Australian Government continues to support financial literacy skills through ASIC, thereby improving living standards and consumer outcomes for those residing within the mainstream society and economy. The five priorities of its current national strategy provide a base fitting the majority of disadvantaged groups:

1. Educate the next generation, particularly through the formal education system
2. Increase the use of free, impartial information, tools and resources
3. Provide quality targeted guidance and support
4. Strengthen co-ordination and effective partnerships
5. Improve research, measurement and evaluation

Although not identified as such, priorities 1 and 3 include elements particularly relevant to remote contexts but remain problematic due to the contextual reasons discussed below. It is agreed the focus must be on the next generations, and individuals or groups displaying greater aspirations to participate in the economy and work. More efforts must be made to innovatively target opportunities and ‘economic spaces or locations’ allowing for the transfer of the requisite knowhow to remote Indigenous Australians wanting to take advantage and contribute to the mainstream economy.

Financial, commercial, and marketplace capabilities: Enablers for economic inclusion of remote Indigenous residents

Because the term ‘capabilities’ is often used differently for distinctive purposes, an initial reference to Nobel prize winner Amartya Sen’s interpretation is useful when considering its influence on the context of economic exclusion. Sen (1999) refers to the development of capabilities that *‘expand people’s freedom to choose the kind of lives they want to lead, do what they want to do and be the person they want to be’* and examines broadly, in the context of developing economies, the following types of capabilities: Political freedom, economic facilities, social opportunities (including health and early education), institutional transparency and protective security. By ‘economic facilities’, Sen refers to opportunities and ability to use economic resources for the purpose of consumption, production and exchange. While the expression ‘financial literacy’ is dominant in Australia, the term ‘financial capability’ is preferred to describe the skills needed to participate financially. The First Nations Foundation advocates the use of the term ‘capability’ in reference to Aboriginal and Torres Strait Islander economic participation (Landvogt, 2008; Saunders & Piper, 2011). In this brief, the ability to ‘use economic resources’ denotes the practical knowhow required to be an effective economic participant in Australia’s mainstream economic system which involves fulfilling roles as consumer, supplier of goods and services (including work), buyer, seller, saver or investor, and using the range of tools required to plan a safe financial future.

Most Australians living within the mainstream economy (the mixed economy integrating market and state institutions in the majority of urban and regional) take our access and ability to utilise its institutions for granted. Following polemical discussions about the potential for growth towns to develop internal economies in the NT’s remote regions in 2010, a preliminary pilot project was devised by the NTG to gauge the state of basic consumer and economic knowhow of a group of remote residents surrounding topics such as buying decisions, supply and demand, money, competition, savings, government revenue, etc. This survey-based research in Ngukurr (Tremblay, 2010, 2011a) facilitated by the Department of Business and involving local interpreters tested a number of fairly rudimentary propositions, which revealed commercial and financial knowledge was highly uneven across members of that community. In a significant number of cases, these appeared almost non-existent, or at least very



inadequate for individuals to perform mainstream economic roles (within the limits of what that scoping research could examine). This was neither surprising nor controversial given the quasi-absence of mainstream economic exchanges and relationships that living in the NT's most remote regions entails; thereby leaving their residents excluded from the learning experiences and institutions that other Australians, Indigenous or not, access and take for granted and enables them to 'participate'.

Research findings suggested those respondents who had resided in less remote locations for significant periods or had more extensive working histories displayed superior basic economic and financial knowledge on average. This is broadly compatible with the 'learning-by-doing' nature of commercial/economic knowhow, which is experiential in nature. In other words, commercial, financial and economic capabilities are usually acquired first-hand through routine practice and remain tacit in nature. Their transmission (across family members, generations or specific groups) necessarily involves direct exposure which can be accelerated or enriched through recurrent use as well as trial and error experimentation. Many remote residents spend their economic lives largely outside the mainstream economy by subsisting through customary means, relying on welfare payments and often within communities interacting with bureaucracies functioning as 'government-grant' economies. Their residents cannot be expected to know much about the mechanics of the mainstream economy (its multiple intricate institutions and distinct markets) as found described in the majority of financial or commercial literacy courses), let alone be equipped to use resources and institutions whenever needed and available.

The distinction between financial literacy practice inside and outside the mainstream economy is critical for the current argument. The evaluation of a pilot project aimed at developing such a program addressing commercial and financial literacy gaps (incorporating basic knowledge related to entrepreneurial and business management skills) and targeting a remote Indigenous community typical of Northern Australia's contexts also raise doubts about the ability of on-country activities and resources to develop skills that can only be absorbed meaningfully while interacting with mainstream economic institutions. The assessment report (Tremblay 2011b) found that while the resource and its design had been respectful towards its target audience, adequately balanced in terms of the included topics and substance, and had the required in-built flexibility to facilitate learning, the methods remained unavoidably restricted to knowledge transfer (limited to factual transmission and basic absorption) and did not incorporate genuine attempts to address the critical outcomes linked with the program's focus on capability: Verifiable knowhow acquisition, skills usability, enhanced behaviour, demonstrable initiative and transformation of beliefs. It was noted the consultation and evaluations showed there were

'major issues linked with the readiness and absorptive capacity of potential audiences for the program (defined in the terms of the reference), relating to basic literacy and numeracy in part, relating to the limited amount of interactions of participants with mainstream economic circumstances, with market transactions in general, and due to the excessive uniformity of remote institutions'.

The key message from the discrete examples of research applied to the NT's remote contexts described above, and other limited evidence associated with economic participation in remote contexts, is the transmission of abstract knowledge about economic systems and institutions is ineffective in practice, even when well designed and culturally appropriate if it does not involve either practice, repeated exposure or direct 'experienced connection' with the mainstream economy. Programs aiming to provide economic and financial skills will be pointless if they remain disconnected from efforts to tackle explicitly economic exclusion and to directly attempt addressing the real disconnect between living in remote and mainstream economies. Recent international research on *subsistence marketplaces* in a range of countries from the USA to India has proposed that experimental and immersive methods can be developed to address the specific needs of low-literate adults, and promoted the view that it is possible to conceive of a pyramidal approach to structure the procedural and strategic knowhow required to build economic capabilities in resource-constrained environments such as those found in both developed and developing countries (Gau et al., 2012; Viswanathan et al., 2009; Viswanathan & Rosa, 2010). It emerges that a



fairly universal challenge is to uncover how low-literate adults (as people with lesser financial skills are referred to without controversy in this well-established international literature) learn about ‘the economy’ and its institutions; and acquire the requisite knowhow to transition into the mainstream economy and its market-based and problem-solving environments. To be sure, it is recognised that a significant proportion of Aboriginal people living within the mainstream economy are also among the disadvantaged groups rightly targeted by financial literacy institutions and programs (Landvogt, 2008; Saunders & Piper, 2011), but the urgency of addressing fundamental skills gaps in the North and the questionable effectiveness of standard approaches when dealing with those located outside the mainstream set the remote context apart.

In the NT, undertaking investments in economic and financial capabilities that are effective for those excluded will constitute a critical challenge for years to come, despite the lack of evidence regarding progress on closing the economic participation gap. A lack of action on this front would carry considerable negative consequences for the entire economic development agenda. It can be conjectured that continuing inadequacies in equipping Indigenous people residing in remote regions with adequate tacit and explicit mainstream economic knowhow will undermine:

- a) The ongoing efforts of government to create economic opportunities and private business uptake in remote regions: Even for the most basic instances of entrepreneurial endeavour or business development proposals capable of driving local economies must be encased within the variety of skills and technical knowhow associated with consumers, workers and local residents. Businesses generate positive multiplier connections when they are embedded in communities of individuals capable of identifying local opportunities (wants, competitive advantage, skills gaps, etc.), of recognising the existence of means to address those opportunities, and a variety of institutions to support them. While the emergence of economic problem-solving based on complex skills exchanges, technological solutions and networks of social inter-dependencies appears spontaneous to observers, they can occur only when mainstream economic capabilities are activated.
- b) Policy effectiveness: Government agencies dealing with the delivery of a broad range of services are constantly attempting to positively shape the choices and decisions of their constituents, and typically assume that targeted people respond predictably to signals and incentives. The recurrence of ineffective policies and programs attempting to modify behaviour ‘in the bush’ and address economic exclusion is usually simplistically attributed either to bureaucratic incompetence or cultural distortions. It is arguable that much of the ineffectiveness of numerous policies on individual or collective behaviour is undermined directly by the absence of both the typical economic channels and institutions found in the mainstream, and indirectly by the deficiency of tacit knowhow about mainstream economic standpoints. The disappointing outcomes associated with many programs based on economic inducements (especially punitive policies) can be conjectured to result from the joint effects of destructive impact of welfare dependency on remote economic aspirations (well described by Noel Pearson, 2000) and distinct, but poorly understood, economic behaviour found in non-mainstream economies. Progress in establishing better connections between intent and behavioural effects will require greater attention is given to the transfer of mainstream economic and financial capabilities.
- c) Consumer skills and need for protection: Consumer protection in the bush is a constant struggle and attracts regular media interest. The combination of poor consumer skills, underprovided institutions and limited competition in remote towns and regions restricts ‘consumer choice’ and weakens the ability of remote residents to identify their rights, negotiate better outcomes when products or services are inadequate, and protect themselves generally against swindlers, new harmful schemes or bureaucratic incompetence they periodically encounter. This gives rise to an entire industry (involving multiple NGOs and para-governmental legal services) required to fill-in this important role most likely magnified by the economic and financial knowhow gap.



- d) Institutions and infrastructure planning: As governments attempt to identify infrastructure needs and address disparities to support remote economic ambitions, they need to establish priorities reflecting local aspirations. For such a process to be effective, residents must themselves be able to express realistic aspirations that link their perceptions of present and future needs, their own current skills (as consumers and workers or suppliers) with a shared vision of the future economic base their communities can credibly achieve. Otherwise infrastructure, public services and key economic institutions merely grow in a generic manner, and in ways aimed at keeping regions and communities politically contented, but without a distinct and home-grown purpose. The deployment of infrastructure for regions where a majority of residents lack mainstream economic knowhow (and genuine economic aspirations built upon them) is bound to be based on centrally-driven and largely ineffective plans, and create wastage while prolonging the extent of economic dependency on those governments.
- e) The macro-economic agenda to grow thriving regional economies: While undertaking economic planning aims at facilitating coherent visions about steps needed to alleviate poverty, a healthy economic system requires competent consumers, creativity grounded on local knowledge, problem-solving network capital and citizens aware of and confident about their own abilities, and capable of absorbing outside ideas, implement them profitably, and take steps to create a distinct base; thereby building competitive advantage supporting sustainable economic exchanges with the outside world. Attempts to create local-micro or self-reliant regional economies, irrespective of the presumed existence or absence of an economic base or attractive resources will require residents possessing these types of mainstream economic capabilities, and should be considered essential enablers.
- f) The implementation and advancement of other higher level aspirations compatible with the motivation to participate in the broader Australian society and economy also require economic and financial capabilities be enhanced. While researchers, commentators or policy advocates of different political persuasions would agree that the 'capacity to aspire' by remote residents is a critical enabler of their long-term wellbeing, the observed lack of progress towards economic inclusion in mainstream economy and society is interpreted differently and leads to different agendas. For instance, the majority of commentators identify education as a central pillar of economic and social development. This often leads them to blame the school and training systems for the majority of social and economic failures in remote Indigenous regions ('letting them down' is a commonly used expression), implying in turn that the instrumental delivery of the 'knowledge' or skills is at fault, or its target audience is incapable of seeing that education is a key enabler for everything else, including political and economic sovereignty. It is perhaps worth considering the reverse proposition that access by remote residents to mainstream economic knowhow (and the aspirations they engender towards greater inclusion) might constitute the causal pre-requisite capable of transforming attitudes towards education itself, and its ability to unlock anyone's capacity to aspire.

Given the significance of the goal of equipping remote Indigenous citizens with the right capabilities to take advantage of Australia's contemporary economy, and our incomplete knowledge of the best means to address it in remote environments, a multi-pronged approach is likely to be initially beneficial to test a number of apparently good ideas and encourage creativity. Yet priorities will need to be established to optimise the chances of successful outcomes and some early adopters and participants identified, which are likely to absorb the knowhow required to competently build bridges with the mainstream economy. The remainder of this paper identifies a number of opportunities, circumstances and means which appear to offer reasonable chances of supporting the goal of greater economic inclusion, given current research and knowledge from that field. Some of the aspects to consider are:



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- It is necessary to target regions, communities, groups and/or individuals who have robust ambitions to achieve economic participation, which can be evidenced either by their communication of such aspirations, and who have taken credible steps to connect socially, physically and economically with the mainstream economy and its institutions. Not all communities or persons have such goals and it is pointless to attempt developing policies for the provision of skills and knowhow towards those not interested at the outset. Already, many remote Aborigines interact with the mainstream society and economy by straying away from remote locations, sending their children away to boarding schools, or maintaining concurrent places of residence, in town and in remote locations, whatever their precise motivations might be. This suggests that many strategies are considered and employed by those desiring to access the services, technologies, people networks and institutions which can be found within the mainstream social and economic systems.
- A desirable area of focus should be with young adults and future generations in general (as in priority #1 of the National Financial Literacy 2014-17) for a number of strategic and practical reasons. This is of course influenced by the emerging evidence that parental absence from the workforce might have an impact on subsequent generational values, and it might also extend to the notion of absence from mainstream economic participation altogether. Children in remote regions already confront the challenges of absorbing numeracy and language literacy skills, and related curriculum knowledge. These should remain priorities and responsibilities shared between families and school systems, noting ASIC supports financial literacy programs that can be neatly integrated in the school syllabus. While older remote residents often express interest in acquiring business skills through offered programs, they are less likely ultimately to have the flexibility to transition to mainstream economic lives (Tremblay, 2011b), and less of a multiplier impact than the newer generations.
- It would make strategic sense to develop programs, experimental approaches and learning opportunities tied in with 'transitional or midway economic spaces' where people residing in remote non-mainstream locations are effectively interacting temporarily with the conventional economy, allowing them to be exposed to, and trial, new skills in environments where the benefits of doing so can be readily experienced. Such programs would require support and collaboration from organisations involved in creating those 'spaces', whether they originate from business, government or community organisations. Examples of such notional contexts that should be explored include:
 - Major work programs and mainstream opportunities currently operating or predicted to involve in the future the remote Indigenous workforce being located away from their permanent residence, such as those found in infrastructure and housing construction projects, cattle industry, some mining projects, and some travelling NGO-based workforce, etc.
 - Training and education programs taking place around regional towns where the mainstream economy operates (i.e. Army Indigenous Development Programs and other training in regional centres, etc.)
 - Other activities which bring remote Indigenous residents temporarily away from home into mainstream society (even if not driven by economic motives) and offer occasions for economic interactions (health, sports, justice, etc.)
 - Contexts that simulate the mixed economy and offer opportunities for practicing mainstream economic knowhow and skills improvement or upgrade (private and public business in remote regions, but admittedly realising the effectiveness of programs in remote locations is likely to be more limited); for instance, involving outback stores, outback financial services, art centres and tourism ventures.



- Little is known of the current influence of the internet and various technological platforms on the economic interactions (and scope of services and transactions) between remote residents and the mainstream economy. Some commentators view the internet as the foremost gateway for remote residents to interact with mainstream institutions, access services and acquire new skills. It would be worthwhile investigating whether practical knowhow acquisition could be enhanced fruitfully and provide the basis for greater economic capabilities.
- There are other activities of a communal nature which deliberately attempt to encourage the development of problem-solving skills; which might allow for economic extensions and entrepreneurship in ways which are practical. Reflecting traditional gender divisions, examples include 'men sheds', bush mechanics, etc. (for men) and initiatives targeting nutrition, cooking, home economic type skills, etc. (for women). The potential to effectively conduct such activities to connect remote residents with economic or commercial endeavours would need to be critically assessed. Achieving positive outcomes would likely depend on the extent to which the problems solved could be valued by others with the means and interest to procure them through relatively mainstream economic exchanges, an option more likely to be credible in sufficiently diverse regional economic hubs. Similar suggestions are made by Cashman & Langton (2016) to attempt using the CDP scheme to achieve some of these goals through a variety of complementary activities.
- Lastly, in accord with the last priority found in the National Financial Literacy Strategy, the necessity of establishing empirical connections between programs and contexts, intensity and observable changes in behaviour and economic inclusion must be focused on. Consistent with the argument in this report, it can be conjectured that careful design suitable for remote progress will be required, and different tools emphasising broad aspects of economic, commercial and financial knowhow will need to be developed and operationalised. Tremblay (2017) is currently undertaking collaborative research with Good Shepherd Microfinance managers (in Kuranda, Queensland) to investigate empirically whether and how Indigenous clients facing economic hardship and accessing targeting financial products trial new possibilities (learn about new opportunities and self-manage services such as no-interest loans) and might become more financially competent.

In conclusion it is proposed that while programs and initiatives supporting nationally the financial literacy requirements of disadvantaged groups operating within the mainstream economy have developed reasonably well, they are not suitable to tackle the intricate issue of providing Indigenous remote residents desiring to be included in the mainstream economy with the economic and financial capabilities required to do so. Concerted efforts focusing on targeted remote regions, involving a wide range of expertise will be required, and corresponding research and evaluation efforts to explore the pathways likely to provide the tools, knowhow and institutions that all other Australians can benefit from.



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