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18 JULY 1995 (REDCLIFFE QLD)

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Mr Darryl Kickett
Darryl Kickett Consultant
67 Hamlet Street
ANNERLEY QLD 4103

May 5, 1995

RW/GEN126

Dear Darryl,

Enclosed is a copy of a discussion paper "Indigenous Industry/ Corporate Strategy Framework" which has been developed by my company, Gongan Consultancy Pty Ltd. The framework could be useful to test in relation to the current Stanton Partners/ AP Development Network consultancy "An Overview of the Aboriginal and Torres Strait Islander Cultural Industry within the Context of the Australian Cultural Industry" in which you are the Project Team Leader.

I will give permission for the above consultancy project to utilise the Gongan Industry/ Corporate strategy framework because you as team leader have control over the content of this research.

As the copyright holder of the framework Gongan asks that the following conditions apply if utilised;

- Gongan be recognised for its use,
- this letter be placed as an Appendix of the report and maybe a copy of the paper if appropriate,
- Gongan be in receipt of a copy of the printed public document, and
- the framework be only used for this project only.

Gongan believes that the strategy framework should be utilised by indigenous people in developing Industry Strategies and that use will always be granted. In the granting of that use, Gongan will exercise the control of ensuring that indigenous people are managing and in control of the content of the research that is being undertaken.

It would go against Gongan's fundamental philosophical base that the framework be utilised by a Company/ Consultancy where indigenous people had no

involvement, this would surely only condone the continuation of a colonial styled management practice that Gongan and the Aboriginal and Torres Strait Islander have no use for.

Could you please give me written confirmation on the above conditions asked and if you have any further questions please do not hesitate to contact me.

Yours faithfully,



Rod Williams,
Managing Director

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INDIGENOUS INDUSTRY/ CORPORATE STRATEGY FRAMEWORK

DISCUSSION PAPER

MAY 1995

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1.0 Introduction

The Aboriginal and Torres Strait Islander community have been excluded from participating as equal partners within the Australian economy. This exclusion is similar to that of many other indigenous cultural groups who have experienced colonisation, a history of developing structures and policies that have created a perplexity of social, political, cultural and economic barriers for indigenous peoples.

The current system is not working when research clearly shows that the economic contribution made by Aboriginal people in selective regional economies is significant. The Central Australia region of the Northern Territory (Crough, Howitt and Pritchard, 1989) and the Kimberley region of Western Australia (Crough and Christopherson, 1993), depicts the magnitude of economic activity. The results of the study conducted in 1989, indicate that Central Australian Aborigines contributed at least \$184 million to the Central Australian region over the 1987 - 88 period. Assuming that the estimated size of the Central Australian economy was approximately \$550 million in that year, about one-third (33.33%) of Central Australia's economic activity derived from the Aboriginal sector (Crough, Howitt and Pritchard, 1989, 3).

An analysis of the audited financial statements of only 82 Aboriginal organisations in the Kimberley region of Western Australia revealed the magnitude and types of expenditure undertaken by these organisations. With the Argyle Mine excluded from calculations, then the spending by Aboriginal organisations and individuals represent 40% of the income of the Kimberley region (Crough and Christopherson, 1993: 220).

This effectively destroys the myth that Aborigines exert only a marginal impact on local regional economies.

There is a need to develop a National Indigenous Industry/ Corporate strategy framework concept that has the ability to cater for the social, political, cultural and economic diversities that confront our people each day. This will provide a focus for future economic participation and activity.

The question that researchers are left with is what sort of framework can be used to achieve economic empowerment and also be based on a fundamental philosophical base of recognition of rights, cultural appropriate structures and a participation within industry as a partner with equal status.

The Gongan Industry/ Corporate strategy framework for developing an industry/ corporate strategy has been developed in the shape of a house with (Appendix 1); (Gongan Consultancy, 1995)

- (A) Fundamental Philosophical Base - **Floor** (foundation) on which the industry/ corporate strategy is based upon.
- (B) Industry Strategy Segments - **Walls** (practical application) which is broken into three segments.
 - Political - What are the political barriers that need to be changed or redirected to support the objective identified.
 - Support Structures - What are the support structures that are operating or need to be developed to achieve the objective identified.
 - Access to Finance - What are the financial options or barriers to accessing funding or finance to achieve the objective identified.
- (C) Outcomes - **Roof** the results that have been achieved.

3.0 Framework Sections

The makeup of the Gongan Industry/ Corporate strategy framework is set out in the following manner.

3.1 (A) Fundamental Philosophical Base

Colonisation has had a social, political, cultural and economic impact on the Aboriginal and Torres Strait Islander community. Each industry strategy needs to build of a strong fundamental philosophical base to counterbalance any colonial based philosophical structures .

As shown in Appendix 2 - Indigenous Community Development Model, (Gongan Consultancy, 1994), the central philosophical base of Aboriginal and Torres Strait Islander people is land, sea, heritage, identity, wellbeing and self esteem which has a direct relationship with our cultural, social, health and economic aspirations.

The Gongan Industry/ Corporate strategy framework for developing an industry/ corporate strategies includes full discussion on business/ cultural ethics, rights as opposed to welfare, decolonising approaches and structures that create barriers for participation and having a choice about the level of participation as an equal partner. Each Industry Strategy will need to address the following key elements;

- To identify the general principles or rights in which the Aboriginal and Torres Strait Islander organisations/ corporate/ industry representative to negotiate from.
- To ensure that the strategy is not set within a framework that is supportive of a colonial based philosophy which usually exclude indigenous people from participating on a equitable bases.

Indigenous business development can only be achieved through the respect of our culture and an understanding that we have the right to consider, debate and decide on our own future economic aspirations (loc cit).

Support Structures

The support structures mentioned on the list below are unlikely to cover every industry. The seven support structures identified at NIBEC can be a useful measure of the type of support structures and economic research that still needs to be undertaken.

- [1] There was discussion on developing a representative body to give us a business voice; An **Indigenous Chamber of Commerce**.

In structuring a national representative body we must ensure that it caters for our economic and business aspirations. National strength will come from building both State and Regional Associations. Unless there is support and commitment from the indigenous business people, the concept will never succeed (loc cit).

This objective is becoming a reality with the development of the Queensland Indigenous Economic and Development Corporation (QIBEC) and the NIBEC Steering Committee and the continuation of Second National Indigenous Business and Economic Conference in Brisbane, August 1995,.

- [2] Need for a **National Aboriginal and Torres Strait Islander Business and Economic Strategy**. To focus on change and identify how we can better utilise our human resource and assets. Unless we start to possess a better understanding of the Aboriginal and Torres Strait Islander market, financial flows and the economic bargaining power of our human and capital resources, these resources will never be utilised to their maximum potential (loc cit).

- [3] The need for **specialist Industry Management Support Services**. eg., the Stores Program, Tourism Management, Pastoral Management Services, Housing Industry and others. Industry workshops identified that Aboriginal and Torres Strait Islander businesses have similar problems, and solutions can only be found when industry representatives cooperate (loc cit).

- [4] **National Aboriginal and Torres Strait Islander - Business Register - Black Pages**

- Consultants and Resource people
- Individual Business houses
- Funding Bodies and their funding criteria (loc cit).

3.3 (C) Outcomes

The roof of this framework are the outcomes. The outcomes or achievements could be training, education, employment, business development, cultural development, a healthy lifestyle, housing, economic development, etc. The outcomes can be social, cultural and economic depending upon the objective that the framework user has identified.

4.0 Other Concepts that are important to Economic Development

4.1 The Black Economy

The Black Economy is made up of the national allocation to the Aboriginal Affairs budget each year which is approximately \$1.5 billion. Political commentators such as Trevor Sykes estimates that \$2 Billion a year is spent on 300,000 people (Sykes, 1995 p 34). The Black economy also includes the opportunity for Aboriginal and Torres Strait Islander business to win 2% of all service contracts from Government Departments (Aboriginal and Torres Strait Islanders comprise 2% of Australia's population) and the income generated by transacting business between Aboriginal and Torres Strait Islander organisations and enterprises.

All Aboriginal and Torres Strait Islander industry strategies should target on ensuring that Aboriginal and Torres Strait Islander business will eventually gain a major share of this economy for offering a quality service.

4.2 Regional Economic Development

Research into the quantification of the economic contribution made by Aboriginal people to the local economy of the Central Australia region of the Northern Territory (Crough, Howitt and Pritchard, 1989) and the Kimberley region of Western Australia (Crough and Christopherson, 1993), depicts the magnitude of economic activity that is generated by public sector expenditure on Aboriginal and Torres Strait Islander programs, services and individuals; the income generated by Aboriginal and Torres Strait Islander community enterprise and the multiplier effect of the expenditures made by Aboriginal and Torres Strait Islander organisations and individuals. These figures are displayed in Tables IV and V (Appendices 3,4).

The results of the study conducted in 1989, indicate that Central Australian Aborigines contributed at least \$184 million to the Central Australian region over the 1987 - 88 period (Table IV) (Appendix 3). Assuming that the estimated size of the Central Australian economy was approximately \$550 million in that year, about one-third (33.33%) of Central Australia's economic activity derived from the Aboriginal sector (Crough, Howitt and Pritchard, 1989, 3).

The report identifies the methodology used to calculate the Aboriginal sector's contribution of \$184 million. Citizenship Entitlements \$104 million (56%) *payment for use of Public services, Social Security payments and government grants,; Grants to Aborigines \$46 million (25%) grants by the Department of*

acquire skills in a particular industry/ie so that he/she can bring those skills back to his/her community in a variety of ways. ie individuals can choose to;(Williams, 1994, p 6)

- [1] Work within a particular industry and bring the industry resources to the community;
- [2] Bring acquired skills back to their community;
- [3] Utilise skills in developing a small business enterprise.

Many Aboriginal people who have an interest in business, and may have ideas on what they want to do and how they want to pursue their working aspirations, will need basic skill and educational assistance before they can proceed at their own pace. To meet these needs Departments will need to rethink policies and expectations which may not be oriented towards a skills transfer approach to training and education. The emphasis seems to be on looking for short quick successes to meet a short term focus, rather than on the longer term objective of skills acquisition and transfer.(loc cit)

5.0 Using the Framework for Developing an Industry Strategies

As explained the framework for developing an industry strategy has been developed is in the shape of a house with (Appendix 1); (Gongan Consultancy, 1995)

- (A) Fundamental Philosophical Base - **Floor** (foundation) on which the industry/ corporate strategy is based upon.
- (B) Industry Strategy Segments - **Walls** (practical application) which is broken into three segments.
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 - Support Structures - What are the support structures that are operating or need to be developed to achieve the objective identified.
 - Access to Finance - What are the financial options or barriers to accessing funding or finance to achieve the objective identified.
- (C) Outcomes - **Roof** the results to achieve the objectives identified.

- Access to finance - identifying the barriers to access availability of Government funds and Mainstream Financial Information and Services at both a National and International level. What finances are needed to achieve a coordinated fund management approach in the Aboriginal and Torres Strait Islander industry.

Step Four

What are the short and long term outcome of achieving this objective.

The outcome could be that ATSIC, Torres Strait Regional Authority, Aboriginal and Islander State Government Authorities, Aboriginal and Torres Strait Islander Commercial Development Corporation (ATSICDC), Aboriginal Land Corporation (ALC), National Indigenous Business and Economic Corporation (NIBEC), various Land Councils, Aboriginal and Torres Strait Islander organisations decide to work towards a common funds management strategy.

The short and long term outcomes could be that an Aboriginal and Torres Strait Funds Management Company is setup to monitor the investments placed with various industry investments, joint venture arrangements, graduate training programs, education benefits, direct investment opportunities in indigenous projects, training, employment, ect.

6.0 Using the Framework for Developing individual Corporate/ Organisational Strategies

This framework has application to individual companies and organisations to link into various industry strategies.

Step One

The fundamental philosophical base could use the articles of association for a Company/ Corporation, aims of an organisation and include any other ethical or legislative requirements that the corporation/ organisation has to abide with.

Steps Two Three & Four

These step are the same as mentioned previously.

The writer fully realises that this task is an enormous one and making change nationally is always difficult.

The merits in having a general Industry/ Corporate strategy framework giving the Aboriginal and Torres Strait Islander organisations/ corporate/ industry representatives a general economic focus is obvious but communicating the concept is the difficulty.

We should keep in mind that the political and economic support from the wider community is soon to peak for the Aboriginal and Torres Strait Islander community, time is running out for our decision makers to create an environment which has a common economic focus.

Appendix 1

FRAMEWORK FOR DEVELOPING AN INDUSTRY STRATEGY

©
OUTCOMES

**INDUSTRY STRATEGY
SEGMENTS**

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POLITICAL

**SUPPORT
STRUCTURES**

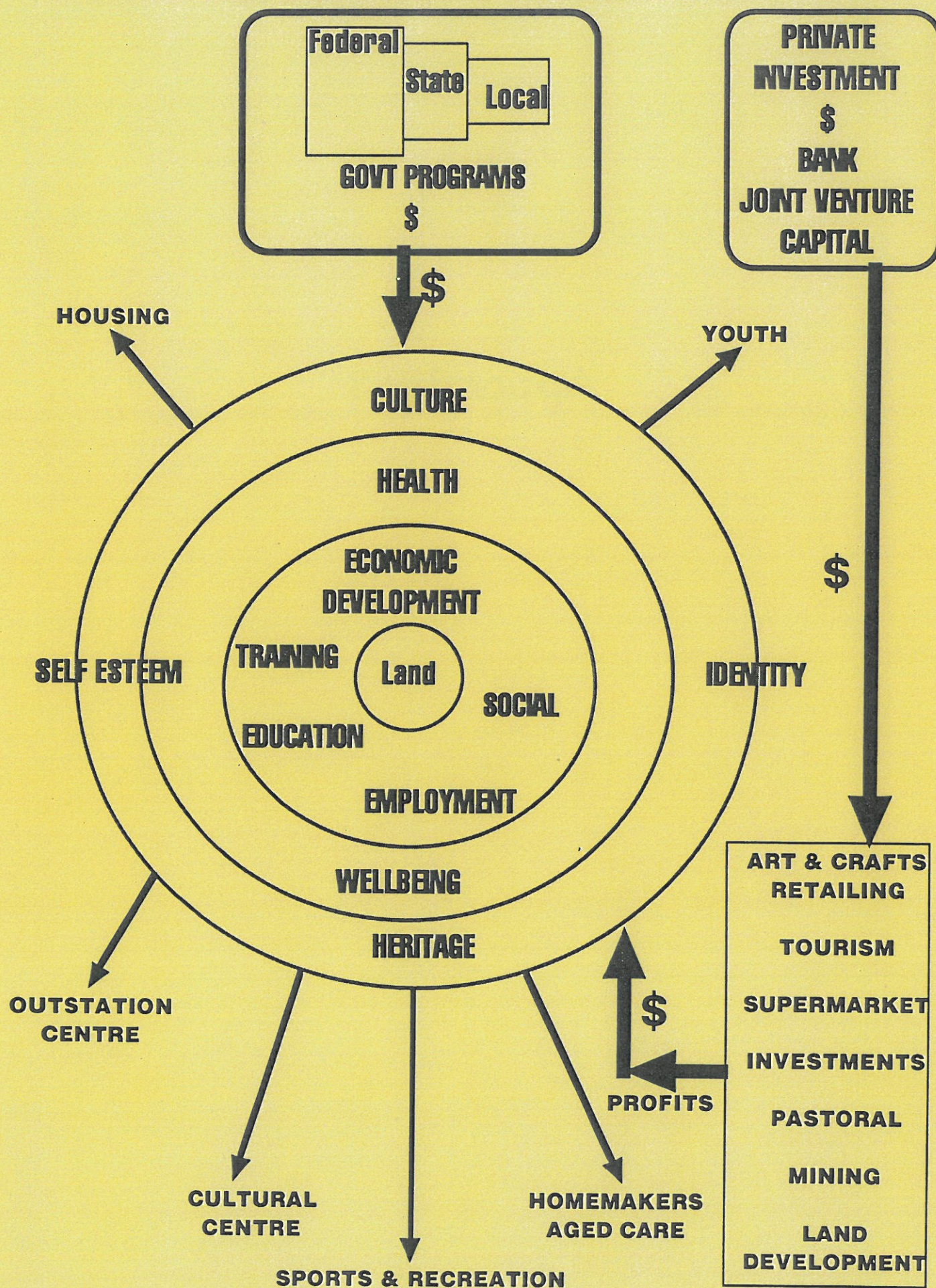
**ACCESS
TO
FINANCE**

Ⓐ

**FUNDAMENTAL
PHILOSOPHICAL BASE**

Appendix 2

INDIGENOUS COMMUNITY DEVELOPMENT MODEL



Appendix 3

APPENDIX 3

Table IV: Total Aboriginal Economic Contribution to Central Australia
1987 - 1988.

<u>Source of Expenditure</u>	<u>\$ millions</u>
Grants/ Subsidies	19.694
Earned Income	10.542
Other Income	<u>1.330</u>
Total Income	<u>31.548</u>
<u>Aboriginality Grants</u>	
To 30 organisations	23.370
To others	<u>23.004</u>
Total	<u>46.374</u>
<u>Citizenship Entitlements</u>	
DSS	26.929
CDEP	16.601
Local Government Grants	4.096
Mainstream Department Spending	<u>55.572</u>
Total	<u>103.198</u>
<u>Earned Income</u>	
By 30 organisations	10.52
Non organisations	
ABTA funds	2.583
Wages	
Aboriginal Bureaucracy	0.414
Other	<u>17.660</u>
Total	<u>31.181</u>
<u>The Aboriginal Bureaucracy</u>	
Aborigines Wages	0.414
Other	<u>1.774</u>
Total	<u>2.188</u>
<u>Net Total</u>	<u>183.857</u>

Source: Crough, G., Howitt, R and Pritchard, B., "Aboriginal Economic Development in Central Australia: A Report For The Combined Aboriginal Organisations of Alice Springs", Asprint, 1989: 66.

Appendix 4

APPENDIX 4

Table V : Estimated Contribution Made by Aboriginal People to the Gross Regional Product of the Kimberley Region 1991-1992.

<u>Source of Expenditure</u>	<u>\$ in millions</u>
ATSIC	65.000
DSS	30.000
DEET	3.200
DComDev	3.500
AAPA	1.600
Ministry Education	10.000
Health Dept WA	28.000
Salaries, Wages and Allowances	
Aboriginal Organisations	30.200
Housing and Infrastructure	
Economic Activity	12.400
Construction Activity	10.200
Retail Activity	166.000
Shire Councils	21.169 * (% Aboriginal & Torres Strait Islander population in region)
<u>Total</u>	<u>360.1 + 21.169*</u> (% Aboriginal & Torres Strait Islander population in region)

Source: Crough, G. and Chistophersen, C., "Aboriginal People in the Economy of the Kimberley Region", (Unpublished paper until 23/11/93). 1993, North Australian Research Unit, Australian National University (216-218).

(Figures based on actual and estimates of public sector organisational and individual expenditure directly attributed to Aboriginal people).

Appendix 5

APPENDIX 5

Table VI: Categories of Expenditure of 82 Aboriginal Organisations in the Kimberley Region Based on Audited Financial Statements.

<u>Category of Expenditure</u>	<u>\$ millions</u>
Wages and Allowances	30.203821
Building Repairs & Maintenance	1.666183
Vehicle Running Costs	1.742856
Vehicle Purchases	3.659726
Other Capital Expenditure	8.980320
Travel	0.986667
Fuel	3.199744
Audits and Accounting	0.825512
Insurance	0.559492
Postage and Telephone	0.553415
Water and Electricity	0.366573
Rates and Taxes	0.274971
Bank Charges	0.120391
Other Expenditure	<u>13.141660</u>
<u>Total Expenditure</u>	<u>66.281335</u>

Source: Crough, G. and Chistophersen, C., "Aboriginal People in the Economy of the Kimberley Region", (Unpublished paper until 23/11/93). 1993, North Australian Research Unit, Australian National University, Table 55.

