

Contemporary Issues in Microeconomics

The Economic Status of Indigenous Australians.

Aboriginal and Torres Strait Islander Australians (hereafter referred to as Indigenous Australians) account for only two per cent of the Australian population but on most of the indicators of economic and social wellbeing, they account for a significantly larger proportion of those who are disadvantaged. Employment, income and education levels are lower; child mortality rates and representation in the criminal justice system are higher. Census data show that median individual incomes are about two-thirds of those of other Australians and employment levels 30 per cent lower (Altman, Biddle and Hunter (2004), Altman and Hunter (2003)).

The most comprehensive source of data on the Indigenous population is the five-yearly Population Census. Individuals are able to self-identify as Aboriginal, Torres Strait Islander or both. Analysis of Census returns shows that there has been a substantial increase over time in the number of people who identify themselves as being Indigenous. This makes comparisons over time difficult if the characteristics of the new identifiers differ from those who had previously identified as Indigenous.

Selected Characteristics, Indigenous and Non-Indigenous Australians, 2006

	Indigenous	Non-Indigenous
Median Individual Income	\$278	\$471
Median Household Income	\$791	\$1,031
Av. Household Size	3.4 persons	2.6 persons
Household internet connection	43.2	63.8

Median Indigenous individual income was 59% of that of non-Indigenous Australians and household income 76%. Given that there are on average more people in an Indigenous household, there will be less income per household member.

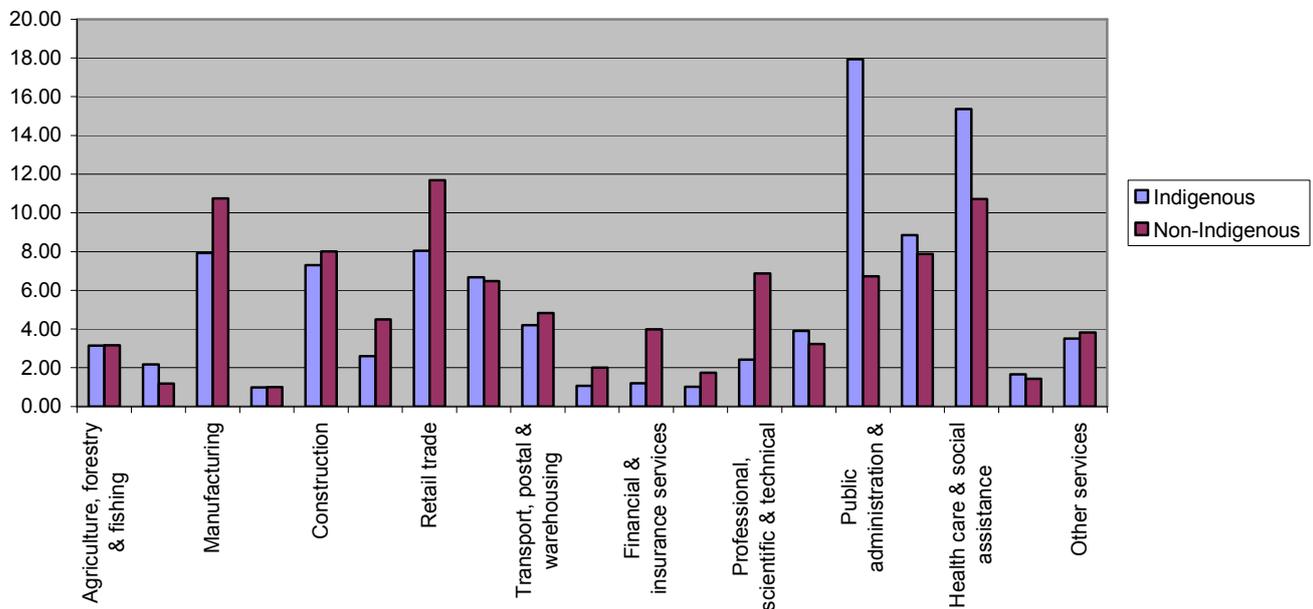
Selected Labour Force Characteristics of Indigenous and Non-Indigenous Australians, 2006.

	Indigenous		Non-Indigenous	
	Male %	Females %	Males %	Females %
Employment/Popn	47.9	38.9	67.1	54.3
Unemployment	15.8	15.4	5.0	5.1
Labour force Part.	56.9	45.9	70.6	57.2
CDEP part/Emp	13.0	9.9		
Self emp.Emp	3.5	1.6	8.4	4.7
Employment				

Government	23.1	28.9	11.8	17.7
Private	76.9	71.1	88.2	82.3

This table shows lower employment rates for Indigenous males and females, and higher unemployment rates. CDEP is the Community Development Employment Project scheme which is a work-for-the-dole scheme whereby Indigenous communities are given extra funds to develop community projects. Participants work part-time for their welfare benefits. The Coalition government planned to dismantle CDEP but the Rudd government has decided to reintroduce it in the places where it was disbanded.

Distribution of Employment by Industry and Indigenous Status, 2006

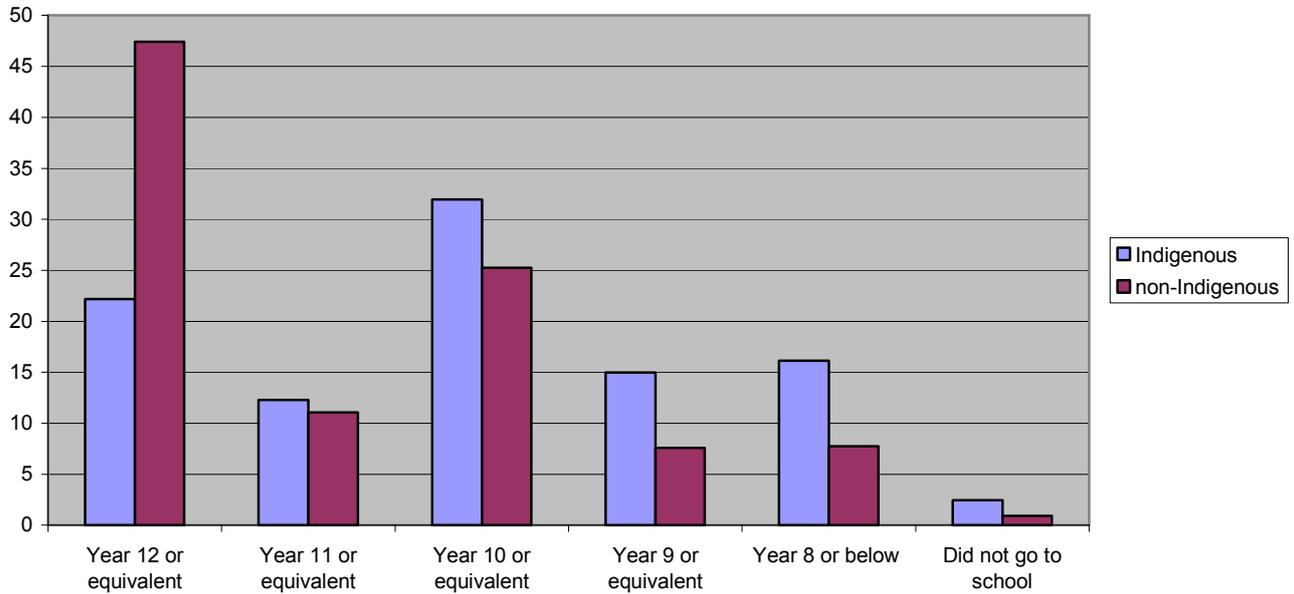


This graph shows that Indigenous Australians are more likely to work in the public administration and health industries than other Australians and less likely to work in retail trade and professional and scientific services than other Australians.

There have been a number of explanations put forward for the low incomes and poor employment outcomes of Indigenous Australians.

1. Low levels of education and labour market skills make it difficult to find well-paid work.

**Highest Level of Schooling Completed by Indigenous status, 2006
per cent.**



Indigenous Australians are over-represented in the group who have not gone past year 10 and under-represented in the group who completed year 12.

The following graph shows that the proportion of Indigenous adults (aged 15+) who had a post-school qualification was half that of other Australians.

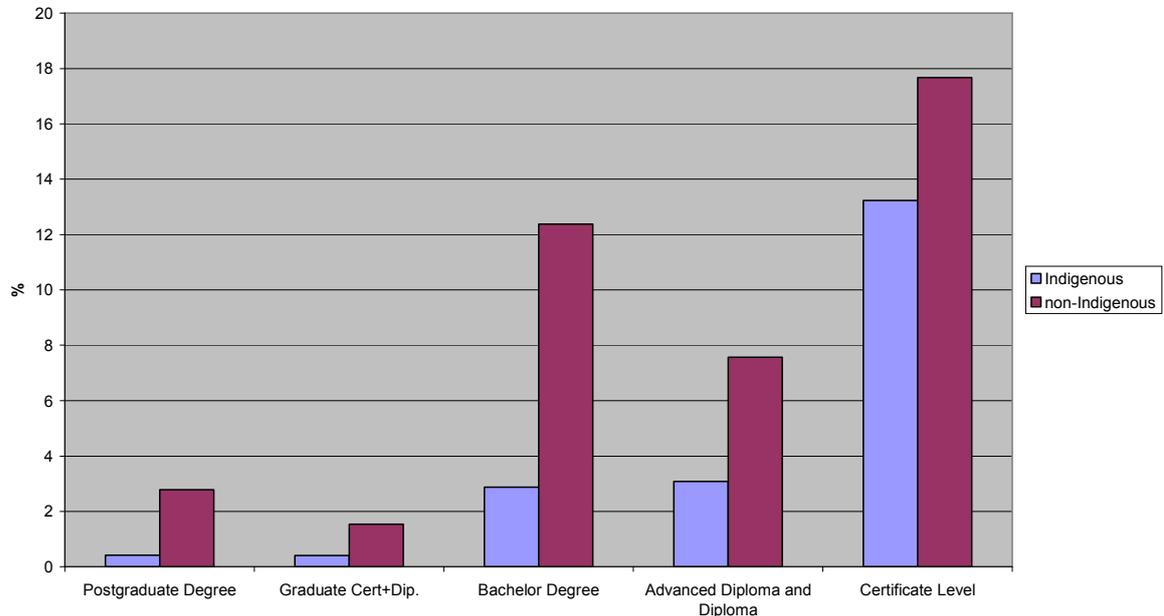
2. Location of residence. A larger proportion of Indigenous Australians live in remote and rural Australia where employment opportunities are more limited. The mining and defence industries located in these areas have developed schemes to promote Indigenous employment with varying degrees of success.

3. Poor health outcomes reduce the ability to hold down jobs. The life expectancy of Indigenous Australians is 20 years less than other Australians.

4. Discrimination. The stereotype of the Indigenous Australian who goes walkabout and is an unreliable employee is likely to reduce employment opportunities. The history of Indigenous engagement with the European settlers is likely to discourage engagement in employment from both sides.

5. Self discrimination. Deliberate choice by Indigenous people not to engage in 'white fella' activities and a preference to live within their own community. Maintenance of traditional life styles may not be compatible with employment in the main stream.

Share of Adult Population with Post-School Qualifications, 2006



6. Argument that we will consider in next weeks debate, that the emphasis on Native Title claims has distracted people from the goal of promoting economic development and jobs in remote Australia. As long as Indigenous people are encouraged to live in areas where there are no job prospects, they are likely to remain behind other Australians in terms of income and employment. This argument is based on the view that a common property resource is likely to be over-utilised and that it is difficult to borrow money on the basis of commonly-held property. In opposition, it is argued that Native Title claims will allow Indigenous Australians in remote areas to generate income which can be used for economic development.

The National Emergency Response June 2007

Following the publication of the report 'Little Children are Sacred' that highlighted the extent of child sexual abuse in remote communities in the NT, the Howard government declared a national emergency and introduced a range of measures. This was supported by the ALP Opposition at the time. The measures in the NT included-

- Alcohol restrictions
- Welfare reforms – income support given in the form of vouchers for particular shops with a limited amount of cash
- Enforced school attendance linked to income support
- Compulsory health checks for Aboriginal children
- Acquisition of particular townships through 5 year leases with compensation
- Increased policing levels including police from other jurisdictions and the army
- Clean up and repairs in communities using labour from the CDEP scheme
- Improvements in community housing, including the introduction of market-based rents

- Banning possession of X rated pornography and auditing publicly owned computers
- Scrapping of the permit system
- Improved governance by the appointment of managers in particular communities. (Hinkson 2007 in Altman and Hinkson 2007.)

These measures received considerable public attention with both strong support and opposition. The Rudd government reviewed the measures in 2008 (see the Report of the NTER Review Board 2008). NTER covered 500 Aboriginal communities with 73 large communities as a focus. Over 70% of Aboriginal people in the NT were covered by the measures, c45,500 men women and children.

Main points

- Support for the measures was reduced by the methods used to introduce them ie without consultation with the people they were supposed to help.
- There is evidence of definite gains from the Intervention.
- Increased police presence, bans on alcohol, benefits of income management have been appreciated.

Major recommendations

- Income management and financial literacy programs should be voluntary
- Licensing of community stores should continue to ensure they provide high quality products and reasonable prices.
- CDEP needs overhauling to improve employment outcomes. It should include training in basic skills.
- Laws banning alcohol possession and transportation should be continued.
- The increased police presences should be maintained.
- The NT government should strengthen child protection arrangements.
- The Australian Government should compensate Aboriginal landowners for the acquisition and use of their property.
- The permit system should be re-established.

References

- Altman, J.C., Biddle, N. and Hunter, B.H. (2004). 'Indigenous socioeconomic change 1971-2001: A historical perspective', *CAEPR Discussion Paper No. 266*, CAEPR, ANU, Canberra.
- Altman, J.C. and Hunter, B.H. (2003). 'Evaluating Indigenous socioeconomic outcomes in the Reconciliation Decade, 1991–2001', *Economic Papers*, 22 (4): 1–16.
- Hunter, B. (2007) 'Conspicuous Compassion and Wicked Problems' *Agenda*, vol 14 no. 3 available on the ANU ejournal web site.
- Johns, G. (2008) 'The Northern territory Intervention in Aboriginal Affairs: Wicked Problem or Wicked Policy', *Agenda*, Vol. 15 no. 2 available on the ANU ejournal web site.
- NTER Review Board (2008) Report of the Northern territory Emergency Response Review Board available on the web at http://ntereview.gov.au/docs/report_nter_review
- See also the references in the unit outline