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Edited by J.C. Altman

ABORIGINAL EMPLOYMENT EQUITY BY THE YEAR 2000

Aboriginal Employment Equity by the Year 2000

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J.C. Altman

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Foreword

Each year, the Academy of the Social Sciences in Australia conducts a number of workshops on issues which are considered to be of national concern. During the year 1989-90 for instance, workshops were held on 'Human and Social Responses to Global Change', 'Prospects for Australian Newspapers', 'The Theory and Practice of Juvenile Justice' and 'Sexuality in Australia'.

Rather than being public forums, workshops are small gatherings (usually no more than 30 people) of those working at the cutting edge of research. The object is not so much to inform, as to exchange and speculate in order to advance innovative ideas among those taking part, and thus promote and generate the research process. The choice of participants is made as inter-disciplinary as possible, and the emphasis is firmly on active participation by all those attending, with maximum opportunity for debate. In turn, it is hoped that workshops will generate networks and interchange which will promote further research.

The workshop 'Aboriginal Employment Equity by the Year 2000' was formulated in a slightly different fashion. The Academy is currently the Secretariat for the Association of Asian Social Science Research Councils (AASSREC), an organisation which has fifteen member countries in the Asian region. AASSREC is strongly supported, and partially funded by UNESCO, and members meet every two years to hold a Conference and Symposium. In 1991, the Biennial Symposium has as its theme 'Human Resource Development'. All member Councils were asked to conduct a national symposium on some aspect of this theme, and to report the findings to the AASSREC Symposium, to be held in Manila in August 1991.

After some debate, it was decided that an appropriate focus for an Australian symposium would be the situation of Aboriginal Australians. Not only has the Academy a long history of research in this area, but it seemed realistic to accept regional concern and attempt to provide information about the problems involved, the policies adopted, and the prospects for change. It was also agreed that the appropriate person to present the findings of the workshop at the AASSREC Conference would be one of the Aboriginal participants.

Advice and assistance in identifying a specific theme for the workshop was sought from the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University. Dr Jon Altman, Director of CAEPR, agreed to act as

Convener. Participants included those involved in formulation of policy initiatives at government level, those involved in research related to employment and human resource development, and those who experience the results of research and policies at the grass roots level.

The Academy thanks all those who participated, especially those whose papers are included in this volume. Particular thanks are due to Dr Jon Altman, whose time and energy contributed so much to the success of the workshop, and who accepted the task of editing papers for publication.

J.D.B. Miller
Executive Director
ASSA, Canberra

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Preface

When I was approached in November 1990 to assist in the planning of a small workshop on human resource development and Australian Aborigines under the auspices of the Academy for the Social Sciences in Australia (ASSA), I found the idea quite exciting; it could provide a most important means to discover what economists and other social scientists have to say about this important issue.

Authors were approached to make contributions for a variety of reasons. First and foremost, it was important to get new perspectives on some very long term problems. Hence, rather than just choosing from those few academics who had undertaken research on Aboriginal economic issues, I also approached academics like Bruce Chapman, Bob Gregory, Pramod Junankar and Judith Sloan who had no previous research experience in the Aboriginal arena. Similarly, recently recruited staff at the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University, like Anne Daly and Habtemariam Tesfaghiorghis, gave papers after only short inductions into economic research on Aboriginal matters. Second, I was keen to have papers from a variety of social science perspectives. Finally, it was regarded as imperative to have both Aboriginal people and policy advisers participate in the workshop. While only two Aboriginal delegates gave formal presentations, we were fortunate to have a number of Aboriginal participants at the workshop with considerable experience in the economic policy arena.

The 12 papers in this volume were all presented, in one form or another, at the workshop. Contributors were given a strict deadline of only 15 minutes to present papers so as to maximise discussion time, but it was always intended to publish a selection after the workshop. The papers in this volume closely replicate those presented, although Chapman and Gregory's 'joint' paper was bifurcated. Chris Robinson and Danny Rose from the federal Department of Employment, Education and Training (DEET) made their presentation on the understanding that it would not be provided as a written paper. DEET did offer an official government publication on the National Aboriginal and Torres Strait Islander Education Policy for reproduction here, an offer that was declined. A number of papers have been reduced somewhat in length from those circulated at the workshop and a paper 'Employment and unemployment: an overview' by P.N. Junankar and C.A. Kapuscinski was withdrawn after editing.

The papers are published here in an order that replicates the workshop program. The volume's contents move from the general policy context (chapters 1 and 2), to the general statistical and demographic (chapters 3 to 5), to particular groups, youth and women (chapters 6 and 7), to a particular employment program (chapter 8), to remote and settled regions (chapters 9 and 10) and finally to a discussion of both the cross-sectional and longitudinal correlation between educational attainment and employment and income for minority groups (chapters 11 and 12). Contributors not only produced their papers at extremely short notice, but also revised them for publication with unusual haste and I am extremely grateful for this efficiency. Other participants assisted greatly by chairing sessions of the workshop, joining in discussions and relating some real life experiences. The conclusion was written by me after the workshop with the aims of providing a synopsis of workshop themes and a reflection on discussions held throughout.

The decision to publish this volume as quickly as possible was made for a number of reasons:

i The Association of Asian Social Science Research Councils (AASSREC) Biennial Conference will be held in Manila in August 1991 and ASSA was keen for this volume, that comprehensively reports the Australian symposium, to be available for distribution at the conference.

ii There is a dearth of available research, from the economics perspective, of Aboriginal policy issues, and these papers will make an important contribution in this area. This volume will facilitate the wider dissemination of the findings of a small workshop (that was limited to 30 participants) to the wider Australian academic and policy communities.

iii The papers were written during an important phase in the development of Aboriginal affairs economic policy. All researchers were limited to using 1986 Census data nearly five years after their collection, and three and one-half years after the official launch of the Federal Government's crucial Aboriginal Employment Development Policy (AEDP). In late 1992, when 1991 Census data become available, these papers will represent an important comparative perspective and a means to assess changes in the economic well-being of Aboriginal people. But in the meantime this volume provides an important up-to-date perspective on the economic situation of Australian Aboriginal people and their prospects for economic equality by the year 2000.

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As convener of the workshop I would like to thank a number of organisations and individuals for facilitating both the workshop and this publication. First, and foremost, is the Academy of Social Sciences in Australia. In the late 1960s and early 1970s ASSA (in its pre-1971 manifestation as the Social Science Research Council of Australia) sponsored the 'Aborigines in Australian Society' research project under the overall direction of the late Professor Charles Rowley. In a similar vein, ASSA chose to focus on a particularly complex and politically charged area as its contribution on 'Human Resource Development' to the AASSREC Biennial Conference. ASSA also subsidised the publication of this monograph, both for the Manila conference and, owing to its topicality, as a CAEPR research monograph for domestic distribution. At the hands-on, organisational level, ASSA staff, Barry Clissold, Wendy Pascoe and, in particular, Dr Peg Job undertook the demanding task of inviting participants to the workshop, arranging their travel and accommodation, arranging the distribution of papers, organising the workshop venue and associated activities, and a myriad of other details. The workshop was quite unique in its mixing of Aboriginal people, academics and bureaucrats and the conviviality of the ASSA workshop format assisted greatly in the integration of this wide diversity of participants.

The Centre for Aboriginal Economic Policy Research undertook the task of producing the monograph for publication. Special thanks are due to Dr Anne Daly, Research Fellow at CAEPR who assisted greatly by checking many of the technical aspects of submitted papers. Ms Diane Smith, as a workshop participant, helped enormously by taking concise notes on discussions, especially during the open forum. Ms Hilary Bek helped at all stages of preparing and proof-reading the final manuscript and Ms Linda Allen helped at the final stages with proof-reading and production. Ms Belinda Lim assisted by typing up and reformatting a number of papers. Aboriginal Studies Press at the Australian Institute of Aboriginal and Torres Strait Islander Studies, Canberra generously provided the front cover design of the monograph. The Central Printery at the ANU printed the volume with its usual efficiency.

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Aboriginal Employment Equity by the Year 2000 is a comprehensive collection of papers in one volume that focus on the economic situation of Aboriginal Australians. Its publication in 1991 occurs some 25 years after the publication of another important collection *Aborigines in the Economy: Employment, Wages and Training* (edited by Ian Sharp and Colin Tatz, Jacaranda Press, Brisbane, 1966). It is somewhat salutary to consider that so many of the problems and issues raised in that earlier

volume so long ago are still with us today. It is also salutary to reflect that in the intervening period so little attention has been paid to Aboriginal economic problems by economists and other social scientists.

Over a decade ago, in the preface of another publication that I co-authored with John Nieuwenhuysen, it was stated 'Economists in general have indeed seemed to shun the study of Aborigines in the Australian economy ... any economic problem connected with Aborigines has been eschewed from economic policy discussions' (*The Economic Status of Australian Aborigines,* Cambridge University Press, Cambridge, 1979, p. viii). This situation has changed somewhat. While contributions to this volume meet ASSA's desire for interdisciplinary research, with the disciplines of economics, sociology, anthropology, geography, political science and econometrics being represented, economists did outnumber other paper givers. This can be interpreted as a positive sign, as can the fact that despite the variety of 'tongues' spoken at the workshop all participants were able to communicate with each other. Interdisciplinary variations were mainly evident in the style of written papers, and in editing these papers some standardisation has been needed.

A number of findings from the workshop have already been used in the Aboriginal affairs policy arena, and I believe that this volume will not only prove of enormous value in Australia, but will also result in widespread dissemination, both here and overseas, of information and analysis about the contemporary economic situation, and future economic prospects, of Aboriginal people.

Jon Altman
Convener
Canberra,
July 1991.

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1. Government initiatives for Aboriginal employment: equity, equality and policy realism

J.C. Altman and W.G. Sanders

Policies and programs to improve the employment status of Aboriginal people have been of concern to successive Australian Commonwealth Governments since 1967 when amendments to the Australian Constitution paved the way for greater Commonwealth Government powers and involvement in matters relating to Aborigines. This paper begins with an historical review of the ever-growing and changing array of Commonwealth policies and programs relating to Aboriginal employment, culminating in the Hawke Government's Aboriginal Employment Development Policy (AEDP) of 1986/87.

The central goal of the AEDP is the achievement of Aboriginal employment and income equity by the year 2000. Equity is interpreted in the AEDP to mean statistical equality in employment and income status between Aboriginal and other Australians by the year 2000 and in the latter part of this paper we are critical of this interpretation. We argue that Aboriginal employment status remains relatively low, owing to a range of historic, demographic, locational and cultural factors. Given the degree to which Aboriginal employment problems are intractable, the pursuit of statistical equality is, we believe, both inappropriate and likely to fail. However, we do support other aspects of the AEDP's approach as policy realism: it earmarks increased financial resources for Aboriginal employment programs, it represents responsive policy formation in the light of past experience, and it provides a wide range of program options for Aboriginal people living in different geographic and cultural contexts. But such policy realism runs the danger of becoming policy conservatism and short-sightedness.

History

The early years

After the constitutional amendments of 1967, a new Commonwealth Office of Aboriginal Affairs was quickly established. From 1969, this Office included 'employment and vocational training' as one of the four heads under which it would make specific purpose grants to the States for Aboriginal advancement (Commonwealth Parliamentary Debates, House of Representatives 11 September 1969: 1248). The other heads were

housing, education and health and although in the early 1970s, expenditure on these was generally greater than for employment and training, there was no doubt that this was still seen as an important area for State grants (see appended Table A1.1).

In 1969, the efforts of the new Office of Aboriginal Affairs relating to Aboriginal employment were augmented by the establishment of an Aboriginal Employment Section (AES) within the mainstream employment portfolio's Commonwealth Employment Service (CES). Some 28 specialist staff were appointed in CES offices across the country 'to service major centres of Aboriginal population including those remote from industrial/commercial activities' (Fox 1985: 35). As well as providing the normal services of the CES, these specialist officers were able to draw on a new Employment and Training Scheme for Aboriginals (ETSA), also introduced in 1969, which provided a wage subsidy for on-the-job training of Aborigines (Miller 1985: 96). The budget for this new program grew from a mere $24,000 in 1969/70 to $0.5 million by 1973/74 (Fox 1985: 35).

The Whitlam years

When the Whitlam Government came to power late in 1972, expenditure on Aboriginal advancement through the new fully-fledged Commonwealth Department of Aboriginal Affairs (DAA) expanded considerably. Employment and training was clearly identified as one important area of program activity, accounting for roughly 10 per cent of DAA expenditure over the next three years (see Table A1.1). Special purpose State grants for Aboriginal employment and training continued and among the other tasks which the Whitlam Government set for the new department in this area was the phasing out of a number of under-award training and employment schemes run by the old State and Territory Aboriginal welfare authorities in 'institutional communities ... in the remoter parts of northern and Central Australia' (DAA 1974: 43). These schemes had effectively maintained artificial full employment in remote regions by offering jobs of a kind to all. The Whitlam Government sought to replace the schemes with the creation of some award wage jobs, and then by providing unemployment benefits for those who were not thus employed. This, however, proved more difficult to achieve than anticipated. Reactions were strong to the prospect of very high unemployment rates in these communities, even with the increased level of Aboriginal affairs expenditure which was available for creating award wage jobs (Sanders 1985). The old schemes had been phased out in all States, except Queensland, by 1975, but they were in many ways simply replaced by a large number of Special Work Projects (SWPs) funded by the DAA, which provided short-term employment on community projects.

During the Whitlam years, the ETSA program administered by the CES was subsumed in a new general employment and training program know as the National Employment and Training (NEAT) system. A distinct Aboriginal component of NEAT was not now identifiable, although the Aboriginal Employment Section within the CES did remain a discrete administrative entity. The previous provisions of ETSA remained intact within NEAT (Fox 1985: 35) and were in fact probably broadened by the 'pre-employment' and 'pre-vocational' aspects of the new system and its emphasis on the needs of disadvantaged people (Miller 1985: 96).

The Fraser years

When the Fraser Government came to power in late 1975, it also set about re-working programs and organisational structures relating to Aboriginal employment. Initially an Interdepartmental Working Party (IWP) on Aboriginal employment was appointed. The terms of reference for the IWP no longer referred to Aborigines in remote communities being employed in under-award schemes which needed to be phased out, but rather referred to Aborigines in these communities receiving unemployment benefit entitlements 'under less stringent conditions than those which apply to the general community' and of these benefits creating 'unsatisfactory social problems' in these communities (DAA 1976: v). The IWP report was in fact rather dubious of these claims and was, in particular, critical of a 'suggestion which had been put forward' that unemployment benefits in these communities 'should be paid, not to the individual beneficiary but to the Community Council to be used to fund work projects' (DAA 1976: 31). The suggestion for this new scheme, though not in the IWP's terms of reference, was clearly attractive to the new Fraser Government and it was not deterred by the IWP's reservations.

In May 1977 the Fraser Government announced its new National Employment Strategy for Aboriginals (NESA), the centre-piece of which was precisely such a scheme. The Community Development Employment Projects (CDEP) scheme was to apply to 'Aboriginals who live in remote or separate communities and who do not form part of the open labour market'. The scheme allowed selected Aboriginal councils in remote areas the option to receive block grants from the DAA equivalent to the entitlement of individual community members to unemployment benefits. These grants were to be used to offer work to those individuals who would otherwise be eligible for unemployment benefits (Commonwealth Parliamentary Debates, House of Representatives, 26 May 1977: 1921). For those 'Aboriginals who live in, or wish to move to, urban and rural areas where they will have access to the established open labour market', the Fraser Government's new NESA offered a continuation of the NEAT system, increased staffing of the Aboriginal Employment Section of the

CES, increased opportunities for Aboriginal employment in the Australian Public Service[1] and a 'national campaign', overseen by a new National Aboriginal Employment Development Committee (NAEDC) to persuade private sector employers 'at top management level to train and employ Aboriginals in their establishments' (Commonwealth Parliamentary Debates, House of Representatives, 26 May 1977: 1923). Soon after the announcement of NESA, the Aboriginal employment section of the CES was upgraded to become the Aboriginal Employment and Training Branch (AETB) and the number of specialist field staff within it around Australia reached 100 (Fox 1985: 35).

Just how much expansion was occurring in government commitment to Aboriginal employment policy during the Fraser years is difficult to gauge. The level of program expenditure by the CES on Aboriginal employment and training was still unidentifiable in the early Fraser years, due to the continued use of the general NEAT system as the appropriate program vehicle. In the Aboriginal affairs portfolio the level of identifiable employment and training program expenditure had dropped quite dramatically from the late Whitlam years, both in absolute (from $15 million to $6 million) and relative (from 12 per cent to between 4 and 5 per cent of the DAA's budget) terms. These levels of expenditure on employment and training programs only built up again slowly during the subsequent Fraser years to around $14 million or 9 per cent of the DAA's budget in the early 1980s (see Table A1.1). These expenditure figures were, however, of little use as indicators of overall Commonwealth commitment to Aboriginal employment programs. Not only did they contain an element of expenditure by the DAA on the CDEP scheme,[2] but also there was little doubt by this time that expenditure through the Commonwealth's employment portfolio was now considerably outstripping the Aboriginal affairs portfolio's employment program expenditure. This latter point started to become clear during the final Fraser years, when the NEAT system was progressively dismantled as the CES's major employment and training program vehicle and the Aboriginal components from within it began being separately identified as the Training for Aboriginals Program (Miller 1985: 97). Expenditure by the Commonwealth employment portfolio on Aboriginal employment and training had reached $20 million by the early 1980s, both outstripping and growing far more rapidly than the DAA's employment and training expenditure (see Table A1.1).

The early Hawke years

The Hawke Government initiated a review of Aboriginal employment and training programs 18 months after coming to office. The report of the review committee, published a year later in August 1985, and generally referred to as the Miller Report, was a far more substantial and factually

informed document than the Fraser Government's IWP report. Not only did the Miller Report review both the historical and current experience of Aboriginal people in the regular labour market, it also attempted to systematically assess the already evident array of Aboriginal employment and training programs and Aboriginal participation in them (Miller 1985: chapters 2-5). In fact the range of programs that it reviewed was considerably larger than those identified above. The Aboriginal Study Grants (Abstudy) scheme offered by the Commonwealth education portfolio since 1969, the various enterprise loans and grants and land and property acquisition activities of the Aboriginal Development Commission (ADC) within the Aboriginal affairs portfolio and Aboriginal participation in the employment portfolio's general programs, such as Community Employment Program were also reviewed (Miller 1985: chapters 4-5).

The Miller Report identified some major shortcomings in existing programs and then went on to outline a new approach based on 'new directions in promoting (Aboriginal) participation in the regular labour market' and 'new directions in assisting the development of Aboriginal communities' (Miller 1985: chapter 6). For those familiar with the history of Commonwealth Government initiatives in Aboriginal employment and training policy, there was, in fact, not that much that was entirely new in what the Miller Report was proposing. Each existing program was carefully scrutinised and many substantial, but seldom fundamental, changes were recommended.

In relation to Aboriginal employment in the public sector of the regular labour market, the Miller Committee argued that program emphasis should be switched from funding short-term training positions to recruitment of Aboriginal people into permanent public sector positions and providing subsequent career development opportunities (Miller 1985: chapter 9). The Miller Report noted in the process of making these recommendations that there had been an Aboriginal Services Recruitment Program (ASRP) operated by the Commonwealth's Public Service Board since 1981, so the proposed shift in program emphasis was, in a sense, nothing new. Almost 500 Aboriginal people had already been recruited as permanent Commonwealth public servants under the ASRP by the time of the Miller Report, and a shift of emphasis to career development seemed the obvious next step.

With respect to regular labour market employment in the private sector, the Miller Committee recommended changes on three fronts. Within the CES, the roles of AETB and mainstream staff in the servicing of Aboriginal clients needed to be better defined so that not all such servicing was left to the specialist staff. Some CES program changes, such as more post-placement support services and restricting wage subsidies to a relatively brief period, were also suggested. The second front was the

enhancement of the 'promotional' activities of the National Aboriginal Employment Development Committee (NAEDC), by the establishment of local Aboriginal employment committees convened by local CES managers. The third front was the extension of the Commonwealth's proposals for an affirmative action program relating to the private sector to include Aboriginal, as well as women's, employment (Miller 1985: chapter 10).

In reviewing Aboriginal business enterprises which create employment for Aboriginal people, the Miller Committee had several suggestions for making capital more readily available and providing increased managerial support. It recommended that responsibility for funding Aboriginal business enterprises 'classified as commercially viable' should be transferred from the ADC to an Aboriginal Business Division within the Commonwealth Development Bank, leaving the ADC to concentrate on 'the community enterprise area and on the purchase of land for social/economic purposes'. It also recommended that Small Business Support Units be set up within the ADC (Miller 1985: chapter 11).

Finally, in relation to that proportion of the Aboriginal working age population which would 'for a number of economic, geographical, political and social reasons ... for the longer term future ... not be centrally concerned with the regular labour market', the Miller Report also essentially recommended expansion and adjustment of existing programs, rather than anything fundamentally new (Miller 1985: 313). It recommended greater Aboriginal involvement in 'resource' and 'enterprise' development through the expansion of Aboriginal ownership of land, the provision of more capital for enterprises and greater Aboriginal participation, as employees, contractors, owners and royalty recipients in mining and tourism ventures (Miller 1985: chapter 12). The Committee liked the existing CDEP scheme, though acknowledging problems with its implementation, and wanted to see it expanded to all Aboriginal communities in remote areas which sought it (Miller 1985: chapter 13). Such an expansion had not been regarded as possible by the Fraser Government and the DAA during the late 1970s and early 1980s as the CDEP scheme had experienced quite severe criticism and difficulties (Sanders 1988).

The Aboriginal Employment Development Policy (AEDP)

In August 1986 and then again in October 1987, the Hawke Labor Government launched its response to the Miller Report, the Aboriginal Employment Development Policy (AEDP).[3] The policy claimed to represent 'a shift away from the welfare dependency approach of the past towards measures to enhance Aboriginal economic independence' and it set as its long range objectives the achievement of 'employment and

income equity' for Aboriginal Australians (Australian Government 1987a: iii).[4] As with the Miller Report from which it had been derived, the AEDP's new approach was not as fundamentally different from what had gone before as it suggested. Not that this, we would hasten to add, was a fault. The AEDP followed through on many of the recommendations for program change in the Miller Report, and where it did not do so specifically, it continued the general approach of building on what had gone before, rather than fundamentally changing the course of policy.

The AEDP did develop programs for Aboriginal employment in the public sector with an emphasis on recruitment to permanent employment and subsequent career development, rather than short-term training (Australian Government 1987b). It also maintained the CES's Training for Aboriginals Program (TAP) and a strong emphasis on formal training (Australian Government 1987d). The CDEP scheme, though not immediately extended to all remote communities wishing to participate, was targeted in the AEDP for a massive five year period of expansion (Australian Government 1987c). Support for Aboriginal community enterprises through the ADC was reaffirmed through re-designed and re-named programs, such as the Community Economic Advancement Projects (CEAP) scheme, the Community Employment and Enterprise Development (CEED) scheme, Enterprise Support Units (ESU) and the Enterprise Employment Assistance (EEA) program, providing capital, wage subsidies and management support (Australian Government 1987c). In relation to regular private sector employment, the AEDP suggested a shift to 'group intake strategies for the recruitment of Aborigines' as well as the more established individual placement methods. It also developed an Aboriginal Employment Action (AEA) program, which incorporated many of the elements of the affirmative action model, including the funding of Aboriginal Employment Executives within companies, industry and union bodies, the preparation of Aboriginal employment action plans by these executives under the guidance of Aboriginal employment action committees and the monitoring of the implementation of these plans over the first five year period of the program (Australian Government 1987b).

Perhaps what was newest and most fundamentally different about the Hawke Government's AEDP statement, when compared with both the Miller Report and the host of earlier Commonwealth Aboriginal employment programs, was two aspects which did not so much relate to the substance of the programs as to their goals and rationale. The first of these was the AEDP statement's frequent use of the term 'equity' in conjunction with Aboriginal employment and income, as a way of identifying the goal towards which all these programs were directed and as the rationale for their existence. This term was not evident in the

Miller Report, nor much used by the Hawke Government during its early years as a rationale for policy. During 1986 and 1987, however, the term equity was enjoying renewed currency within the Australian Labor Party (ALP), following a resolution calling for the development of a 'social justice strategy' at the 1986 ALP National Conference. Certainly the term was prominent, if not obtrusive, in the AEDP statement of October 1987.

The second new, and related, aspect of the AEDP statement was its setting of statistical targets. On the basis of preliminary data from the 1986 Census, the statement presented summary statistics of the current employment and income status of Aborigines in comparison with other Australians. It then went on to identify targets on the basis of these statistics which would need to be met if Aborigines were to achieve equality with other Australians in relation to employment and income by the year 2000. The number of jobs that would need to be created, the amounts by which income or participation in education would needed to be increased and the required reduction in welfare dependency were all quantified. The median income of Aborigines would need to be doubled, the number of Aborigines of workforce age who were employed increased from 37 per cent to 60 per cent, or from 43,000 to 89,000 and dependence on unemployment benefit reduced from 30 per cent of the Aboriginal working age population to 5 per cent.[5] In regional terms, an increase of 1,600 jobs per year would need to be achieved for Aborigines living in 'cities, large towns and small country towns' and 2,000 per year for those in 'remote areas, small multi-racial townships and town camps' (Australian Government 1987a).

Issues

Both target setting, arising from a concern for statistical equality, and the central use of the term 'equity' were new aspects of Commonwealth Aboriginal employment policies which emerged at the time of the AEDP. Their newness presents an appropriate point at which to break our historical narrative of policy developments and turn instead to a discussion of more analytic issues. Some further developments in the history of Aboriginal employment policy since 1987 will be identified along the way.

Equity and statistical equality

Equity is a term which has a long history, both in Australia and elsewhere, as a rationale for government policies of many kinds which have sought to ensure a 'fair go' for all (Troy 1981). It is, as Pateman (1981: 21) notes, closely associated with the terms justice and equality, but also at times distinguished from these. Equity is one of the 'essentially

contested' concepts of social and political discourse; the concept is highly normative and almost universally valued as a 'good', but what it constitutes is complex and unlikely to be agreed upon by all who so value it (Connolly 1974; Gallie 1956). The term itself is virtually beyond opprobrium. However, the ways in which different actors interpret and operationalise it are likely to be a matter of considerable contention.

The interpretation of equity which predominates in the AEDP statement is as a synonym for the achievement of statistical equality in employment and income status between Aborigines and other Australians by the year 2000. This, we believe, is an unfortunate use of the term. It fails to acknowledge just how deep-rooted and structural are the causes of low economic status among Aborigines, and as such sets standards and goals for Aboriginal employment policy against which the AEDP is inevitably going to fail.

We identify at least four aspects of the deep-rooted nature of low Aboriginal employment and income status. A first is the historical exclusion of Aborigines from many of the mainstream institutions of the Australian society and its welfare state (Altman and Sanders 1991). Up until the latter half of the twentieth century Aborigines were systematically excluded from all central institutions of Australian society, such as award wages, the social security system and the education system, and equally systematically set aside in a protection/welfare regime of their own. This exclusion and marginalisation of Aborigines has left a long historical legacy to overcome. A second aspect of the deep-rooted nature of low economic status among Aborigines is the demographic structure of the Aboriginal population. In comparison with the Australian population as a whole, the Aboriginal population is exceedingly young and the proportion who have in recent years, and will in future years, reach workforce age is extremely large. Tesfaghiorghis and Gray suggest that because of these demographic factors, the Aboriginal population of workforce age in the year 2000 will be considerably larger than AEDP targets anticipated and that to achieve the level of Aboriginal employment set as the target, 121,000 rather than 89,000 Aborigines will need to be employed, or 78,000 rather 46,000 new jobs for Aborigines created in the intervening years (Tesfaghiorghis and Gray, this volume). A third aspect is locational disadvantage. Perhaps as much a half of the Aboriginal population, and certainly a vastly disproportionate number in comparison with the general Australian population, live in remote areas where there are extremely limited or non-existent formal labour markets, few established market-oriented economic activities and only limited prospects for these to develop (Altman 1990). Another relatively large part of the Aboriginal population lives in rural areas where employment opportunities have been experiencing long-term decline and show no signs of recovery. For those in remote areas still living a partly tradition-

oriented lifestyle, the issue of the cultural appropriateness of employment may also arise, thereby identifying a fourth deep-rooted aspect of low employment status (Altman 1987). Even in the urban and rural areas, the question of the cultural appropriateness of employment for many Aborigines may still arise, although in these instances it may have as much to do with how regular employment fits with a pervasive community culture of poverty and unemployment, as with a tradition-oriented culture.

For all these reasons, we believe that the low employment and income status of the Aboriginal population in Australia is highly intractable. As one recent local area study concluded, 'Aboriginal unemployment is one of the most 'obdurate' and deep seated problems government can grapple with, especially in the non-metropolitan regions' (Loveday 1987: 59). The AEDP is almost inevitably going to fail to meet the targets of statistical equality which it set for itself by the year 2000. This concerns us somewhat, as perceptions of policy failure may in the future do considerable harm to the cause of Aboriginal employment policy. Nor will we need necessarily to wait till the year 2000 to observe an opportunity for such harm. The Hawke Government has committed itself to a major independent review of the AEDP early in 1993. If by that time the policy is already assessed as falling far short of its statistical targets, then the damage to policy development may be considerable. There are limits to the number of times and frequency at which reviews of policy can do as the Miller Committee did, and blame failure on the shortcomings of past policy, then proclaim their own new approach while in fact largely building on the past.

It also concerns us that in interpreting Aboriginal employment and income equity to mean the achievement of statistical equality between Aborigines and other Australians, the AEDP has overlooked another important theme of Aboriginal policy of the last twenty years. That theme is the possibility that Aborigines, particularly in remote areas, may choose lifestyles that are substantially different from those of other Australians. We take this to be a positive policy theme, which is reflected, for example, in the growth of the Aboriginal homelands movement over recent years (House of Representatives Standing Committee on Aboriginal Affairs 1987). However, if we are to be realistic and genuine about the possibility of such choice, then we should also acknowledge that it renders inappropriate the pursuit of total statistical equality between Aborigines and other Australians. If different lifestyles are chosen by different groups of Aborigines, then these will inevitably be reflected in different statistics (Altman 1987).

All this should not, of course, be taken to mean that government concern for the improvement of the employment and income status of Aborigines is in any way inappropriate or uncalled for. Nor does it mean

that in pursuing policy in this area governments should not pay considerable attention to statistics relating to Aboriginal employment and income status in comparison with other Australians. What it does mean is that in pursuing this area of policy, governments need to be both realistic about what can be achieved, in the light of the highly intractable nature of the problem, and careful in their use of statistics. If 'equity' is to identified as the general goal of policy, and there is no reason why it should not be, then the term needs to be interpreted and operationalised in ways which do not simply reduce it to the pursuit or achievement of statistical equality between Aborigines and other Australians. The notion of equity must include realistic recognition of the differences that exist both between the circumstances of Aborigines and other Australians and between different Aboriginal groups. It must genuinely accommodate these differences in different policy approaches and in measuring and evaluating policy outcomes.

Policy realism

One of the great qualities of the Miller Report was what might be referred to as its policy realism. By this we mean the way in which it recognised the structural nature of the causes of low Aboriginal employment and income status and held out only limited hope for rapid improvement over the next few years. It offered no panaceas or short-term fixes. What it did do was sensibly review the operation of existing programs and attempt to refine and build on what it found. Fortunately, the AEDP picked up on and reflected much of the Miller Report's policy realism, as well as at the same time developing its own new emphases on equity and the pursuit of statistical equality. If we cut through these new emphases, what we find underneath in the AEDP are specific policy developments which, by and large, follow the Miller Report's recommendations, or else further develop them.

One aspect of the AEDP statement which strongly reflected the Miller Committee's policy realism was its willingness to substantially restructure and redirect some existing programs, while only marginally refining others. The overall impression was of the development of an increasing array of programs directed to increasingly refined and differentiated Aboriginal employment problems in a great diversity of circumstances across the country. Through the Miller Committee's process of program review, the low economic status of Aboriginal people had come to be appreciated as a whole array of different problems for people in different circumstances and the range of program responses was expanded and developed accordingly. This process has continued since, with further program streamlining. For example, in 1988, CEED and CEAP were consolidated in the Enterprise Support Scheme (ESS) and in

1989 the Aboriginal Enterprises Incentive Scheme (AEIS) was established.

Another aspect of the AEDP statement which reflected its adherence to the Miller Report's policy realism was its determination to achieve greater coordination of the increasing array of programs, across both departments and levels of government (Australian Government 1987e). The Miller Committee had expressed strong reservations about 'overlap' and 'duplication' between programs and departments in the period prior to 1985 (Miller 1985: 184), and there is little doubt that some greater effort at coordination was indeed required. Whether in fact it has been able to be achieved since is an interesting question.

A third aspect of the AEDP which arguably also reflected policy realism was its commitment both to considerably increased expenditure and firm forward estimates of expenditure for the five year period from 1987 to 1993, both in the Aboriginal affairs portfolio and in the employment portfolio. Although no overall budget figure for the five year period was given in advance, projected budgets for individual programs were frequently given in the course of the AEDP statement and most showed considerable expansion over the period. From 1986/87 to 1989/90, expenditure under the AEDP have totalled $765 million, and it is likely that by 1992/93 this figure will exceed $1,500 million. This increased level of expenditure and firm forward commitment of funds is to be applauded. It suggests that the Hawke Government was aware of the intractability of Aboriginal employment problems and realises that little is likely to be achieved without significant long-term financial commitment.[6]

Policy realism is a matter of judgement and degree and if taken too far can become criticised as policy conservatism. There is a fine line between, on the one hand, being realistic about the intractability of the economic problems of many Aboriginal people and the measures that can feasibly help overcome them and, on the other hand, reinforcing the low economic status of Aborigines through policies which are unwilling to move beyond the present situation. This is a criticism which could arguably be levelled at one element of the AEDP which had become extremely prominent, the CDEP scheme. The CDEP scheme now accounts for over 30 per cent of the Aboriginal affairs portfolio budget and 53 per cent of the total resources earmarked for the AEDP. The growth of the scheme in recent years has been phenomenal (see Morony, this volume) and is almost entirely responsible for the proportional shift back to Aboriginal affairs portfolio expenditure on Aboriginal employment programs since 1986/87 (see Table A1.1).[7] The recent history of the CDEP scheme is worthy of further attention in the context of policy realism.

The AEDP statement envisaged that the CDEP scheme in remote areas would expand by 1,600 participants per year over the next five years, from a 1986/87 level of operation involving 5,800 participants in 63 communities. The scheme was, through this expansion, to provide 80 per cent of the employment growth needed in remote areas to meet the AEDP's job creation targets (Australian Government 1987c: 6). This expansion of the CDEP scheme, which retained a strong notional link with unemployment benefit entitlement, was justified in terms of policy realism. The AEDP statement argued that the 'prospects of this section of the Aboriginal community for employment in the mainstream labour market are poor or non-existent' and so expansion of the CDEP scheme represented one of the few ways in which 'the aspirations of Aboriginal people to achieve economic independence' could be met and their reliance on 'the welfare system' reduced (Australian Government 1987c: 1). The AEDP statement seemed, in fact, also to leave open the possibility that the CDEP scheme might be extended to more settled areas when it stated that the scheme's coverage would be extended to 'other situations where Aboriginal people have no alternative employment prospects' (Australian Government 1987c: 6). This had not been advocated by the Miller Report (1985) and had been specifically opposed by a later review of the scheme (DAA 1986: 2).

The growth of the CDEP scheme in the three years following the AEDP statement was in fact far greater than envisaged. By early 1990 the scheme had grown to 14,000 participants in 166 communities, an increase of 8,000 participants in just over two years. A little over 5,000 of this increase had occurred in remote area communities, but 2,900 of the increase had been in 13 newly participating Aboriginal communities in more settled areas of Australia along the eastern seaboard of Queensland, in New South Wales, Victoria and southern South Australia. The CDEP scheme had, in short, been expanded to provide more jobs for Aborigines per annum than the total job creation targets for the period outlined in the AEDP statement.

With this expansion of the CDEP scheme, policy realism had arguably been taken too far. If expanded in this way over the first five years period of the AEDP, the scheme could, via one program, put Aboriginal people in employment, but the quality of that employment might be questionable and it would certainly never achieve the raising of Aboriginal income levels which the AEDP also sought.[8] These and other problems of the CDEP scheme have long been recognised, and account in large part for its rather faltering history (Sanders 1988; Altman and Taylor 1989). However, enthusiasm for reducing Aboriginal unemployment in the wake of the AEDP seemed to take over almost totally, and problems with the CDEP scheme were, at least temporarily, overlooked. The CDEP scheme's shortcomings began to be recognised

again in late 1989. The Australian National Audit Office, in its 1989 report on the DAA's financial statement, expressed concern that the Department could not verify in all instances that CDEP payments were being made to recipients who were entitled to them (DAA 1989: 241). As a result the Audit Office undertook a more detailed audit of the CDEP scheme during late 1989 and most of 1990 (Auditor-General 1990). At much the same time the DAA, with the backing of the Hawke Government's Expenditure Review Committee, initiated its own review of the CDEP scheme's funding and administrative arrangements (CDEP Working Party 1990). This review was completed in February 1990 and called for a 'breathing space' in further expansion of the scheme in order to allow numerous outstanding 'policy and administrative issues' to be resolved (CDEP Working Party 1990: vi). The Expenditure Review Committee was quick to endorse this idea during its 1990/91 budget deliberations and it now looks as if this freeze on the CDEP scheme will be extended into 1992. No doubt the role and changing fortunes of the CDEP scheme will be a central concern of the review of the AEDP in 1993. It will be no easy task to assess the extent to which the scheme represents positive policy realism or negative policy conservatism.

Conclusion

If equity is to be adopted as the central rationale and goal of Aboriginal employment policy, and there is no reason why it should not be, then it must not be simply equated with the pursuit of statistical equality or its achievement by a given date such as the year 2000. Such goal setting fails to recognise the highly intractable nature of Aboriginal employment problems and the reality that improvement in the employment and income status of Aborigines will be a slow long-term process. It also fails to recognise the elements of Aboriginal affairs policy of recent years that has promoted the ability for Aboriginal people, particularly in remote areas, to choose life-styles that are significantly different from those of other Australians and that will inevitably be reflected in statistical differences. We regard the promotion of such choice through policy as both progressive and realistic, given the limited scope for Aborigines in the remote areas to participate in the mainstream Australian economy. Policy realism, which recognises both the diversity and intractability of Aboriginal employment problems around Australia is highly evident in the AEDP, if one ignores its unfortunate emphasis on the pursuit of statistical equality. Policy realism can, however, be taken too far, in which case it can become negatively assessed as policy conservatism. Whether this has become the case for any elements of the AEDP is an issue that will be addressed in the 1993 review of its performance.

Appendix

Table A1.1 Commonwealth expenditure on Aboriginal employment and training programs: 1970-1989.[a]

Year ending June	Total Aboriginal affairs portfolio expenditure $m -A	Aboriginal affairs portfolio employment & training expenditure $m - B	B as % of A	Employment portfolio Aboriginal employment and training expenditure $m - C	B as % of B + C
1970	8.9	1.4	16		
1971	20.0	0.4	2		
1972	24.0	0.6	3		
1973	44.3	4.3	10		
1974	78.3	5.1	6		
1975	124.8	14.9	12		
1976	138.9	5.8	4		
1977	121.0	5.5	5		
1978	124.3	6.9	6		
1979	132.6	9.3	7		
1980	140.8	10.1	7		
1981	159.4	13.7	9		
1982	168.8	14.4	9	19.1	43
1983	198.0	15.2	8	25.1	38
1984	242.8	23.5	10	48.7	33
1985	281.2	32.9	12	66.5	33
1986	295.1	35.7	12	75.2	32
1987	332.1	46.8	14	71.2	39
1988	377.4	72.6	19	80.7	48
1989	450.0	103.1	23	72.7	59
1990	505.8	133.3	26	78.6	65

Note: a. This table does not include ADC enterprise programs that have an employment component and that have been increasing significantly under the auspices of the AEDP.

Sources: Various annual reports of the Commonwealth Departments of Aboriginal Affairs, Employment and Industrial Relations (to 1987) and Employment, Education and Training (from 1987).

Notes

1. Partly through an expansion of the NEAT system to cover public sector training and partly through the identification of 'specific positions' in the service requiring an Aboriginal background.

2. CDEP scheme expenditure had reached $7 million by the end of the Fraser years and should arguably have been offset against savings in social security expenditure.

3. All AEDP statement publications are dated October 1987, but the Prime Minister's launch did not take place until early November 1987.

4. Earlier promotional material on the AEDP had referred to 'a fundamental shift from the welfare dependency approach', but the word fundamental was subsequently dropped.

5. The use of preliminary Census data somewhat overstated the low employment and income status of Aborigines. For example, Aboriginal median income was 65 per cent of the median for the total population and hence needs to be increased by only 54 per cent rather than 100 per cent to achieve equality. Similarly the Aboriginal unemployment rate was 3.8 times the Australian rate, not five times as stated in the AEDP statement.

6. It should be noted in passing that the data in Table A1.1 do not include all expenditure. Expenditure on enterprise development that was administered by the ADC until 5 March 1990 and is now administered by the Aboriginal and Torres Strait Islander Commission (ATSIC) is not included in Table A1.1. ADC enterprise development expenditure (with some associated employment and training spinoffs) increased from $18 million in 1986/87 to $27 million in 1989/90. Nor is expenditure on Aboriginal Study Grants, which has at times come under the rubric of the AEDP, included in Table A1.1.

7. Although approximately 60 per cent of this, or 32 per cent of AEDP expenditure, is made up of notional unemployment benefit entitlements of CDEP participants.

8. It is also questionable if the goal of reduced welfare dependence would be achieved by the CDEP scheme. As the CDEP scheme is notionally linked to unemployment benefits, its substitution for welfare would be a mere illusion: welfare dependence would be replaced by unemployment benefit-linked program dependence.

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2. Labour market programs: an evaluation

J. Sloan

There are three distinct types of labour market programs that are used to assist disadvantaged workers. These are direct job creation, wage subsidy schemes and training schemes. Direct job creation involves the establishing of jobs in the public sector: generally, these jobs are temporary and often the result of suggestions made by community groups or local government councils. Wage subsidy schemes operate on the basis of government providing a subsidy to private sector employers who employ individuals with specified characteristics, that is, from a target group. Training schemes vary considerable in terms of mode and length of operation. A distinction should be drawn between training schemes that apply to the employed (for example, apprentices), as opposed to schemes for the unemployed. It is on the latter with which this paper is concerned. It should be noted that both direct job creation and wage subsidy schemes often have training components as part of their operation.

Three distinct objectives that expenditure on labour market programs may fulfil are as follows:

i To improve the trade-off between the rate of unemployment and inflation, by providing a less inflationary form of government expenditure.

ii To improve the labour market position of the disadvantaged in the labour market.

iii To redistribute employment and earnings opportunities to the least advantaged in the labour market.

These three objectives can be labelled respectively, the macro-efficiency objective, the micro-efficiency objective and the equity objective. The scale of expenditure on labour market programs in Australia has never been sufficient to entertain seriously the first objective, and thus labour market programs have very much been directed towards the latter two objectives.

Interest in labour market programs in Australia has been largely a post-1973/74 phenomenon (see Table 2.1). Over the late 1970s and during the 1980s, policy formation in the area has been characterised by *ad hoc* decision-making, with governments reacting in knee-jerk fashion to deteriorating labour markets. A close relationship has existed in Australia

Table 2.1 Expenditure on labour market programs by type of program, 1989-90 prices ($ million).

Year	Training for employed	Training for unemployed	Wage subsidies for unemployed	Direct job creation	Aboriginal education and training	Other	Total
1973-74	29.1	23.4	0.0	0.0	0.0	0.0	52.9
1974-75	65.4	300.4	0.0	224.3	0.0	0.0	590.1
1975-76	122.7	159.5	0.0	405.9	0.0	0.0	688.1
1976-77	127.6	74.2	19.1	1.4	0.0	0.9	223.5
1977-78	76.7	111.5	124.2	0.0	0.0	5.3	317.7
1978-79	93.6	125.5	201.3	0.0	0.0	6.6	427.0
1979-80	106.5	82.1	54.5	0.2	24.3	4.9	272.5
1980-81	142.8	90.2	84.9	0.4	28.1	8.7	355.2
1981-82	152.4	72.5	100.2	0.4	34.8	13.2	373.2
1982-83	148.0	90.5	106.3	162.7	40.4	12.0	559.9
1983-84	143.8	128.1	223.4	595.0	63.1	18.6	1172.0
1984-85	159.2	137.4	199.2	598.6	78.7	19.3	1192.6
1985-86	139.4	129.4	156.3	394.4	79.6	4.2	903.3
1986-87	158.1	152.2	155.9	251.6	79.2	5.0	801.9
1987-88	171.4	165.0	125.8	119.3	83.7	6.4	671.6
1988-89	201.3	224.0	73.8	1.3	89.3	9.1	598.8
1989-90	180.1	187.1	73.3	0.0	78.5	8.7	527.7

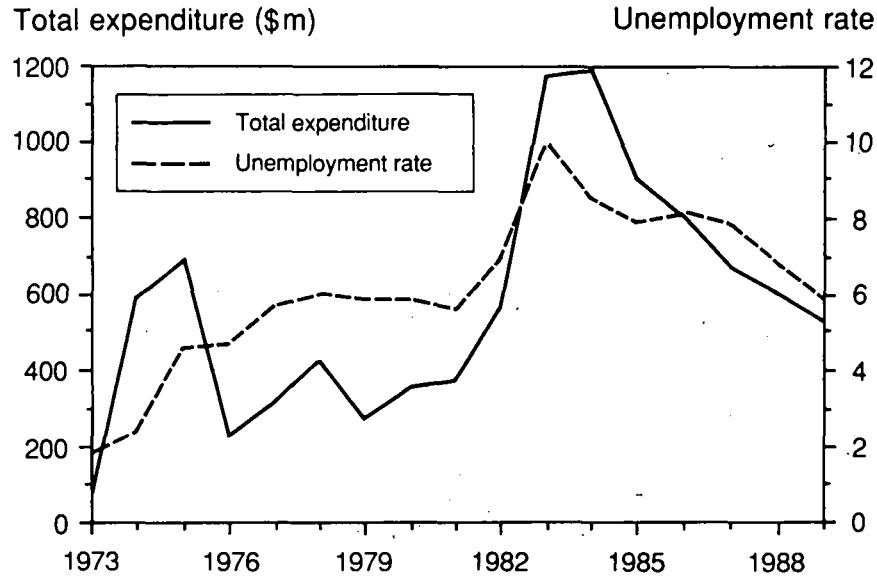
Source: Stretton and Chapman (1990).

Table 2.2. Type of labour market program by share of total expenditure (per cent).

Year	Training for employed	Training for unemployed	Wage subsidies for unemployed	Direct job creation	Aboriginal education and training	Other	Total
1973-74	54.9	44.3	0.0	0.0	0.0	0.0	100
1974-75	11.1	50.9	0.0	38.0	0.0	0.0	100
1975-76	17.8	23.2	0.0	59.0	0.0	0.0	100
1976-77	57.1	33.2	8.5	0.7	0.0	0.4	100
1977-78	24.2	35.1	39.1	0.0	0.0	1.7	100
1978-79	21.9	29.4	47.2	0.0	0.0	1.5	100
1979-80	39.1	30.1	20.0	0.1	8.9	1.8	100
1980-81	40.2	25.4	23.9	0.1	7.9	2.5	100
1981-82	40.8	19.4	26.9	0.1	9.3	3.5	100
1982-83	26.4	16.2	19.0	29.1	7.2	2.1	100
1983-84	12.3	10.9	19.1	50.8	5.4	1.6	100
1984-85	13.4	11.5	16.7	50.2	6.6	1.6	100
1985-86	15.4	14.3	17.3	43.7	8.8	0.5	100
1986-87	19.7	19.0	19.4	31.4	9.9	0.6	100
1987-88	25.5	24.6	18.7	17.8	12.5	1.0	100
1988-89	33.6	37.4	12.3	0.2	14.9	1.5	100
1989-90	34.1	35.5	13.9	0.0	14.9	1.7	100

Source: Stretton and Chapman (1990).

Figure 2.1 Expenditure on labour market programs (1989/90 prices) and the unemployment rate.



between expenditure on labour market programs and the rate of unemployment, particularly youth unemployment (Figure 2.1).

Over the years, there have been oscillations in terms of the relative importance of the different types of labour market programs administered through the federal Department of Employment, Education and Training, and its predecessors (see Table 2.2). Thus in 1975/76, direct job creation was the largest component of labour market program expenditure, mainly on the Regional Employment Development Scheme (REDS), a community-based, direct job creation scheme involving labour intensive projects. Wage subsidy schemes became more popular in the second half of the 1970s with the introduction of the Special Youth Employment and Training Program (SYETP). More recently, overall expenditure on labour market programs trailed off after the 1982/83 recession as the rate of unemployment fell and direct job creation (under the Wage Pause Program/Community Employment Program) was effectively phased out.

There have been some new labour market program initiatives and extensions of existing ones announced in the Industry Statement *Building*

a Competitive Australia, made by the Prime Minister in March 1991. These included:

i About $50 million over the next 15 months to assist the States and Territories provide young people with vocational training.

ii $67 million over three years for a new TASK (Training and Skills) program to help employers retain workers under the threat of retrenchment and upgrade their skills.

iii JOBSKILLS, a new work experience program with a $74 million commitment over the next two years to provide a training-based wage.

iv A $31 million increase for SKILLSHARE over three years to reach more people and extend services to remote areas.

v A $400,000 increase in JOBSEEKER over the next two years to place people out of work with companies providing continuing training for their existing workers.

vi At a cost of $800,000 over two years, an increase in JOBSTART subsidy for all groups and an increase in the length of subsidy period from 20 weeks to 26 weeks.

vii An extension of the JOBTRAIN scheme (at no extra cost) to cover course costs up to $3,500.

viii An extra $19.8 million over three years to provide early literacy and numeracy training to unemployed people where literacy and numeracy problems prevent them from getting a job.

In other words, there is still considerable interest on the part of the Federal Government in labour market programs and how they may achieve reductions in unemployment and a more equitable distribution of job opportunities across the community. It should be noted, however, that by international standards, Australia's expenditure on labour market programs relative to Gross Domestic Product is low. In the late 1980s, Australia's expenditure on labour market programs as a percentage of Gross Domestic Product ranked only tenth of 12 developed countries, in front of the USA and Japan (Stretton and Chapman 1990). Moreover, our assistance of the unemployed is very slanted to passive income support and away from measures to secure 'regular jobs' for the unemployed.

What do the evaluation studies of labour market programs tell us? Considering direct job creation, it should firstly be borne in mind there is a possibility for fiscal substitution. That is, projects are funded through direct job creation programs that would otherwise be funded. Evidence on the Wage Pause Program (WPP), however, suggested that three-quarters of all projects would not have been undertaken in the absence of the program. This is similar to USA estimates on the Comprehensive Employment and Training Act (CETA). Of course, there is scope for wider fiscal substitution and the effect increases the longer the time period considered.

How is the labour market status of participants affected? Evaluation of Australian direct job creation is patchy and often lacks appropriate control groups. It is also often unpublished. A survey of the Community Employment Program (CEP) participants showed that 40 per cent were in employment six months after leaving the program, with Aboriginals and the disabled less likely to be in employment. Using a quasi-control group, in 1985, CEP appeared to improve the probability of employment by 19 per cent. However, further unpublished evaluation of the CEP was less favourable in its assessment of this program.

There is some USA and UK evidence that direct job creation may actually have perverse effects on future employability because participants are 'stigmatised'. In one USA study, the impact of a direct job creation on the earnings of male participants was actually negative compared with non-participating males with similar characteristics (Dickinson, Johnson and West 1986). We should not necessarily assume that direct job creation will have positive effects on the labour market position of participants, and of course, the benefits need to be weighed against the costs.

As far as the net job creation effects of wage subsidy schemes are concerned, Australian estimates indicate that between 15 and 20 per cent of funded placements represent net additional jobs. These estimates apply to SYETP (Special Youth Employment and Training Scheme) and JOBSTART. (SYETP, in particular, acted as a recruitment subsidy because marginality, that subsidised workers be additional to the existing workforce, was not a strict condition.) The other 80 to 85 per cent is comprised of 'displacement effect' in which members of the target group displace other workers, and 'windfall gains' to employers, in which case employers receive a boost to their 'bottom line' but their behaviour in respect of recruitment is not altered by the scheme.

Rao and Jones (1986), using a quasi-control group, estimated that 73 per cent of SYETP 'least disadvantaged' participants experienced continuous full-time employment for 18 months after completing the program compared with 19 per cent of the control group. The respective figures for the 'most disadvantaged' group were 12 and 1 per cent. The 'least disadvantaged' generally appear to fare better from wage subsidy

schemes as employers select the cream from the target group. (This fact often provides the rationale for direct job creation as employer of last resort.) Stretton (1984) also found that a large measure of the success of SYETP was due to retention by the subsidised employer, in which case SYETP could be partly interpreted as a screening device.

The Auditor-General's appraisal of SYETP in 1980/81 noted the following: there was an over-representation of firms in manufacturing and retailing; 40 per cent of placements were in occupations judged to be in low demand; 60 per cent of participants had a training content of less than 8 weeks (the minimum subsidy period was 17 weeks); 30 per cent of placements had a training content less than 4 weeks; and half the jobs were assessed as requiring no training other than normal induction. On this basis, the prospects for securing significant advantages for the participants were likely to be marginal.

Training schemes take a variety of forms including job search training, preparatory/bridging training, vocational skills training and skills upgrading. Job Clubs appear to perform strongly, bearing out Carson's (1989) thesis of the importance of extended internal labour markets and the role of information and advocacy in job search strategies. Short courses providing skills in local demand also appear to be relatively effective, if a job can be secured immediately (Stretton and Chapman 1990). In practice, training schemes are implemented through a training component attached to employment in a wage subsidy scheme or direct job creation, in which cases the evaluation of these schemes is relevant.

Overall, it is difficult to be optimistic about the potential efficacy of labour market programs, particularly in terms of fulfilling a micro-efficiency objective of improving the labour market status of participants. The fact of the matter is that expenditure on labour market programs in Australia has been closely related to fluctuations in unemployment and policy initiatives have been reactions to deteriorating labour markets. As a consequence some of the design features of the schemes have not always been well thought-out in the rush to have something up-and-running and to demonstrate that something is being done. To be sure, the wage subsidy schemes option is considerably cheaper than direct job creation, although the former appears to assist the 'least disadvantaged' the most, and then often by providing a cheap screening device for prospective employers. Direct job creation provides temporary employment for the most disadvantaged, although whether participants are significantly better off as a consequence of their participation on these schemes is unclear. Training schemes can take a variety of forms and are often linked to wage subsidy schemes and direct job creation. Without a thorough knowledge of the factors that explain the relative disadvantage of certain groups in the community, it seems likely that labour market programs will continue to be mainly instruments of equity.

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3. Economic status of Aboriginal and other Australians: a comparison

F. Jones

In a memorable phrase coined a quarter of a century ago, Donald Horne described Australia as the lucky country. He did not mean it as a compliment. 'Australia is a lucky country run mainly by second-rate people who share its luck' (Horne 1964: 208). He was, however, more positive about the Australian dream of equality. 'In outward form, and as far as ordinary people know or care, Australia is the most egalitarian of countries, untroubled by obvious class distinctions, caste or communal domination, the tensions of racialism or the horrors of autocracy ... the spirit of fraternalism permeates the nation' (Horne 1964: 11-12).

To be fair, Horne was quick to qualify this glowing pen picture, by listing a series of inequalities in wealth, power and opportunity. Later in the same book he admitted that 'classes of misery' existed: invalids, needy widows, deserted wives, old people, not to mention the great human tragedy of the Aborigines (Horne 1964: 79, 118).

If Australia in the 1960s was the lucky country, then the Aborigines must have been the unluckiest people in the world. That was what the Australian author, Frank Hardy, said after witnessing the living conditions of Aboriginal stockmen on strike in the Australian outback. He set his book about Aborigines in the pastoral industry, *The Unlucky Australians* (Hardy 1968), against the backdrop of Horne's 'lucky country', from which his preface quoted freely. Horne even wrote the foreword to Hardy's book. Later still, despite seeing many of the changes he had forecast come to pass, Horne (1976) was to lament what he saw as the end of the gambler's streak, in the fall of the Whitlam government *Death of the Lucky Country, 1976.*

It is impossible to paint a stronger contrast in Australian life chances today than the gulf that separates Australian Aborigines from European settlers of Anglo-Celtic ancestry. In this paper, I describe and compare how members of these ancestry groups fare in the labour market.[1] Both groups consist of Australians who have been here for at least three generations, descendants of the original inhabitants on the one hand, and of the European invaders, on the other. The contrast in their life chances is stark, even in terms of the limited data on the labour market provided by the Census.

The Anglo-Celtic majority

From an historical point of view, it is unfortunate that the Census does not provide a satisfactory basis for distinguishing the Irish from the English, the Welsh from the Scots. That is not to say that Australians failed to report such ancestries; many did. But as Price (1988: 5) has noted, 'In terms of Australian history, until World War II the Irish made up about 25 per cent of the Australian population, and the Scots about 15 per cent; both are grossly understated in the Ancestry answers compared with the English (maybe because of long conditioning to thinking that Anglo-Saxons are more important than mere Celts)'. So I have grouped into a single ancestry all those who said they were of Anglo-Celtic or Australian ancestry. Among members of the third-generation, the most prominent ancestries claimed were English (54 per cent), Australian (32 per cent), Irish (6 per cent), Scottish (4 per cent) and British (2 per cent). By definition, all such persons had been born in Australia, as had their fathers. Only 5 per cent of their mothers had been born overseas, mostly in the United Kingdom or Ireland.

I take this group as an exemplar because its present-day members are unlikely to have suffered group discrimination. They therefore provide a standard against which to judge other groups. Because they are more numerous than other ancestries, I sampled every fifteenth member of this group from the 1986 Census of Australia. Their labour force sample contains 236,856 persons aged 15-64, 40 per cent of whom are women.

The Aboriginal minority

Aboriginal Australians, including Torres Strait Islanders, made up about 2 per cent of third-generation Australians at the 1986 Census.[2] However, they made up only about 1 per cent of the labour force. There are two main reasons for this disparity. First, Aborigines have a younger age structure. Over one-third (40 per cent of males and 38 per cent of females) were aged under 15 years, compared with a figure closer to one-quarter for the total population. Second, they had low workforce participation rates. Among men in the prime working ages of 25 to 54 years, one in every four was not in the labour force, compared with only one in 11 among the third-generation members of other ancestry groups. For women, the figures were two out of three, compared with two out of five. These low participation rates reflect poor employment prospects in remote parts of Australia where many Aboriginal Australians live, and high rates of invalidity due to their poor health.

It is important to emphasise at the outset that these low participation rates complicate any analysis of the labour market experience of Aboriginal Australians. Central to their group experience is the partial irrelevance of the formal labour market. Some never enter it at all, while others leave it early and enter disguised unemployment (receiving a widow's or invalid's pension, rather than unemployment benefits).

Earned income is also a less important source of total income among Aboriginal Australians than it is for the rest of the population. For example, Fisk (1985: 103) has estimated that in 1981 only about 29 per cent of the value of flows of goods and services into the Aboriginal sector came from earned incomes. It is difficult to make exact comparisons with the rest of the population. However, the 1985-6 Australian Bureau of Statistics (ABS) income survey showed that in the population as a whole only 28 per cent of total income came from government benefits and pensions (ABS 1988: Table 3.1). According to Fisk (1985) this figure is at least 50 per cent for Aboriginal Australians.

What follows is an analysis of Aboriginal Australians who were participating in some way in the formal labour market. Among younger Aborigines, that level of participation was relatively high. About 60 per cent of young men between 15 and 24 years of age were in the formal labour market, compared with only 28 per cent of all third-generation Australians. However, among workers between the ages of 25 and 54 years, a much higher proportion was outside the labour market: 29 versus 9 per cent. By ages 55 to 64, almost two-thirds of Aboriginal men were out of the labour market, compared with only two out of five of all third-generation Australian men. The results of the analysis that follows need to be interpreted in the light of these differences.

Since obtaining the legislative power to improve the economic and social welfare of Aboriginal Australians, the Federal Government has shown a continuing commitment to enhance their labour market opportunities. In 1984, it appointed a committee chaired by Mick Miller to review existing Aboriginal employment and training programs. This report ran to over 400 pages and painted a disconsolate picture. I can do no better in introducing my own analysis than quote:

> We have found that, not only do Aboriginal people participate in the labour force at a much lower rate than do Australians generally, but that when they do participate they can expect fewer job opportunities, with those that are available being concentrated in the less secure and lower paying areas of the labour market. Moreover, the chances of being unemployed and being unemployed for long periods of time are very much higher for Aboriginal people. The result is that the incomes of Aboriginal people are much lower, on average, than are those of Australians generally. Moreover, the extent of disadvantage amongst Aboriginal women and youth, in particular, is even more serious than is the case for Aboriginal people generally (Miller 1985: 91)

> ...even if we allow for differences in geographic location, education and the age structure of the population, we still find that Aboriginal people are disadvantaged in the labour market (Miller 1985: 92).

In specialist studies of Aboriginal Australians, it is customary to distinguish at least three separate groups: persons in remote parts of Australia; persons in rural areas and country towns; and urban Aborigines (for example, Altman and Nieuwenhuysen 1979; Fisk 1985). My analysis lacks this detail, because it focuses on national aggregates. However, one compensation is that it places Aboriginal Australians in a wider comparative context, including the experience of other ethnic groups not described here.

The descriptive data in Table 3.1 provide up-to-date confirmation of the quotation from the Miller Report above. Most Aborigines, like other Australians, stayed at school until the legal minimum. Sixty per cent of males and 62 per cent of females were 15 or 16 years of age when they left school. These figures are not very different from those for third-generation Anglo-Celts (55 and 57 per cent respectively). However, more Aborigines either did not go to school or left before they were fourteen years old (9 versus 2 per cent, respectively). Figure 3.1 compares their relative distributions.

Figure 3.1 Years of schooling among third generation Anglo-Celtic and Aboriginal Australians (1986 Census).

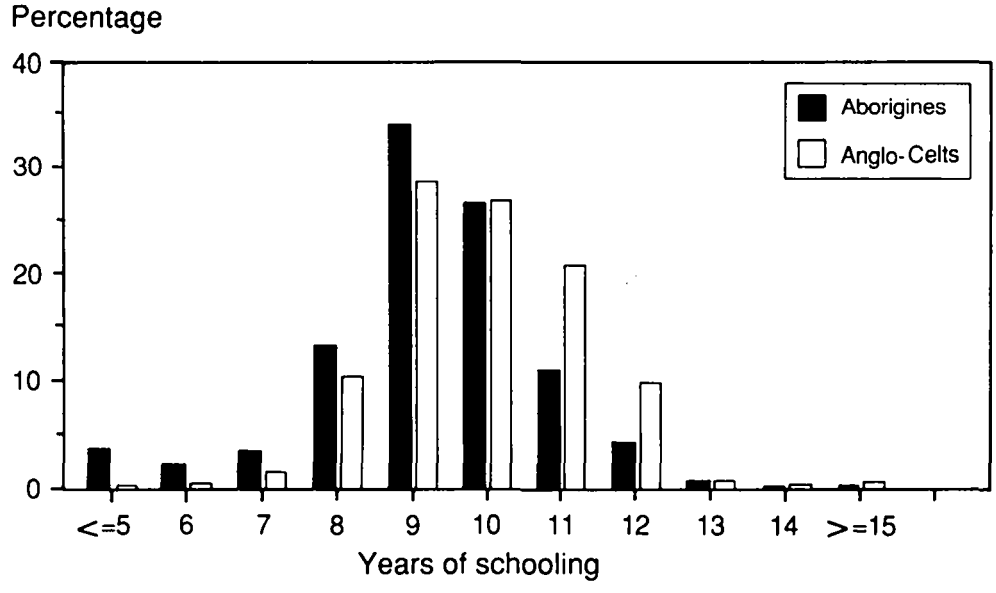


Table 3.1 Descriptive labour force characteristics of third generation Australians of Aboriginal and Anglo-Celtic ancestry (1986 Census of Australia).

Characteristic	Means (standard deviations) Aboriginal Australians Men		Aboriginal Australians Women		Anglo-Celtic Australians Men		Anglo-Celtic Australians Women	
Years of Schooling	9.16	(1.56)	9.44	(1.51)	9.88	(1.39)	9.97	(1.25)
Proportion with post-school qualification:								
Postgraduate	0.00	(0.04)	0.00	(0.05)	0.02	(0.13)	0.02	(0.13)
Degree	0.00	(0.06)	0.01	(0.07)	0.06	(0.24)	0.05	(0.22)
Diploma	0.01	(0.08)	0.02	(0.12)	0.04	(0.19)	0.07	(0.25)
Trade certificate	0.08	(0.28)	0.01	(0.11)	0.21	(0.41)	0.02	(0.14)
Other certificate	0.02	(0.12)	0.08	(0.27)	0.07	(0.25)	0.15	(0.35)
Still studying	0.03	(0.17)	0.04	(0.20)	0.06	(0.24)	0.07	(0.25)
Proportion unemployed	0.36	(0.48)	0.34	(0.47)	0.08	(0.26)	0.08	(0.26)
Adjusted labour force experience (LFX)	14.43	(11.40)	9.03	(6.16)	18.75	(12.67)	11.20	(6.67)
Employment characteristics:								
ANU 3 status score	21.28	(15.54)	27.04	(15.60)	33.16	(20.28)	32.82	(17.36)
Average hourly income	7.33	(3.17)	6.71	(2.75)	9.61	(4.99)	7.74	(3.62)
Employers	0.01	(0.12)	0.01	(0.10)	0.07	(0.26)	0.05	(0.22)
Self-employed	0.03	(0.18)	0.02	(0.14)	0.11	(0.32)	0.08	(0.27)
Wage & salary earners	0.95	(0.22)	0.96	(0.19)	0.81	(0.39)	0.85	(0.36)
Zagorski Index of industrial strength	0.47	(0.91)	0.32	(0.71)	0.37	(0.83)	0.25	(0.77)
In government employment	0.42	(0.49)	0.46	(0.50)	0.28	(0.45)	0.28	(0.45)
Working from home	0.02	(0.13)	0.02	(0.15)	0.05	(0.22)	0.08	(0.28)
Other characteristics:								
Proportion married	0.36	(0.48)	0.35	(0.48)	0.61	(0.49)	0.57	(0.50)
Proportion that speaks poor English	0.03	(0.17)	0.03	(0.18)	na		na	
Proportion of mixed ancestry	0.16	(0.36)	0.19	(0.39)	na		na	
Number	35,861		20,730		142,234		94,622	

Note: Figures included under 'employment characteristics' exclude unemployed persons; 'na' means not applicable.

Aborigines are also far less likely to have post-school qualifications. Only about five Aborigines in every thousand has a degree or postgraduate qualification, compared with 70 to 80 per thousand among third-generation Anglo-Celts. Even trade and other certificates are rare among Aboriginal Australians. Only 11 to 12 per cent have any sort of post-school qualification, compared with 40 per cent of Anglo-Celtic men and 33 per cent of women.

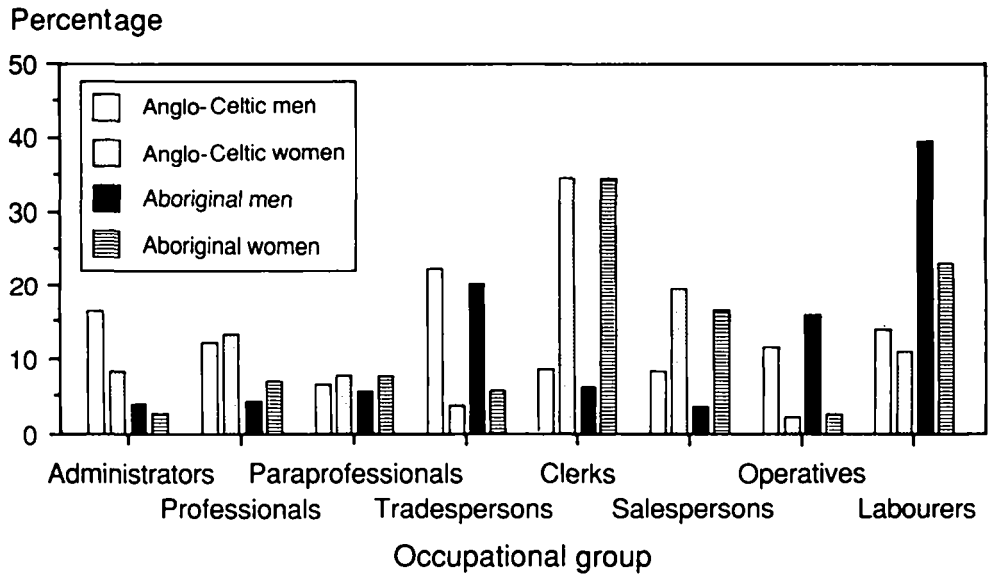
Years of adjusted labour force experience are also lower, reflecting the younger age structure of the Aboriginal labour force, especially the higher participation rates at ages under 25 years. Unemployment, as expected from earlier studies, is very high. At 34 to 36 per cent, it is over four times as high as the level among the labour force generally, where it averaged around 8 per cent in 1986. Of those in employment, a high proportion, more than two in every five workers, compared with only one in four of Anglo-Celts, finds work in the government sector. This high rate of public employment reflects the impact of different government training programs, especially the Training for Aboriginals Program (TAP) and the Community Employment Program (CEP). According to the Miller Report, these two programs alone placed some 12,000 Aborigines in the labour market in 1983/84. Two-thirds of the TAP expenditure went on public sector employment (Miller 1985: 104-16). Given that the total Aboriginal labour force was less than 60,000 persons in 1986, the extent of this labour market intervention is very large indeed (around one-fifth of all Aboriginal workers). However, its effects are also relatively short-term. Only a minority of those receiving assistance were in unsubsidised employment a few months after completing a program (Miller 1985: 175-6).

The average status of the jobs that Aborigines do is low compared with Anglo-Celts, especially for men. As Figure 3.2 shows, Aboriginal men are most likely to have a job in unskilled work (40 per cent). Women are more likely to have clerical jobs (34 per cent). Very few find their way into administrative, professional or paraprofessional work. Only 14 per cent of Aboriginal men and 17 per cent of women work in the top three categories; the comparable figures for Anglo-Celts are 35 and 29 per cent respectively. In both ancestry groups, women and men have rather dissimilar distributions. About 46 per cent of Aboriginal men/women would need to shift jobs to equalise the gender distributions. This figure is higher than for Anglo-Celts. It is also higher when we use the full Australian Standard Classification of Occupations (ASCO). It rises to 66.3 per cent.

Hourly earnings are also relatively low, with men earning only 76 per cent of the Anglo-Celt average. Women do relatively better, at 87 per cent the Anglo-Celt average. As a result, the gender gap in earnings is

lower among Aborigines. Aboriginal women earn 92 per cent of the male average.

Figure 3.2 Occupations of third-generation Anglo-Celtic and Aboriginal Australians by major ASCO groups (1986 Census).



There are relatively few independent Aboriginal workers. Most work for wages or salary. One or two per cent are unpaid family helpers. Relatively few are currently married, compared with Anglo-Celtic workers. This difference also reflects the youth of the Aboriginal labour force. Thirty-eight per cent of the male Aboriginal labour force was aged under 25 at the time of the Census, compared with only 23 per cent of all third-generation males.

Unemployment

Results reported in full elsewhere (Jones 1990) provide the following conclusions, from a logistic regression of Aboriginal unemployment experience. The general pattern of effects parallels that for third-generation Anglo-Celts. Schooling has a weaker effect, but post-school qualifications markedly improve employment chances. However, few Aborigines have any such qualifications. Those with more labour force

experience also do better, especially women. However, this apparent improvement over time in women's employment is a combination of a 'discouraged worker' and an 'early retirement' effect. Women are less likely to be classified as unemployed as they get older because they are less likely to be in the workforce. Persons of mixed ancestry fare better than persons who speak poor English. If we evaluate these effects for an otherwise average worker, we find that a woman of mixed ancestry has an expected unemployment rate of 25 per cent, or nine percentage points below the overall average.[3] However, a woman who spoke poor English had an expected unemployment rate of 46 per cent, or 12 percentage points higher.

Figure 3.3 Predicted unemployment among Anglo-Celts and Aborigines by labour force experience (1986 Census).

Note: Effects are evaluated for unmarried persons with 10 years of schooling and no post-school qualifications (Source: 1986 Census).

Figure 3.3 graphs predicted unemployment for Aboriginal and Anglo-Celtic women and men with specified characteristics. The reference point is an unmarried person with ten years of schooling and no post-school

qualifications. The graph shows the effect of labour force experience on expected unemployment. In the early years of labour market experience, Aborigines with these characteristics have about a fifty-fifty chance of being unemployed. These estimates are more than double those for Anglo-Celts. Even after 30 years in the labour market, Aboriginal rates fail to fall even to the rates for Anglo-Celts entering the labour market for the first time. They remain around 30 per cent for men, and half that for women. Aboriginal women have much the same initial risk of unemployment as men. But the lines diverge after a few years of labour force experience. This change signals both the 'discouraged worker' effect already noted and a move from one kind of government transfer (the unemployment benefit) to another (a widow's or invalid pensioner's benefit).

One way to compare the different experiences of members of each group is to take a fixed bundle of worker characteristics and vary other characteristics one at a time. For example, an unmarried Anglo-Celt with only eight years of schooling, no post-school qualifications, and a few (three) years of labour force experience had a relatively high expected rate of unemployment: 32 per cent for men and 30 per cent for women. Having a trade qualification reduces these expected rates to 19 per cent for men, and to 20 per cent for women. Married persons had even lower rates of unemployment, with the predicted rate of unemployment falling further to 7 and 10 per cent respectively. Because the effects of other qualifications are even stronger, they reduce expected unemployment more.

The comparable figures for unqualified Aborigines are 61 per cent for men, and 69 per cent for women (double or more the Anglo-Celtic rates). Being married reduces these risks to 42 and 49 per cent respectively. Having a trade or other certificate improves the situation yet again, with expected unemployment rates dropping to 19 and 27 per cent respectively. While still very high, these rates are much more favourable than those for unmarried persons with no post-school qualifications. Measured Aboriginal unemployment remains unacceptably high, despite a range of governmental interventions. The real extent of unemployment is also understated, relative to other groups with higher participation rates.

Occupational attainment

Aboriginal Australians are not only less likely than Anglo-Celts to find employment. They are also less likely to find employment with high socioeconomic status. This disadvantage is hardly surprising in view of the small proportion with post-school qualifications. Even the Aboriginal Study Grants Scheme (Abstudy), which made 12,102 grants in 1983, tends

to concentrate on courses that do not lead to formal qualifications. Nearly half the recipients of Abstudy grants took courses best described as 'personal development' (Miller 1985: 172).

At the 1986 Census, the ten most important sources of employment among third-generation Anglo-Celtic men were farmers, truck drivers, sales assistants, fitters, accounting clerks, mechanics, clerks, managing supervisors, carpenters, and storemen. Twenty-eight per cent found work in these ten occupations. Aboriginal men were found mostly in lower status jobs. Thirty-five per cent of them worked as labourers, farm hands, truck drivers, factory hands, cleaners, railway labourers, trades assistants, welfare paraprofessionals, construction and mining labourers, and carpenters. Only two of these jobs overlap with the top ten sources of employment among Anglo-Celts. Only one, welfare paraprofessionals, has higher than average status. Using the full list of occupations, I found that 39 per cent of Aborigines (Anglo-Celts) would need to shift occupational category to equalise their occupational distributions. This ethnic difference, while large, is less than the gender difference within each ancestry group.

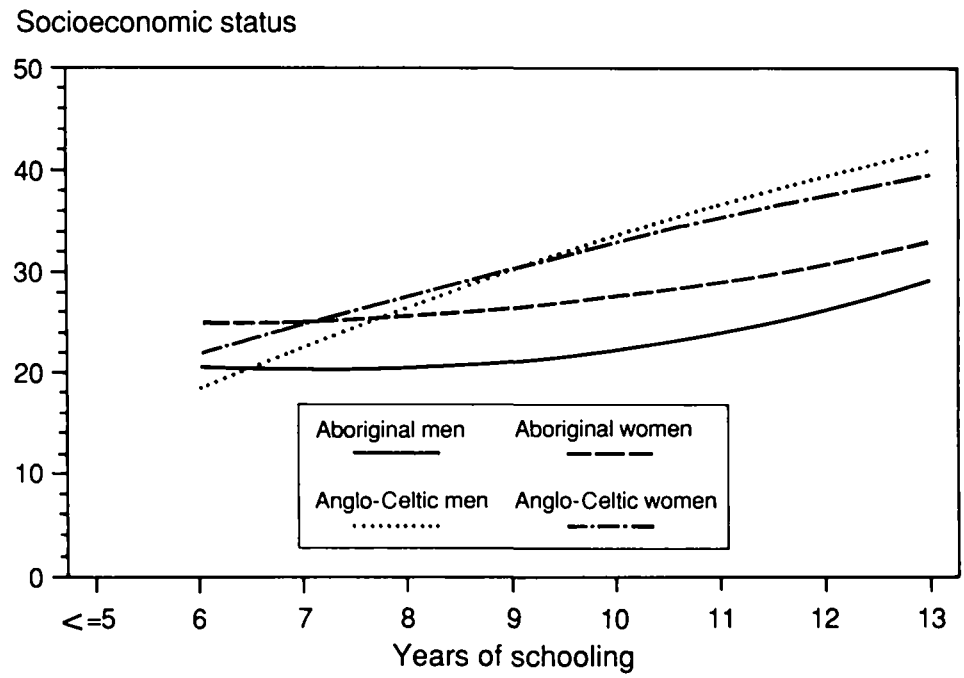
The occupational distributions of women from each ancestry are more similar. The Index of Dissimilarity[4] across ASCO categories for women is only 31.4 per cent, compared with 39.0 per cent for men. The top ten sources of employment for Aboriginal women are cleaners, clerks, teachers' aides, sales assistants, accounting clerks, receptionists, stenographers, welfare paraprofessionals, typists, and child care workers. These ten occupations account for 47 per cent of Aboriginal women workers. Even more (50 per cent) of Anglo-Celtic women find employment in a similar range of just ten occupations: sales assistants, accounting clerks, stenographers, nurses, clerks, receptionists, farmers, cleaners, primary school teachers, and typists.

Figure 3.4 presents results from regressions relating to the process of occupational attainment among Aborigines and Anglo-Celts. The first point to make is that the standard human capital, or meritocratic, model does not work as well in accounting for the experience of Aboriginal Australians. A somewhat larger set of explanatory variables is less effective in explaining individual differences in occupational attainment among Aborigines than it is for Anglo-Celts.[5] The coefficients of determination for Aborigines are less than half those for Anglo-Celts (Jones 1990). But part of the reason for this difference is that Aborigines are confined to a narrower range of job statuses. Not only do they enter lower status jobs but there is less variation around their lower average statuses. However, the effects of years of schooling and adjusted labour experience are also much lower for Aboriginal Australians. Although the qualification effects are similar in both groups, they are weaker for women than for men. However, very few Aborigines have post-school

qualifications. So these large effects do not matter for the bulk of the population.

Figure 3.4 shows that schooling effects among Aborigines are relatively flat across much of the range of effective variation. Persons with minimum schooling get into jobs with much the same status as those who left school at 15 or 16 (only 17 percent stayed at school beyond those ages). Compared with poorly educated Anglo-Celts, however, Aborigines fare no worse. But many more Aborigines have low levels of schooling. Just as important, staying on at school is not so closely related to educational progression among Aborigines. Differences in their school-leaving age do not fit as closely to variations in socioeconomic status. They end up in low status jobs regardless of how long they stayed at school, unless they gained a post-school qualification. Only a minority of Aborigines, those with 11 or more years of schooling, receive comparable status returns for their schooling, compared with Anglo-Celts.

Figure 3.4 Net effects of schooling on the socioeconomic status of Anglo-Celtic and Aboriginal Australians (1986 Census).



Note: Effects are evaluated for workers with minimum schooling but with otherwise average characteristics for their group..

The weaker relationship between schooling and occupational attainment among Aborigines comes about because, although most Aborigines today stay at school until at least the legal leaving-age, they do not make the same amount of educational progress as other Australians. Figure 3.1 above shows that the most common school-leaving ages among both Aboriginal Australians and third-generation Anglo-Celts are 15 and 16. Sixty-one percent of Aborigines left school at these ages, compared with 55 per cent of Anglo-Celts. However, this apparent similarity in school-leaving ages masks the fact that fewer Aborigines get formal school certificates as a result of their schooling. Broom and Jones (1973: 16-20) cite comparative data from the 1966 Census that show how far Aboriginal Australians lagged behind their non-Aboriginal age peers. 'They enter school later, quit sooner, and terminate at a lower level' (ibid: 17). Teachers may also expect less of their Aboriginal students, thereby weakening their commitment and increasing their truancy. The instrumental value of schooling is far weaker for many, especially older, Aborigines. Miller (1985: 81) cites more recent data on low retention rates from the early to the final years of secondary school. In 1981, fewer than one in ten Aboriginal adolescents survived from Year 8 to Year 12 in Australian schools, compared with more than one in three of other Australians. The corollary is that an Aboriginal Australian with nine or ten years of schooling has less to show for it than other Australians. The labour market treats any schooling short of the Higher School Certificate with relative indifference.

Even when Aboriginal teenagers do stay in school as long as other Australians, their schooling is more likely to have been interrupted by bouts of truancy. Moreover, the high probability of unemployment in country towns and remote settlements must reduce their incentives to perform well at school. In those areas, school is less a preparation for paid work than enforced idleness, or a return to traditional life-styles.

When they do find paid work, Aboriginal men attain an average socioeconomic status of 21 points, compared with 33 for Anglo-Celts. Of this gap of 12 points, about two-thirds are due to differences in human capital. The remaining one-third is due to differences in treatment. Considering the extent of governmental intervention on their behalf, one cannot simply conclude that this residual reflects negative discrimination. It probably reflects the partial irrelevance of Aboriginal schooling to work opportunities, as well as restricted access to urban labour markets. Among women, the status gap is less, only six status points on average. Again, the larger part of this difference is due to differences in worker characteristics. The rest is due to differential treatment.

Aboriginal women occupy higher status jobs than Aboriginal men, who tend to be concentrated in unskilled work. Aboriginal women, like Anglo-Celtic and other women, are mostly routine white-collar workers

with about average status. The worker characteristics listed in Table 3.1 suggest that some of their status advantage arises from greater government employment and marginally better schooling and qualifications. We can quantify these impressions by evaluating women's endowments at male rates of returns and vice-versa.[6]

Aboriginal women enjoy, on average, a six-point status advantage over Aboriginal men. If they received the same returns as men, their average status would drop by five of these six points. In other words, only a small amount of the observed difference is due to differences in worker characteristics. Most is due to differential treatment, and is left unexplained by the model. Perhaps Aboriginal men face greater residual discrimination in the labour market that restricts them to unskilled manual work. Or perhaps government programs are more successful in placing Aboriginal women in jobs with average status. However, part of the difference also reflects the fact that more men than women, regardless of ancestry, work in jobs with very low socioeconomic status (Figure 3.2).

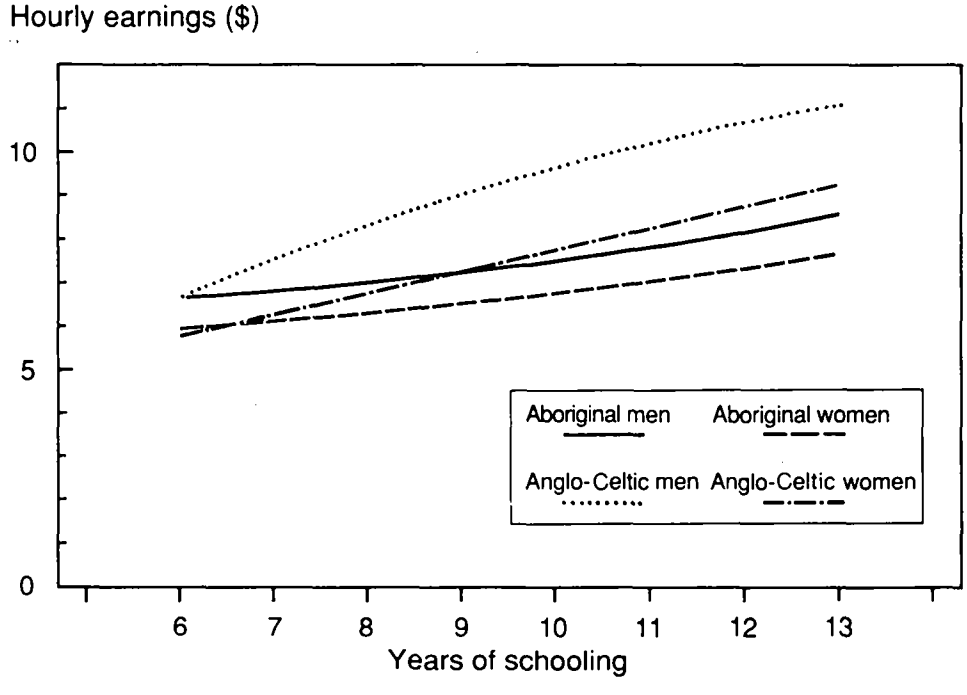
Hourly earnings

Unemployment and part-time work reduce greatly the proportions of Aboriginal Australians surviving into the earnings analysis. It includes only 48 per cent of the male, and 37 per cent of the female, labour force. These reductions are more severe than for third-generation Anglo-Celts (reductions to 78 and 51 per cent respectively). Selectivity favours persons with more rather than less human capital. Years of schooling increase by about a tenth of a year, and the proportion with post-school qualifications increases by two percentage points among men and five percentage points among women. Full-timer earners tend to have more labour force experience (on average, an additional year for men, and two and a half years more for women). They are also more urban. For example, persons reporting mixed origins increase by around four percentage points, to one in every five men and one in every four women.

The empirical results for earnings parallel those for status in most important respects. Returns to years of schooling are low for Aborigines compared with Anglo-Celts. So are returns to post-school qualifications, at least for men. Women with diplomas do better, relative to Aboriginal women with otherwise comparable characteristics. However, when we combine the low returns for Aboriginal schooling with the higher return for diplomas, Aboriginal women do worse than Anglo-Celtic women with comparable qualifications. For example, 12 years of schooling and a diploma give an Anglo-Celtic women a $4.27 advantage over a woman with just eight years of schooling and no qualifications. The relative advantage for an Aboriginal woman with the same qualifications is $3.80.

Figure 3.5 graphs returns to schooling for Aboriginal and Anglo-Celtic women and men. The gender gap among Aborigines is smaller than among Anglo-Celts. Whereas Anglo-Celtic returns rise steadily over the range, Aboriginal returns are flatter. They rise only at higher levels of schooling which few Aborigines reach, namely, around the Year 10 to Year 12 level. Few Aboriginal Australians succeed in reaching this level.

Figure 3.5 Net effects of schooling on the hourly earnings of Anglo-Celtic and Aboriginal Australians (1986 Census).



Note: Effects are evaluated for workers with minimum schooling but with otherwise average characteristics for their group.

Self-employment generally reduces hourly earnings, but not as much as among Anglo-Celts, and not as much among men as women. But few Aborigines are self-employed. Nineteen out of every 20 full-time Aboriginal workers are wage and salary earners. Farm workers do about as badly in both groups, but the effects of the Zagorski Index are somewhat weaker. Women who work for the government do better than men. They also are more likely to have white-collar rather than blue-collar jobs. Remote Aborigines (those who speak a language other than English at home) earn less than their urban counterparts (persons of

mixed ancestry). The difference in their relative earnings is at least a dollar an hour (18 per cent of average earnings for men and 15 per cent for women). Like Anglo-Celts, Aboriginal married men do better than their unmarried peers, but the opposite is true for women.

As already noted, the gender gap among Aborigines is less than among Anglo-Celts (91.5 versus 80.5 per cent). One reason for this reduced differential is that Aboriginal men have a weaker attachment to the formal labour market than other men. We have already noted their lower participation rates. But a significant minority also work in casual and seasonal work (Miller 1985: 52). There is also ample anecdotal evidence that employers do not promote Aboriginal workers to positions of responsibility, because of a perceived tendency to absenteeism and unreliability (ibid: 92-3). So Aboriginal men (like women from either group) have less secure career paths than other men. In other words, the gender gap is smaller among Aborigines mainly because Aboriginal men do not experience as much career progression. Note though that the effect of adjusted labour force experience on earnings is lower for Aboriginal men than it is for women, and lower again than among Anglo-Celtic workers.

Like Anglo-Celtic women, Aboriginal men probably have low levels of seniority at any given level of job status. If that presumption is true, then the direct effect of socioeconomic job status on hourly earnings should be lower than among Anglo-Celtic men, and not very different from the coefficient for Aboriginal women. The evidence from the Census supports both these expectations. The direct effect of socioeconomic status on the hourly earnings of Aboriginal men is only half that for Anglo-Celtic men. Aboriginal women also do worse than Anglo-Celtic women, but not by so great a margin (the comparable ratio is two-thirds). Equally important, the gender returns to socioeconomic status differ markedly among Anglo-Celts (a gender gap in the ratio of the relative coefficients of 19 per cent). But among Aborigines they are virtually the same (a gender gap of only 4 per cent).

What accounts for the gender gap in Aboriginal earnings? One can apply the standard decomposition of effects approach. It shows that controlling for differences in endowments would actually increase, not decrease, the observed gap, from 62 cents an hour to 92 cents. This increase comes about because Aboriginal women workers have higher socioeconomic status, are marginally better educated, and are more urbanised (mixed ancestry). The interaction between endowments and returns is about the same size, but positive rather than negative. So these two components cancel each other out. The unexplained part of the group difference remains about the same size as the unadjusted gap itself. Lacking other plausible explanations, we can interpret the Aboriginal gender gap in relative earnings of 91.5 per cent as a minimum estimate of

the disadvantage women of all ancestries suffer as a result of lower rates of pay in the jobs where they mostly congregate. In other words, even under a regime of nominal equal pay, men get an earnings premium of around 10 per cent because of historical relativities favour males in the promotion stakes.

Finally, I relate Aboriginal earnings directly to the earnings of Anglo-Celts. Again, the substitution and decomposition approach is appropriate. The gap between the earnings of Aboriginal and Anglo-Celtic men is $2.28 an hour. Forty-four per cent of this gap can be attributed to differences in worker characteristics. That is to say, around one dollar of the gap would disappear if Aboriginal men had the same worker characteristics as Anglo-Celts (same levels of schooling, same years of experience, and so on). A further 12 percentage points of the difference is due to the interaction between characteristics and returns (coefficients). In other words, over half the gap can be attributed in whole or in part to compositional differences. The remaining 43 per cent is unexplained by the model. The ultimate source of this difference lies in the lower returns Aborigines receive for their human capital, notably years of schooling, post-school qualifications, and labour force experience.

The probable causes of these otherwise unexplained differences in earnings are occupational discrimination, weak attachment to the formal labour market, and the poorer educational experiences of Aborigines. Aboriginal men have lower socioeconomic status than is consistent even with their low endowments of human capital. Like women, Aboriginal men have poor promotion prospects. They get lower economic returns for their secondary schooling, an area where they fail to progress as far as other Australians. Although many now remain at school just as long, the quality of the schooling they get is poorer. Staying on at school does not necessarily mean getting an education that helps them find work.

The earnings gap between Aboriginal women and men is less than it is among Anglo-Celts. Aboriginal women earn about a dollar less than Anglo-Celtic women on average. But only about one-third of the difference is due in any way to differences in endowments of human capital. The rest is due to the factors just mentioned.

This analysis highlights four major factors affecting unequal labour market outcomes among Aboriginal Australians. They are discrimination, low attachment to the labour market, low seniority and the quality of their schooling. The first factor conditions the rest. The next two reduce the earnings of women relative to men. They also reduce Aboriginal earnings relative to those of other groups. The last factor, quality of schooling, also leads to unequal outcomes among different groups of immigrants. Yet it remains unclear whether these low returns reflect statistical (group) discrimination or rational judgments by (sceptical) employers. Settlers

from countries whose educational credentials can be more readily converted to Australian equivalents get better returns to their schooling and qualifications, returns comparable to those for third-generation Anglo-Celts. Others do less well. Recent refugees from Indo-china, for example, also experience low rates of return to their overseas schooling and experience. But Aborigines get low returns even for their Australian schooling and experience. This last finding reinforces the conclusion that, historically, Aboriginal Australians have been treated as refugees in their own country. The situation is changing but not as quickly as many would like.

Notes

1. The longer work of which this is part describes in detail the nature of the raw data and the construction of different variables. I provide only an abbreviated account here, but a longer paper is available on request. The reader should note the following. First, in calculating the squared terms used in the regression analyses, I first deducted a constant of 10 years from years of schooling and labour force experience. Labour force experience has been adjusted to reflect intermittent and part-time work. The ANU 3 status score is a measure of socioeconomic status that ranges from zero to 100. It has been fully described elsewhere (Jones 1989). The Zagorski Index distinguishes large and diversified industries from small and limited enterprises (Zagorski 1989). The analysis is based on a full enumeration of the Aboriginal population and a one-in-fifteen sample of Anglo-Celts. To conserve space, I have not reported standard errors of estimates.

2. A person of Aboriginal ancestry is someone who answered 'Yes' to Question 9 on the census form ('Is this person of Aboriginal or Torres Strait Islander origin?'), or gave either of these responses to the Question 15 on ancestry ('What is this person's ancestry?'). The number so identifying in response to Question 9 was 227.6 thousand persons, compared with 198.4 thousands in response to Question 15 (ABS 1990: 19).

3. The estimation procedure can be illustrated using the example in the text, namely, an man average except for the possession of a degree. The unemployment rate among Aboriginal women was 34 per cent. The net effect of mixed ancestry can be evaluated as follows:

   $\log [p/(1-p)] = \log (0.34/0.66) = -0.663.$

   Add to this average the effect (in the logarithmic scale) of being of mixed ancestry. This estimate is -0.45. So the total effect is -1.113. In other words, for a woman of mixed ancestry,

   $\log [p/(1-p)] = -1.113.$

   Taking exponents, gives:

   $p/(1-p) = 0.329.$

   Multiplying both sides by (1-p) gives:

$p = 0.329 - 0.329(p)$.

Transposing the second term on the right gives:

$1.329p = 0.329$.
Solving for p gives 25 per cent, or 9 percentage points below the group average, the figure quoted in the text. This method is suitable only for evaluating net effects of single variables at the mean. For more specific group comparisons, such as those elsewhere in the text and in Figure 3.3, full regression estimates are used.

4. The Index of Dissimilarity is a measure of displacement between groups. It is calculated as half the sum of the absolute difference between two percentage distributions, in the present case the occupational distribution of the Aboriginal and Anglo-Celtic. The index shows how many persons within each group would need to change occupational category in order to have the same relative occupational distribution as the other group (see Bonjean et al 1967: 472-3).

5. Because the proportion of poor English-speakers is even smaller in the status and earnings analysis, I have broadened the definition to include any person who spoke a language other than English at home.

6. This technique of decomposing group differences is standard in the economics and sociology literature (for examples and references, see Jones and Kelley 1984).

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4. The demographic structure and location of the Aboriginal population: employment implications

H. Tesfaghiorghis and A. Gray

This paper has three main purposes. The first is to present Aboriginal social indicators from the 1986 Census within their geographical context. These indicators portray the Aboriginal population's age-sex structure, geographic distribution and other socio-economic indicators. In doing so, these indicators are compared with those of the non-Aboriginal Australians to show the relative standing of Aboriginal people. The second purpose is to show the substantial demographic change the Aboriginal population is undergoing, and how this change is reshaping the demographic structure of the population. The third purpose is to demonstrate the implications of these changes for employment in the future. Because the main feature of demographic change is very rapid growth in the numbers in young and middle adulthood, the sheer size of these increases poses serious problems for employment levels and all other socio-economic factors affecting these age groups.

Population size and age-sex structure

The size of the Aboriginal population is not known with certainty, and has been measured inconsistently in the five-yearly Australian censuses from 1966 to 1986. The causes of these inconsistencies in Aboriginal counts are discussed elsewhere (Gray and Smith 1983; Choi and Gray 1985; Gray and Tesfaghiorghis 1990). The reasons attributed range from census methodological and procedural problems of enumeration (which in the case of the 1981 Census resulted in underenumeration), processing errors, claims by the Australian Bureau of Statistics (ABS) of increasing tendency of Aboriginal people to identify themselves as Aboriginals, changing definitions of Aboriginality between the censuses, and the fuzziness of the concept of Aboriginality which is reflected in difficulties of identifying some Aboriginal people in the Australian social setting (Gray and Tesfaghiorghis 1990: 1-3). The number of Aborigines counted by the censuses were 85,601 in 1966; 115,953 in 1971; 160,915 in 1976; 159,897 in 1981, and 227,645 in 1986. While these counts show rapid population growth, detailed analysis has shown a slower growth of about 2 per cent per annum (Gray and Smith 1983; Gray and Tesfaghiorghis 1990: 4). Debates on the size of the Aboriginal population are not

are not productive, but discussions of changes in demographic structure are useful to gain an insight into Aboriginal social indicators (Gray and Tesfaghiorghis 1990).

The Aboriginal population has a young age structure, with a disproportionate share of children and young people, 72 per cent of the Aboriginal population being under 30 years in 1986. The percentage of population under 15 years was 40 per cent for the Aboriginal population, in contrast to only 23 per cent for the non-Aboriginal population. The proportion in the 15-29 age group was 32 per cent for Aboriginals compared to 25 per cent for the non-Aboriginal population. On the other hand, the non-Aboriginal population had substantially higher proportions aged 40-59 and 60 years and over, reflecting not only higher Aboriginal birth rates (especially in the past) but also extremely high Aboriginal adult and old age mortality. In terms of sex structure, the Aboriginal population shows a preponderance of females, especially at ages 15 years and over, relative to the sex structure of the non-Aboriginal population. The predominance of females in the Aboriginal population will continue to grow, owing to aging which favours female longevity, and the toll of excessively high adult male mortality (Gray and Tesfaghiorghis 1990: 8).

Table 4.1 Comparison of Aboriginal and non-Aboriginal age-sex structures: 1986 Census.

Age groups	Males	Females	Total	Sex ratio
Aboriginal population: total				
00-14	41.0	38.5	39.8	104
15-29	31.7	32.1	31.9	97
30-39	11.8	12.6	12.1	92
40-59	11.6	12.3	12.0	92
60 &over	3.9	4.5	4.2	84
Total	100.0	100.0	100.0	98
Aboriginal population: major urban				
00-14	40.5	36.4	38.4	104
15-29	34.5	34.4	34.5	94
30-39	12.3	13.8	13.1	84
40-59	10.1	11.7	10.9	80
60 & over	2.6	3.7	3.1	65
Total	100.0	100.0	100.0	93

Continued over page.

Table 4.1 Continued.

Age groups	Males	Females	Total	Sex ratio
Aboriginal population: other urban				
00-14	42.7	39.6	41.2	103
15-29	31.3	32.0	31.6	94
30-39	11.4	12.2	11.8	89
40-59	11.0	12.0	11.5	88
60 &over	3.6	4.2	3.9	80
Total	100.0	100.0	100.0	96
Aboriginal population: rural localities				
00-14	41.3	39.0	40.2	106
15-29	30.2	31.6	30.9	95
30-39	11.4	11.7	11.6	97
40-59	12.5	12.6	12.5	99
60 &over	4.6	5.1	4.8	88
Total	100.0	100.0	100.0	100
Aboriginal population: other rural				
00-14	37.9	38.5	38.2	107
15-29	30.3	29.5	29.9	111
30-39	12.4	12.3	12.4	110
40-59	13.9	13.9	13.9	108
60 &over	5.5	5.8	5.6	102
Total	100.0	100.0	100.0	108
Non-Aboriginal population				
00-14	23.7	22.4	23.0	105
15-29	25.3	24.5	24.9	102
30-39	16.0	15.7	15.9	101
40-59	21.5	20.5	21.0	104
60 & over	13.5	16.9	15.2	79
Total	100.0	100.0	100.0	99

There is a general similarity in Aboriginal age structure irrespective of place of residence, but substantial difference exists in sex structure between the categories of major urban centres (with populations of 100,000 and over) and other rural residents (the rural balance living outside rural localities of 200 to 999 inhabitants). Despite the broad similarities in age structure, major urban residents had relatively more young people aged 15-29 years, and other rural residents had higher proportions of adults and old persons. In terms of sex structure, major urban residents had an excess of females at ages 15 years and over, while a surplus of males was observed among other rural residents. These structural differences are presumably due to selective age-sex migration;

the migration of young people, especially females, to urban areas, and return-migration of adult and old people to the rural areas. Gray (1989) notes the migration of young single adults to the cities, often balanced by counter-moves by somewhat older adults, with children, to the country.

Geographic distribution

While a majority of Aborigines live in urban areas, a substantial proportion still live in rural areas. The geographic distribution of the Aboriginal population in 1986 was such that 24 per cent were found in major urban areas, 42 per cent in other urban areas, 15 per cent in rural localities, and another 19 per cent in other rural areas. The corresponding figures for the non-Aboriginal population were 64 per cent in major urban, 22 per cent in other urban, 2 per cent in rural localities, and 12 per cent in other rural.

Table 4.2 Geographic distribution of the Aboriginal population: 1986 Census.

State	Major urban	Other urban	Rural localities	Other rural & migratory	Total
A: Percentage distribution by States					
NSW	39	29	9	17	26
Vic.	11	5	1	3	5
Qld	20	30	32	25	27
SA	10	5	4	7	6
WA	16	16	14	20	17
Tas.	2	4	1	3	3
NT	-	11	39	25	15
ACT	2	-	-	0	1
Australia					
Per cent	100	100	100	100	100
Population	55,537	95,879	34,054	42,175	227,645
B: Percentage distribution within States					
NSW	36	47	5	12	59,011
Vic.	48	41	2	9	12,611
Qld	18	47	18	17	61,268
SA	40	32	9	19	14,291
WA	24	42	12	22	37,789
Tas.	20	52	8	20	6,716
NT	-	31	38	31	34,739
ACT	86	-	-	14	1,220
Australia	24	42	15	19	227,645

Continued over page.

Table 4.2 Continued.

State	Major urban	Other urban	Rural localities	Other rural & migratory	Total
C: Aboriginals as percentage of total population					
NSW	0.6	2.5	2.8	1.3	1.1
Vic.	0.2	0.7	0.3	0.3	0.3
Qld.	0.9	3.4	10.6	2.3	2.4
SA	0.6	2.1	2.8	1.7	1.1
WA	1.0	5.3	9.8	5.0	2.7
Tas.	1.1	1.7	1.9	1.6	1.5
NT	-	9.7	77.9	40.3	22.4
ACT	0.4	-	-	7.8	0.5
Australia	0.6	2.7	8.0	2.3	1.5

Note: - means no major urban centre in NT; no other urban and rural locality in the ACT.

Aboriginal people show a settlement pattern markedly different from the mainly metropolitan residence of the non-Aboriginal population, in that they were more concentrated in other urban and rural areas. The urban Aborigines were mainly found in New South Wales, Queensland and Western Australia, while rural Aborigines were mainly found in the Northern Territory, Queensland and Western Australia. Queensland and New South Wales are home to 53 per cent of Aborigines (equally shared), while Western Australia and Northern Territory accommodated 17 and 15 per cent respectively (see Panel A of Table 4.2). These geographical distributions are considerably different from that of the non-Aboriginal population, where 66 per cent of major urban, 52 per cent of other urban, and 51 per cent of rural residents were found in New South Wales and Victoria. Queensland accounted for 12 per cent of major urban residents, and 24 per cent of both other urban and rural residents.

Panel B shows that the majority of Aborigines in the Australian Capital Territory, Victoria, New South Wales, Tasmania and South Australia live in urban areas, while the majority of the Northern Territory Aboriginal people live in rural areas. About one-third of the Aboriginal population of Queensland and Western Australia live in rural areas.

The share of Aborigines in the total population shows that Aborigines live as a minority population in most States and sections-of-States. The only exception is the Northern Territory where Aborigines comprised 22 per cent of the Territory's total population, and 78 per cent of the population in rural localities. Significant proportions of Aboriginal populations were also found in the rural localities of Queensland and Western Australia. The major urban areas have the lowest proportion of

Aboriginal population, 1 per cent or less, which is even less than the total Aboriginal share of 1.5 per cent of the total Australian population.

Demographic change

The Aboriginal population has undergone a substantial demographic transition since the 1970s, which will result in considerable social and economic implications for the 1990s and beyond. Aboriginal fertility has declined from a high fertility regime with a total fertility rate (defined as the number of children a woman would bear in her reproductive life between the ages of 15 and 50 years, if she bore children at the prevailing age-specific schedules of fertility) of about six children per woman in the decades before 1970, to about three children per woman in the 1980s. This is a massive fertility decline, though to a level still 50 per cent higher than the 1981-86 fertility level for the non-Aboriginal population (Gray 1990: 57-62). Gray (1990) has shown the association between Aboriginal fertility and education, major urban residence (where women have choices to pursue different lifestyles), labour force participation and family income. He suggests that women's age of leaving school is a key factor in Aboriginal fertility decline.

As a result of the introduction of health intervention policies in the 1970s, especially maternal and child health care, Aboriginal infant and childhood mortality, and overall mortality, have declined considerably. The infant mortality rate has fallen steeply from the extremely high levels of the 1960s. Figures produced by Thomson (1989: 1-2) for some States and Territories show an infant mortality decline from about 80 deaths per 1,000 live births in 1972-74 to between 20 and 30 deaths per 1,000 live births in 1984-86. The corresponding decline for the total population was from 16.5 to 9.3 deaths per 1,000 live births over the same period.

These substantive changes that have occurred in Aboriginal population dynamics will be reflected in massive changes in population structure, as shown in Table 4.3 and Figure 4.1. Analyses of these past demographic changes coupled with projections of moderate fertility decline and modest mortality decline for the 1990s by Gray and Tesfaghiorghis (1990) reveal salient structural changes: a fast growth of persons of young and middle adulthood ages, and modest increases in the number of children under five years and in the 5-19 age group. There is also a substantial increase of old persons, but they will remain a relatively small component of the Aboriginal population.

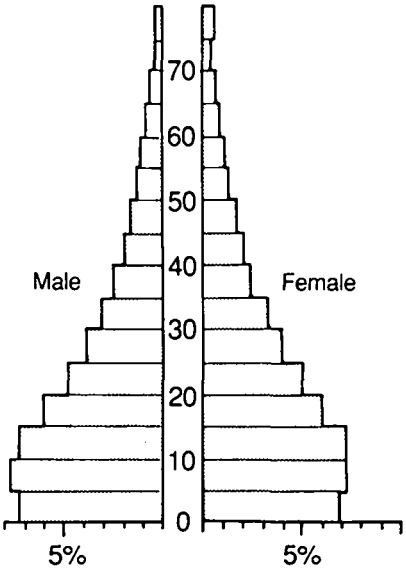
Table 4.3 Projected Aboriginal population by age: 1981-2001.

Year	0-4	5-19	20-34	35-49	50-64	65 +	Total
Population by age groups							
1981	28,534	83,981	48,392	24,363	12,678	5,610	203,558
1986	31,829	87,724	58,830	29,168	13,848	6,031	227,430
1991	33,159	89,977	71,367	35,261	15,501	6,535	251,800
1996	32,717	92,642	81,137	43,511	18,154	7,233	275,394
2001	30,763	96,882	84,920	53,511	22,514	8,473	297,063
Population growth by age groups (1981 = 100)							
1981	100	100	100	100	100	100	100
1986	112	104	122	120	109	108	112
1991	116	107	147	145	122	116	124
1996	115	110	168	179	143	129	135
2001	108	115	175	220	178	151	146

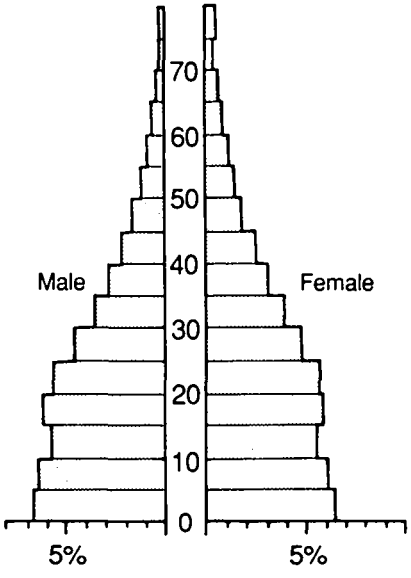
Source: Gray and Tesfaghiorghis 1990.

The main consequence of these changes in Aboriginal population structure would be to substantially affect those economic and social variables, such as employment and unemployment, individual and household income, and housing, which are important to people in young and middle adulthood. As shown in Figure 2, virtually all population growth in the period 1981 to 2001 is concentrated in the age groups 15 to 64. Aboriginal spatial distribution, especially the locational disadvantage of rural and remote communities, and demographic structure both play a role in the determination of social indicators. This proposition will be illustrated by first giving social indicators from the 1986 Census, with a geographical breakdown, and second by considering the effects of the rapid growth of persons aged 15-64 years on employment and on the possibility of achieving the Aboriginal Employment Development Policy (AEDP) goal of statistical employment equality by the year 2000. The locational disadvantage is a measure of the degree of Aboriginal isolation from participation in the mainstream economy, while the demographic structure will reflect an excess supply of labour unmatched by demand, as well as population pressure on services and infrastructure. The projected fast growth of young people will exacerbate youth unemployment, as unemployment is usually high among younger age groups (Tesfaghiorghis and Altman 1991:17; Miller this volume).

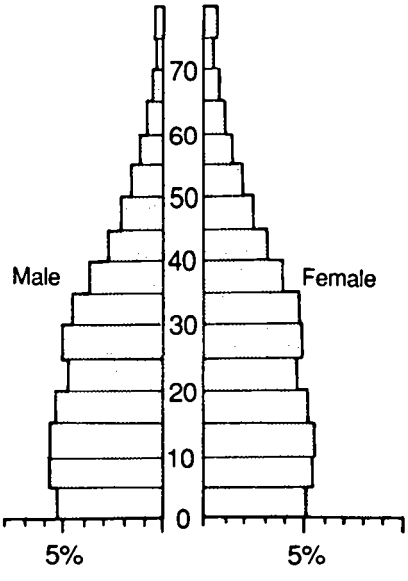
Figure 4.1 Age and sex distributions of the Aboriginal population: 1981, 1991 and 2001.



Aboriginal population 1981

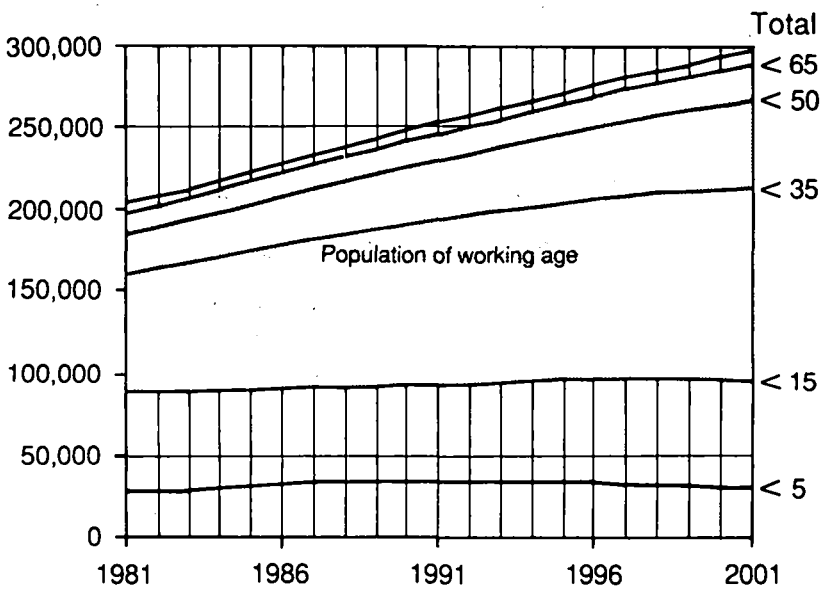


Aboriginal population 1991



Aboriginal population 2001

Figure 4.2 Aboriginal population: 1981-2001.



Socioeconomic indicators

Table 4.4 summarises a number of Aboriginal socioeconomic indicators by State and section-of-State. These are:

i *Population*: percentage population distribution within a State/Territory.

ii *Qualified:* percentage of total population aged 15 years and over with trade or other certificate or tertiary qualifications.

iii *Employed:* percentage of total population aged 15-64 years that was employed.

iv *Unemployed:* percentage of total population aged 15-64 years that was unemployed.

v *Labour force:* percentage of total population aged 15-64 years that was in the labour force, or overall labour force participation rate.

vi *Median family income:* annual gross incomes of families. Here the median is the point where 50 per cent of all families earned below that income. The ABS defined family income as the combined income of the family reference person, spouse and dependents aged 15 years and over.

vii *Per cent of all families with income under $9,000*: percentage of all families that earned annual gross incomes of $9,000 or less. This is an arbitrary point set by the ABS in its tabulations, but it is also near the point where tax exemption operated in 1986 and a little above the level of many welfare payments at that time (Gray and Tesfaghiorghis 1990: 23). Note that families with 'income not stated' or 'spouse temporarily absent', 20 per cent of all families, were excluded from the calculation of these two income variables.

Before examination of Aboriginal differences in socioeconomic status by State and sections-of-State, comparisons of these indicators between the Aboriginal and non-Aboriginal populations for 1986 may be used to reflect the relative standing of the Aboriginal population. The percentage of persons with formal educational qualifications was 6 per cent for Aboriginal and 26 per cent for the non-Aboriginal population. The percentage of the total population aged 15-64 that was employed was 33 per cent for Aboriginal and 63 per cent for the non-Aboriginal population; and the unemployed among this age category was 18 per cent for Aborigines and 6 per cent for non-Aboriginal people (Tesfaghiorghis 1991: 16-21). Not only do Aborigines have low employment and high unemployment, but also lower labour force participation. The overall labour force participation rate of the working age population was 50 per cent for the Aboriginal and 69 per cent for the non-Aboriginal population. Aboriginal gross annual median family income was two-thirds that for the non-Aboriginal population, $16,400 compared to $24,800. The proportion of families receiving gross annual incomes of $9,000 or less was 18 per cent for Aboriginal and 7 per cent for the non-Aboriginal population. The Aboriginal population has high childhood dependency burden as well as large household size.

Before considering all the indicators as an entity, some comments on the family income indicators are needed. As shown in Table 4.4, Aboriginal median family incomes varied considerably by State and urban-rural residence. However, apart from the high incomes of the Australian Capital Territory, Tasmania and Victoria, the major urban areas of New South Wales and the other urban areas of the Northern

Table 4.4 Socioeconomic indicators by State and section-of-State: 1986 Census.

Section-of-State	Pop.	Qual.	Empl.	Unempl.	Labour force	Family income	
	%	%	%	%	%	median $	<$9000
New South Wales							
Major urban	36	11.6	42.8	17.1	59.9	19,500	15.4
Other urban	47	7.0	26.9	24.1	51.0	15,200	18.9
Rural localities	5	5.4	33.1	36.4	69.5	15,500	14.9
Other rural	12	6.6	24.7	24.7	49.4	14,600	18.4
Total	100	8.6	32.4	21.7	54.1	16,700	17.2
Victoria							
Major urban	48	12.7	49.5	11.9	61.4	21,500	13.3
Other urban	41	8.5	39.1	16.6	55.7	17,000	17.9
Rural localities	2	10.2	33.8	16.2	50.0	15,000	16.3
Other rural	9	12.8	43.0	15.7	58.7	17,100	15.3
Total	100	11.0	44.6	14.1	58.7	19,200	15.3
Queensland							
Major urban	18	9.2	39.1	17.7	56.8	17,600	15.6
Other urban	47	5.6	32.9	18.9	51.8	17,500	16.1
Rural localities	18	1.8	30.8	15.5	46.3	15,300	20.5
Other rural	17	4.1	36.7	16.4	53.1	15,000	21.0
Total	100	5.3	34.3	17.7	52.0	16,800	17.4
South Australia							
Major urban	40	10.2	34.0	19.8	53.8	16,800	20.0
Other urban	32	5.1	28.8	22.1	50.9	15,700	20.0
Rural localities	9	2.3	51.0	7.7	58.7	14,000	19.7
Other rural	19	3.6	35.4	13.3	48.7	15,800	18.5
Total	100	6.6	34.2	18.1	52.3	15,900	19.7
Western Australia							
Major urban	24	8.8	27.7	18.6	46.3	15,500	22.6
Other urban	42	4.3	25.6	19.2	44.8	16,100	19.1
Rural localities	12	2.1	27.3	15.1	42.4	15,000	18.4
Other rural	22	2.2	30.6	14.4	45.0	13,400	21.9
Total	100	3.9	27.5	17.5	45.0	14,900	20.5
Tasmania							
Major urban	20	13.0	48.4	13.4	61.8	19,400	13.4
Other urban	52	12.5	47.3	13.9	61.2	19,200	12.1
Rural localities	8	10.2	53.8	9.4	63.2	18,800	10.5
Other rural	20	10.7	52.2	12.0	64.2	18,400	10.0
Total	100	11.9	49.1	13.2	62.3	19,000	11.7

Continued over page.

Table 4.4 Continued.

Section-of-State	Pop.	Qual.	Empl.	Unempl.	Labour force	Family income	
	%	%	%	%	%	median $	<$9000
Northern Territory							
Other urban	31	6.1	35.0	13.2	48.2	21,100	14.3
Rural localities	38	1.1	21.5	12.4	33.9	13,600	24.1
Other rural	31	1.1	22.1	16.6	38.7	13,100	21.9
Total	100	2.7	26.0	14.0	40.0	14,600	20.1
Australian Capital Territory							
Major urban	86	17.1	64.2	7.4	71.6	28,900	7.6
Other rural	14	7.3	32.0	25.0	57.0	18,500	30.8
Total	100	15.2	59.3	9.9	69.2	28,200	8.6
Australia							
Major urban	24	10.8	40.1	16.9	57.0	18,600	16.4
Other urban	42	6.2	30.9	19.6	50.5	16,800	17.2
Rural localities	15	2.1	27.3	14.8	42.1	14,600	20.5
Other rural	19	3.8	30.3	17.1	47.4	14,200	20.1
Total	100	6.3	32.6	17.8	50.4	16,400	17.9

Territory, differences in family incomes by State and section-of-State are less pronounced except for the low incomes in rural areas of the Northern Territory. Moreover, the majority of Aboriginal families, irrespective of urban-rural residence, had incomes higher than $9,000. However, if incomes were analysed by family composition, single-parent families with dependent children had poor incomes, while families other than single-parent families had relatively high incomes (Gray and Tesfaghiorghis 1990: 22-5). Single-parent families with dependent children consisted of 16 per cent of all Aboriginal families. Whereas at least two-thirds of single-parent families received $9,000 or less (except the Australian Capital Territory, 36 per cent), only a small proportion of other families received such income (see Appendix 4.1). The better incomes of other families was due to the pooling of incomes earned and received from welfare payments by family members.

An examination of the results in Table 4.4 show considerable differences in Aboriginal socioeconomic status by State and section-of-State. Aborigines in the Australian Capital Territory, Tasmania and Victoria showed higher socioeconomic status than in other States. On the other hand, Aborigines in the Northern Territory and Western Australia had lower status as measured by all indicators except unemployment. The comparatively low unemployment in the Northern Territory and Western

Australia, especially in the rural areas, is not an indication of the magnitude of unemployment, but rather an indication of lower participation in labour market employment.

With respect to section-of-State, Aborigines resident in major urban and other urban areas were generally better off than their rural counterparts, and those in major urban areas were the most well off. This result is consistent with that reached by Altman and Nieuwenhuysen (1979) and Fisk (1985). The rural areas of Tasmania and the rural localities of South Australia show particularly high employment levels accompanied by unemployment lower than in any State or Territory except the Australian Capital Territory. Barring these exceptions, Aborigines resident in major urban areas had higher employment levels within their States, but unemployment did not show a clear pattern by rural-urban residence.

As a result of Aboriginal migration to the Australian Capital Territory and Aboriginalisation of government departments dealing with Aboriginal affairs, Aborigines in the Australian Capital Territory have exceptionally high socioeconomic status, even higher than the national average for all Australians. The high status of Australian Capital Territory Aborigines, or for that matter of all major urban residents, highlights the locational disadvantage of rural Aborigines, and reinforces the proposition that Aboriginal migration to the cities may improve Aboriginal economic status.

Although the Northern Territory had no major urban centre, residents of other urban areas in the Territory had high incomes comparable to the major urban residents of Victoria, Tasmania and New South Wales, and even higher than those of major urban residents of other States. This is because the Northern Territory, like the Australian Capital Territory, has departments employing more Aboriginal people than in some metropolitan cities, and also because developmentalism and high Commonwealth subvention of the Northern Territory means that mining, tourism and public service employees are well-off (Tesfaghiorghis 1991: 23). It has to be noted, however, that these government interventions benefit the non-Aboriginal population more than Aborigines (Tesfaghiorghis 1991: 21). But the Northern Territory case demonstrates that government intervention can improve Aboriginal economic status without the need to migrate to metropolitan cities.

Employment implications

The AEDP launched in 1986/87 has Aboriginal employment equity with other Australians by year 2000 as one of its goals, irrespective of where Aboriginal people live (Australian Government 1987: 2-11). The target is

to raise the proportion employed among the total population aged 15 years and over from 37 to around 60 per cent; in other words a doubling of the 1986 rate (which was 32.6 per cent). It is not clear how the benchmark rate of 37 per cent is established, as it is higher than the 1986 employment rate, but the target rate of 60 per cent is based on the total Australian figure for 1986.

The Aboriginal working age population (15-64 years) is projected to increase from 130,937 persons in 1986 to 192,323 in 2001. This represents a 47 per cent increase of the working age population in 15 years, or a growth of 2.6 per cent per annum, in contrast to a growth of 1.8 per cent per annum for the total Aboriginal population. The implications for employment of this rapid growth of the working age population are depicted in Table 4.5 on the basis of three assumptions:

i The proportion employed remained the same at 32.6 per cent throughout 1986-2001, that is maintaining the status quo;

ii 37 per cent of the working age population in 2001 is employed; and

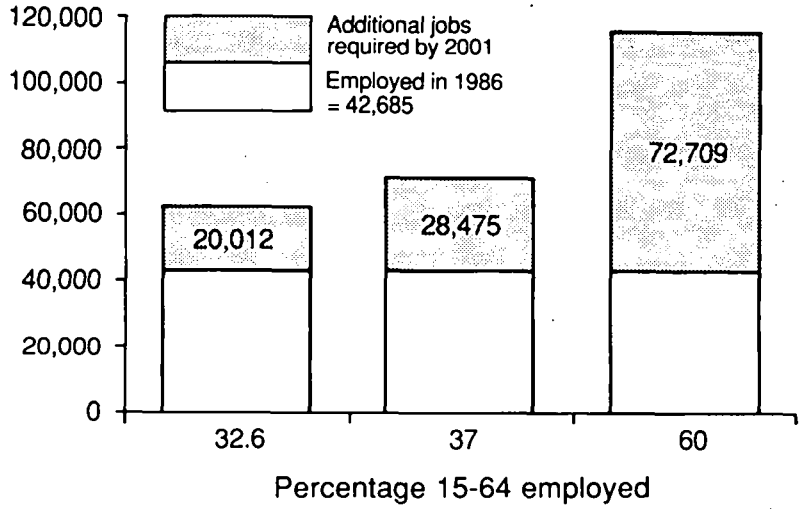
iii 60 per cent of the working age population in 2001 is employed, that is, achievement of AEDP target.

The results shown in Table 4.5 and Figure 4.3 have enormous employment policy implications. Even to maintain the status quo, 20,000 additional jobs have to be created. If the AEDP objective of statistical equality is to be achieved, 115,400 Aboriginal people need to be in employment by 2001, almost three times the number employed in 1986. It is difficult to quantify the financial implications of these massive additional needs. Nonetheless, the creation of an additional 73,000 jobs will certainly present serious policy challenges, even without considering the additional difficulties posed by the need to allocate many jobs to rural and remote Aborigines.

Table 4.5 Expected employment and additional jobs required in the year 2001.

Percentage employed in 2001	Base employment in 1986	Expected employment in 2001	Additional jobs required
32.6	42,685	62,697	20,012
37.0	42,685	71,160	28,475
60.0	42,685	115,394	72,709

Figure 4.3 Achievement of employment equality by 2001: Aborigines and Torres Strait Islanders.



Conclusion

Because the Aboriginal population has undergone a substantial demographic transition, from a demographic regime of high fertility and mortality to a regime of low fertility and moderate mortality, the consequence is a changed Aboriginal population structure with a disproportionately growing number of persons in young and middle adulthood. The rapid growth in number of people in young and middle adulthood has implications for urgent policy action to address the needs of these people, as these are the age groups that need employment, housing and social services more than any other age group, particularly in the light of AEDP goals of equality in employment and income. The implications in terms of employment have been shown to be enormous. Another demographic factor related to Aboriginal disadvantage is the location of a substantial proportion of Aborigines in rural and remote communities; this locational disadvantage particularly manifests itself in terms of limited or absent opportunities for formal labour market employment in these areas.

Appendix

Table A4.1 Aboriginal annual family incomes by type of family: 1986 Census.

Section-of-State	Single-parent families median $	Single-parent families <$9,000 (%)	Other families median $	Other families <$9,000 (%)
New South Wales				
Major urban	<9,000	64.8	22,700	5.0
Other urban	<9,000	67.8	17,800	7.1
Rural locality	<9,000	64.8	17,400	6.1
Other rural	<9,000	72.2	16,400	9.8
Total	<9,000	66.9	19,300	6.5
Victoria				
Major urban	<9,000	62.7	24,400	4.5
Other urban	<9,000	66.5	20,000	5.0
Rural locality[a]	<9,000	75.0	16,900	10.6
Other rural	<9,000	78.3	18,700	8.9
Total	<9,000	65.4	21,800	5.3
Queensland				
Major urban	<9,000	63.6	20,000	5.3
Other urban	<9,000	61.7	19,900	6.2
Rural locality	<9,000	67.7	18,200	8.9
Other rural	<9,000	67.2	16,900	13.1
Total	<9,000	63.8	19,200	7.5
South Australia				
Major urban	<9,000	65.5	19,900	6.9
Other urban	<9,000	69.6	18,700	7.2
Rural locality	<9,000	70.0	14,900	11.2
Other rural	<9,000	63.2	17,700	9.4
Total	<9,000	67.5	18,800	7.7
Western Australia				
Major urban	<9,000	69.1	19,300	7.7
Other urban	<9,000	62.3	19,200	8.8
Rural locality	<9,000	61.6	17,100	10.5
Other rural	<9,000	75.4	14,400	12.7
Total	<9,000	66.9	17,900	9.6
Tasmania				
Major urban	<9,000	65.3	21,300	5.7
Other urban	<9,000	73.0	20,800	3.5
Rural locality	<9,000	77.7	19,300	6.8
Other rural	<9,000	63.6	19,000	6.6
Total	<9,000	71.1	20,400	4.6

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Table A4.1 Continued.

Section-of-State	Single- parent families median $	<$9,000 (%)	Other families median $	<$9,000 (%)
Northern Territory				
Other urban	9,100	49.5	25,900	4.9
Rural locality	<9,000	75.1	14,800	14.7
Other rural	<9,000	72.0	11,000	13.1
Total	<9,000	63.9	16,900	11.1
Australian Capital Territory				
Major urban	11,400	36.3	31,600	3.2
Other rural[a]	<9,000	100.0	20,300	20.0
Total	10,000	45.9	30,900	2.9
Australia				
Major urban	<9,000	65.1	21,500	5.5
Other urban	<9,000	63.4	19,500	6.5
Rural locality	<9,000	69.2	16,700	11.1
Other rural	<9,000	71.0	15,600	11.7
Total	<9,000	65.6	19,000	7.7

Note: a. the number of families were small: 64 in Victoria and 39 in the ACT.

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5. Aboriginal labour migration: the evidence

J. Taylor

Being both a cause and effect of societal processes, the geographic mobility of population provides as sensitive a measure as any of the relationship between social change and economic development. With this in mind, it is perhaps surprising to find a dearth of interest in the analysis of contemporary Aboriginal migration. This is particularly so given that Aboriginal people have been subject to the redistributional influences of government policy more than any other component of the Australian population. Despite this, little attempt has been made to evaluate, measure or monitor the relationship between public policy and migration.

Public policy and migration

Governmental impacts on the mobility and distribution of Aboriginal people have shifted over time in accordance with the changing context of Aboriginal affairs policy. For much of this century such policies have been explicitly interventionist, with powers over the place of residence and movement of Aborigines vested in Commonwealth and State welfare departments. Leaving aside the initial widespread distribution of the Aboriginal population across the continent, a major underpinning of the current locational divergence which places the majority of Aboriginal people in remote and rural areas and the bulk of the Australian population in one of few metropolitan centres (Australian Bureau of Statistics [ABS] 1991: 3), was the control exercised over Aboriginal residence by the institutional practices of the welfare era (Stevens 1981: 27-8). This prescribed a very limited range of spatially-specific and primarily non-urban opportunities for Aborigines (Sanders 1984: 143). More pointedly, assimilationist policies are regarded as having been instrumental in frustrating Aboriginal urbanisation (Rowley 1971a: 362-4). In this view, government and mission settlements functioned as 'holding institutions' serving to prevent the inevitable migration of Aboriginal people to towns and cities where their life chances could be enhanced (Rowley 1971b: 84). The stated objective of institutional control to achieve equal participation in economic and social life with non-Aboriginal Australians was thus flawed by an internal contradiction. Social mobility could not be increased without spatial mobility and freedom to move (ibid: 118).

In the present policy era Aboriginal mobility has not only been ensured it has been encouraged. Given the scale of expenditure on programs relating to Aboriginal employment and training alone since 1970 (Altman and Sanders this volume) it goes without saying that the spatial disbursement of such large amounts of public money has considerable potential to influence population mobility. Whether such interventions offer Aboriginal people a significantly different set of spatially-specific opportunities than has hitherto been the case and, if so, whether people have responded to this through migration, are matters that have not been fully established. Ironically, a fundamental criticism of the National Employment Strategy for Aboriginals (NESA), focussed on its almost exclusive concern for participation in the regular (mostly urban-based) labour market. This, it was felt, generated opportunities that were too spatially specific in so far as a significant proportion of the Aboriginal population live in remote and rural areas and do not wish to migrate from there (Miller 1985: 181-2). Responding with what Altman and Sanders (this volume) refer to as 'policy realism', the Aboriginal Employment Development Policy (AEDP) lends almost equal weight to mainstream labour market and community-based employment strategies. Given that such policy fine-tuning has obvious spatial objectives it is worth considering whether it has any discernible spatial outcomes. As Sanders (1984: 143) suggests, extrapolating from Rowley's frustrated urbanisation thesis, one might have expected the relaxation of welfare controls to have led to widespread Aboriginal urbanisation. Has this in fact been the case? In similar vein, the strength of efforts over the past decade or so to engage Aboriginal workers in mainstream economic activity leads to the reasonable expectation that patterns of Aboriginal labour migration may, in part, approximate those exhibited for the labour force as a whole. To take this point further, one might ask whether the notion of statistical equality by the year 2000 anticipates that Aboriginal workers should display similar mobility characteristics to their non-Aboriginal counterparts.

In addressing such issues, this paper considers what evidence, if any, exists to indicate that the quest for Aboriginal employment equity, and the growth of program efforts to bring this about, has necessitated or stimulated Aboriginal migration. Before reviewing the evidence, attention is drawn to some of the problems involved in defining labour migration. A brief outline of mobility characteristics displayed by the Australian labour force as a whole is also provided with a view to forming some comparison with the Aboriginal population.

Defining labour migration

Conceptually, the term labour migration seems to be straightforward enough, but complexities arise when searching for an operational definition. For example, in its most literal sense, the act of migration for the specific purpose of obtaining employment can only be identified using survey techniques designed to elicit migrant motivations. The Australian Bureau of Statistics ABS Internal Migration Surveys (ABS Cat. No. 3408.0) which were suspended in 1987, provide an example of this. However, given the high probability of sampling error involved in such surveys and the limited scope for correlating survey data with other variables, the tendency has been to analyse labour migration using data from the national census (McKay 1984; McKay and Whitelaw 1977, 1978: 56-76; Rowland 1979; Hugo 1986: 109-48; Jarvie 1989). One drawback of this reliance on census data is the fact that labour migration can only be measured by inference as labour force characteristics are specific to the time of enumeration and do not necessarily reflect the status of migrants at the time they actually moved. As McKay (1984: 3) notes, a statement such as 'the migration of process workers' correctly refers to 'the migration of those people who at the time of the census were employed as process workers'.

A degree of interpretive latitude is also required when referring to the term 'labour' as several definitions may exist. In terms of the population at risk, that is, those who may potentially be in the labour force, it would be appropriate to consider the population aged 15 plus. Alternatively, a more precise definition may be adopted such as 'the population in the labour force' (that is, those employed and unemployed) or, more focussed still, 'the population in employment'. Conventions vary in the literature on labour migration and invariably it may depend on the task in hand as to which universe to construct. From the Aboriginal perspective, as employment programs are aimed most directly at those in the labour force, it is perhaps appropriate to focus on this group when discussing labour migration. It is worth bearing in mind that those not in the labour force nonetheless retain the potential to be so and a question which is often overlooked is whether this potential increases as a consequence of migration.

Defining migration is more problematic. Of the three major components of population change, migration is the most difficult to conceptualise and measure. Births and deaths, for example, are unequivocal biological events whereas the fact that migrants are people who physically move between places provides about the only incontestable feature of migration. What is certain, however, is that population movements are more complex than the often simple census methodologies

employed to quantify them and for this reason many such movements are unrecorded by census data.

All population movements constitute a type of population mobility and this provides a generic term for the study of migration. In this context, migration is simply a specific type of population mobility and has been variously defined according to combinations of the distance of movement (space) and duration of movement (time) (Gould and Prothero 1975). Most definitions of migration involve reference to a permanent change of residence (usually six months or longer). In the Australian census a change of usual place of residence from that of one year ago and/or five years ago is the measure adopted. As for the appropriate means of calibrating distance of movement, change of usual place of residence across a census boundary is the standard procedure, although in Australia whether Statistical Local Areas (SLAs) or Statistical Divisions (SDs) are best for this purpose depends largely on location due to substantial regional variations in population density. On the whole, SLAs are more appropriate in the remoter and less settled areas of the north and west, while SDs are more suited elsewhere.

Given the definitional strictures outlined above, it is clear that many movements of Aboriginal people do not fit easily into the category 'migration' as they are short-term, repetitive or cyclical in nature, and often have no declared intention of a permanent or long standing change of residence. Furthermore, the notion of a fixed base of usual residence against which to measure migration is alien to many Aboriginal people, particularly those following a more traditional lifestyle who regard themselves as living in an 'area' within which they may be almost permanently mobile between a number of residential bases (ABS 1990: 16). The conventional term to describe such impermanent movements is circulation. The recognition of circulation as opposed to migration is important not only because of its significance in Aboriginal society but also because of its implications for long-term changes in population distribution. Where circulation forms the dominant pattern of mobility, as it does among Aboriginal people in many remote regions, long-term shifts in population distribution are unlikely to be as significant as in a situation where migration prevails.

To highlight the relative place of migration in the context of total Aboriginal mobility, attention is drawn to the 24 possible combinations of population movement circumscribed by the matrix shown as Figure 5.1. This sets four categories of urban-rural relationships against movements whose time-span increases from left to right. While consideration of particular examples of movement which occupy each cell are left to the reader, it is worth noting that the bulk of what is discernible from census data and what may strictly be termed 'labour migration' occurs within the

bottom right-hand cell. This involves permanent movements between urban places and forms only a small part of total Aboriginal mobility.

Figure 5.1 A typology of Aboriginal population mobility.

Duration of Move	*Circulation*				*Migration*	
	Daily	*Periodic*	*Seasonal*	*Long-term*	*Irregular*	*Permanent*
Direction of move						
Rural-rural						
Rural-urban						
Urban-rural						
Urban-urban						

Source: After ABS (1990: 16).

It is clear that many alternative forms of mobility exist and these play an important role in Aboriginal social and economic life. The fact that they lie outside the standard parameters for identifying labour migration detracts from an appreciation of Aboriginal involvement in employment activities. For example, Altman (1987: 22-7, 103-27) has detailed the many daily, periodic and seasonal movements which Aboriginal people in Arnhem Land may undertake in order to engage in traditional economic pursuits. Similar, though less quantified, observations are made by Cane and Stanley (1985) and Young and Doohan (1989) for central Australia. As many such activities are now supported by the Community Development Employment Projects (CDEP) scheme it would be correct to note them down as forms of labour mobility or, more precisely, labour circulation. Likewise, in the more settled areas of eastern Australia, Bryant (1982) has recorded the seasonal movement of Aboriginal workers for a mix of agricultural and mining jobs extending from Queensland across rural New South Wales and Victoria and into South Australia. Although now in decline, such activity has epitomised Aboriginal participation in the formal labour market of many rural areas. As Broom and Jones (1973: 30) noted, while many Aborigines engage in circulatory seasonal labour mobility, few actually migrate. Given that one of the aims of Aboriginal employment policy has been to emulate the broader population, how does this observation compare with the experience of the labour force generally?

Mobility of the Australian labour force

High levels of inter-regional migration are a salient feature of the Australian labour force given the shifting regional balance between the location of jobs and people (Jarvie 1989) and the fact that migration is inherent in the career structures of large public organisations, such as the public service, and private corporations, which increasingly dominate the employment scene (McKay and Whitelaw 1977). Between 1976 and 1981, for example, 2.8 million workers (42 per cent of the labour force) changed address while nearly 350,000 (5.3 per cent of the total) were involved in long distance migration to another State (McKay 1984: 19). Movements between metropolitan areas dominate interstate flows with gross migration between State capitals often exceeding intrastate exchanges.

The main factor underlying long-distance migration (say between SDs) is undoubtedly employment, as a close correspondence exists between net migration gains and regional employment growth (Hugo 1986: 133). However, gross flows far exceed net flows and involve many members of the labour force in what Rowland (1979) has referred to as exchange migration. Jarvie (1989) argues that this is best understood by viewing the Australian regional system as a three-tier hierarchy with the major metropolitan areas of Sydney and Melbourne acting as national capitals, the other State capitals and the Australian Capital Territory acting as regional centres, and all of these dominating the non-metropolitan areas of their respective States/Territories. Labour migration occurs between each tier with the State capitals acting as switching points redistributing workers of different age groups. Essentially, net flows into metropolitan areas are dominated by migrants in the 15-24 age groups, while net flows out to non-metropolitan areas contain a high proportion of older age groups, particularly the 25-29 age group. A reverse flow back in favour of metropolitan areas has also been noted for the middle aged group 40-49 (McKay and Whitelaw 1977: 41). The basis for this recycling of the labour force through the urban system is to be found in the career cycle and the recruitment, training, transfer and promotion practices of large private and public organisations (ibid 1977). This suggests that analysis of labour migration should acknowledge the role of labour market segmentation in constraining the choices facing migrants. At the very least this would recognise the existence of primary and secondary labour market segments, with the former denoting jobs with higher wages, more job security, well-defined prospects for advancement and higher mobility. As Hugo (1986: 136, 144) notes, apart from the unemployed, persons most likely to be involved in migration are those with higher incomes and higher levels of formal qualifications. The least mobile occupational group are farm

workers and 'blue collar' workers who have a lower propensity to migrate than those in such areas as finance, public administration and community services.

Aboriginal labour migration

The study of contemporary Aboriginal migration is in its infancy while that of Aboriginal labour migration is even less developed. Such analysis as does exist is unsystematic, spatially restricted and generally dated. Furthermore, our knowledge of migration is derived, all too often, as a by-product of some other inquiry into Aboriginal social or economic affairs with only a few writers (Gale 1972; Gale and Wundersitz 1982; Taylor 1988; Gray 1989; Young and Doohan 1989) making it the primary focus of their research. There is no Australian equivalent, for example, to the detailed census-based analysis of Maori migration in New Zealand (Poulsen, Rowland and Johnston 1975).

Among the few studies of relevance, a broad distinction may be drawn between those which have focussed on mobility in remote Aboriginal communities and those which have addressed the question of Aboriginal urbanisation. In the majority of cases, consideration of employment-related migration or migration of the Aboriginal labour force is secondary to the main inquiry. In only two instances (Taylor 1988; Gray 1989) does this provide a focal point for analysis. Nonetheless, sufficient insight is available to detect urban/rural and regional variations in the propensity for labour migration. For example, with reference to the population of remote central Australia, Young (1981) concluded that large scale movement of Aboriginal people from the outback to towns like Alice Springs in search of jobs was very limited and unlikely to increase. Likewise, Hamilton's (1987) survey of mobility in the northwest of South Australia makes no reference to labour migration, except some mention of absences for fruit picking which may relate to the now defunct labour export scheme from central Australia developed during the welfare era to supply seasonal agricultural workers to New South Wales (Smee 1966: 69-73).

The most direct evidence to indicate that remote rural Aboriginal people do not engage in labour migration comes from Taylor's (1988) study of the impact of Aboriginal employment programs on migration to the town of Katherine in the Northern Territory. Although considerable mobility was observed among the rural population surrounding the town, including a significant level of movement into (and out of) town, it was clear that the availability of employment and training played only a very minor role in migration decision-making among local Aborigines. In contrast, urban-based Aborigines from elsewhere in the Northern

Territory as well as from other States, demonstrated both an ability and desire to benefit fully from such opportunities by migrating long distances to obtain employment. This is akin to O'Faircheallaigh's (1986) observation that training positions offered to Aboriginal people at the Ranger uranium mine in the Alligator Rivers region were taken up primarily by people from outside the region, while local participation has been minimal.

The greater tendency for urban-based Aboriginal people to be involved in labour migration has long been a theme in the literature. In their analysis of Aboriginal economic status, Altman and Nieuwenhuysen (1979: 145-8) reviewed several surveys from the 1960s and early 1970s of metropolitan-based Aborigines all of which claimed to establish that increased migration from country areas had led to greater urbanisation of the Aboriginal population and that a primary cause of this tendency was the search for employment, at least in eastern Australia. That such a transfer of population has occurred is undeniable. Indeed, in some cases, as in the Family Resettlement Scheme in New South Wales, the main thrust of government policy was to relocate rural Aboriginal families in urban areas where greater employment opportunities were to be found (Ball 1985: 5). However, in a follow up survey of Aboriginal migrants to Adelaide, Gale and Wundersitz (1982) suggested that migration to the cities peaked during the 1960s with subsequent growth in urban areas due more to natural increase. This observation is strongly supported by Gray's (1989) analysis of Aboriginal migration to all metropolitan areas using 1976, 1981 and 1986 Census data. This demonstrates emphatically that if labour migration were ever a major factor leading to increased Aboriginal urbanisation then, since 1976, it has been far less so. In contrast with earlier studies, which only measured movements going in to metropolitan areas, he found that for each intercensal period any increase in metropolitan population due to migration in from non-metropolitan areas was generally nullified by movements out of equivalent size. Indeed, in certain cases, notably Sydney and Melbourne, there has been a net loss of working age migrants.

This is not to say that labour migration to (and from) the cities does not occur. Gray (1989) has revealed significant, though small, net Aboriginal migration gains in metropolitan areas in the 15-24 year age group. He also notes a higher labour force participation among this group as a consequence of migration, although this also involves an increase in the rate of unemployment. Movement into the cities of younger adults is counteracted by a net return flow to country areas of adults aged above 25 years, although to what extent this is connected with employment is not entirely clear. Gray also found that although interstate migration among Aborigines is relatively low it has risen significantly since 1976

and is generally associated with higher levels of employment, particularly in respect of movements between capital cities.

Migration and Aboriginal employment policy

Part of the contextualisation of research in the population field involves an explicit questioning of the part played by policy makers in influencing demographic outcomes (Pryor 1984: 33) a procedure conceptualised in Figure 5.2.

Figure 5.2 A framework for investigating policy impacts on population.

	Attributes of policy		
Population-related concerns	Intention, direct or indirect	Target or susceptible population	Impact
Fertility			
Mortality			
Migration			
Development			

Source: After Pryor (1984: 33).

Of particular interest here are the attributes of those policies which impact on migration. Policies which seek to facilitate Aboriginal involvement in the mainstream labour market, such as the private and public employment strategies of the current Aboriginal Employment Development Policy (AEDP) implicitly assume that Aboriginal labour is mobile and responsive to market stimuli. In short, in order to be successful, mainstream employment policies should be migration-inducing, where necessary. On the other hand, the community-based employment strategies of AEDP, which seek to provide employment for Aboriginal people *in situ*, assume an opposite view of Aboriginal labour and, to be successful, should be migration-inhibiting (Australian Government 1987a).

On this basis, the AEDP as presently conceived implies a minimum of population movement for 47 per cent of the Aboriginal population

who it identifies as resident in remote areas, small multi-racial townships and town camps and earmarked for community-based employment strategies (Australian Government 1987b). Among the remaining 53 per cent identified as resident in population centres of 1000 or more where a conventional labour market of any size exists (Australian Government 1987c) some commitment to labour migration must presumably be expected. While the division of policy objectives according to target populations appears to be statistically precise, in operational terms it is difficult to determine which policy prescription would necessarily apply to any given locality. For the population targeted under mainstream programs, for example, it is not clear how the existence of a conventional labour market is determined in a way which might differ from that found in any locality. The only clue is offered by the qualifying statement that such a labour market exists in or around cities, larger towns and smaller country towns. This suggests that size of locality is the key to determining the proclivity of its residents to engage in mainstream labour market activities or not. However, the fact that community-based employment strategies, notably the CDEP scheme, are being used in many country towns, and even in the heart of metropolitan areas, obfuscates this possibility.

As already noted, migrant choices are severely constrained by labour market segmentation. Employment in certain occupations, in certain industries and in certain industrial sectors involves a greater commitment to mobility than others. If the Aboriginal labour force approaches equality with the rest of the population, does this imply an increase in labour migration? Much, it seems, will depend on the nature of employment obtained, but if statistical equality is to be understood in the literal sense then increased mobility seems inevitable, at least for the 53 per cent of the population targeted for mainstream labour market programs. On the other hand, an interesting question related to this is whether it is feasible to talk of an Aboriginal segment in the labour market. In many places, the main employers of Aboriginal people are Aboriginal organisations as well as the State and Commonwealth departments responsible for the delivery of services to the Aboriginal population. In these, and other cases, affirmative action policies are aimed at Aboriginalisation. To what extent does this create a particular set of spatially-specific opportunities distinct from those available in the wider labour market? Furthermore, do jobs in the 'Aboriginal' sector contain their own dynamic in terms of labour force mobility which may differ from that observed for the general labour force? Resolution of such issues will require much closer scrutiny of employment programs and their outcomes.

Conclusion

The main concern of this paper has been to illuminate the relationship between migration and the labour market status of Aboriginal people. This is particularly pertinent in the context of Aboriginal economic policy formulation for two reasons. First, although high mobility is a recognised stereotype of Aboriginal social and economic life it remains poorly quantified and little understood, particularly at the national level. Second, a central (unstated) question surrounding much of the debate regarding Aboriginal development policy, and one which is likely to loom large during the 1990s, revolves around the issue of whether work should be directed to the workers or workers to the work. While resolution of this issue appears to be implicit in current policy prescriptions, determination of the extent to which policies preclude or stimulate migration has yet to be made.

From the little evidence available, it appears that the potential for Aboriginal advancement through labour migration is more likely to occur among urban-based Aborigines, although a substantial increase in the volume and distance of movement will be necessary to emulate the general labour force. Aborigines in remote rural areas have not displayed the same propensity to migrate in search of work and are unlikely to do so. To some extent, however, there is a degree of circular causation involved here as Aboriginal labour force participation and employment rates are positively correlated with settlement size and location (Tesfaghiorghis 1991). At the same time, variable migration rates are indicative of different levels of structural transformation in Aboriginal society, a relationship which is reinforced by the general thrust of Aboriginal employment policy.

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6. Aboriginal and non-Aboriginal youth unemployment

P.W. Miller

This paper has three aims. First, it attempts to establish the dimensions of the Aboriginal youth unemployment problem. Second, it seeks to explain the relative disadvantages that Aborigines appear to face in the youth labour market. Third, it proposes an agenda for data collection and research.

These aims appear straightforward to execute. Such an appearance is, however, misleading. Limited data are available for analysis, and the data that are available are of questionable quality. Despite this, the results of the analyses outlined below point in one direction, and this direction is consistent with the conclusions of earlier studies: Aborigines face severe disadvantages in the Australian labour market.

The outline of the paper is as follows. Initially, descriptions of Aboriginal and non-Aboriginal experiences in the labour market based on data from the 1986 Australian Census of Population and Housing are provided. Comparisons with 1981 Census data permit an assessment of changes to the relative position of Aborigines over the five year period. Next, a brief outline is provided of one of the methods economists sometimes use to 'account' for differences in the labour market experiences of groups such as males and females, the native born and the overseas born, and Aborigines and non-Aborigines. Results from two applications of this standard methodology are presented. Finally, a brief appraisal of the results of the research and the lessons to be learned for future research are provided, with a prognosis for the year 2000.

Aboriginal and non-Aboriginal unemployment: a statistical portrait

The degree of attachment to the labour force may be summarised by computing the labour force participation rate, defined as the number of individuals who are either employed or unemployed, divided by the total population and multiplied by 100. Table 6.1 presents labour force participation rates for the Aboriginal and non-Aboriginal populations aged 15-64 years.

Table 6.1 Labour force participation rates by age and racial origin, 1986 Census.

	Males		Females	
	Aboriginal	Remainder	Aboriginal	Remainder
15-19	52.51	54.30	40.24	52.22
20-24	78.08	90.37	46.95	75.99
25-29	79.61	94.72	39.11	63.22
30-34	79.28	95.19	38.33	59.41
35-39	77.17	95.05	40.82	64.08
40-44	72.67	94.18	37.88	66.04
45-49	69.31	92.17	33.12	61.14
50-54	58.55	88.07	24.69	48.76
55-59	49.34	78.86	18.62	32.52
60-64	29.12	46.85	8.40	14.00

Source: Australian Bureau of Statistics, Cross-Classified Characteristics of Persons and Dwellings, Australia, Tables C27, C29.

It is clear from the Table 6.1 data that Aborigines participate in the labour force to a lesser degree than non-Aborigines. For example, among 35-39 year old males, the participation rate for the non-Aboriginal group is 95 per cent, whereas that for the Aboriginal group is 18 percentage points lower, at 77 per cent. Among females of the same age group, the Aboriginal/non-Aboriginal participation rate differential is even greater, with the respective participation rates being 41 per cent and 64 per cent.

Differences of this magnitude in the degree of involvement in the labour market may arise from differences in observed characteristics of the population (for example, educational attainments, where the groups live), reflect additional costs to participation for one of the groups, be indicative of differences in attitudes, or reflect responses to labour market experiences that vary between the two groups under consideration. One dimension of the latter factor is the 'discouraged worker effect' which suggests that where job prospects are depressed, individuals may be discouraged from actively seeking work.

A conventional measure of job prospects is provided by the unemployment rate, defined as the percentage of all individuals in the labour force (that is, either employed or unemployed) who are unemployed. Table 6.2 presents unemployment rates for the same groups contained in Table 6.1.

Table 6.2 Unemployment rates by age and racial origin, 1986 Census.

	Males		Females	
	Aboriginal	Remainder	Aboriginal	Remainder
15-19	51.32	19.39	51.68	20.11
20-24	41.53	13.76	38.50	12.55
25-29	34.16	9.26	31.13	9.37
30-34	32.17	7.09	24.00	8.32
35-39	28.30	5.80	2.80	6.84
40-44	25.52	5.35	21.12	6.04
45-49	24.87	5.48	22.39	5.88
50-54	26.18	5.97	20.54	5.05
55-59	24.40	7.32	18.12	4.99
60-64	27.25	9.25	27.74	2.90

Source: Australian Bureau of Statistics, Cross-Classified Characteristics of Persons and Dwellings, Australia, Tables C27, C29.

The picture that emerges from Table 6.2 is striking. In the teenage labour market, over one-half of the Aboriginal labour force is unemployed. For 20-24 year olds, 40 per cent of the labour force is unemployed. While the Aboriginal unemployment rate declines with age, it is typically around three times that of the rest of the population.

One interpretation of these data is that the unemployment Aborigines experience as youth results in 'scars' that decrease their chance of future labour market success. This follows from Miller and Volker's (1987) finding that individuals who experience prolonged unemployment at an early stage in their career are more likely to be subsequently unemployed than other groups. They argue that 'it appears very important to prevent youth falling into the trap which prolonged periods of unemployment represent' (Miller and Volker 1987: 24). This concern should be stressed even more for the Aboriginal group.

Several caveats need to be introduced concerning the Table 6.2 data. First, Aboriginal employment is concentrated in the 'labourers and related workers' and the 'agricultural and mining industries' occupational categories, and consequently has a marked seasonal element. As the census count is undertaken during the 'high-employment' dry season, it will provide a favourable indication of the unemployment experience of Aborigines during other times of the year. Second, the reliability of

Census counts is open to debate (see Australian Bureau of Statistics 1988), as is the reliability of responses of the Aboriginal sector of the community.

There has, in recent years, been considerable public concern over, and some policy response to, the disadvantaged position of the Aboriginal people (Treadgold 1988). However, far from improving, their position appears to be deteriorating. Table 6.3 records the change in unemployment rates for various racial/age groups between 1981 and 1986.

Table 6.3 Percentage point change in unemployment rates between June 1981 and June 1986, by age and racial origin.

	Males		Females	
	Aboriginal	Remainder	Aboriginal	Remainder
15-19	14.25	6.60	14.16	3.39
20-24	11.82	5.22	13.81	3.71
25-29	8.54	3.83	16.13	3.84
30-34	9.10	3.34	9.85	3.77
35-39	7.39	2.59	10.03	3.05
40-44	7.63	2.24	7.86	2.71
45-49	6.07	2.22	8.66	2.72
50-54	9.33	2.60	10.28	2.33
55-59	8.76	3.58	3.69	2.03
60-64	14.12	5.04	5.79	-0.45

For all age groups, the percentage point increase in unemployment for Aborigines between 1981 and 1986 exceeds that for the remainder of the population.

The picture of disadvantage that emerges from this discussion is not restricted to analysis of unemployment. On the basis of a detailed analysis of intercensal changes in Aboriginal incomes from 1976 to 1986, Treadgold (1988: 597) concludes:

> In all, the statistical evidence on income, taken at face value, points to a worrying and disappointing conclusion: namely that over a ten-year period of seemingly serious political commitment to improve the economic lot of Aborigines through an array of government policies and programmes the totality of achievement was of negligible proportions.

Explaining the Aboriginal unemployment rate disadvantage

The major finding above is that Aboriginal and non-Aboriginal Australians have widely different degrees of success in the labour market. Can economists identify the reasons behind this disparity in labour market outcomes?

The standard approach to tackling this issue involves two steps. First, the unemployment experience of a reference group, for example non-Aborigines, is quantified in terms of the degree to which unemployment is associated with measurable factors such as educational attainment, age and location. Second, the magnitudes derived from this exercise are then used to decompose the Aboriginal unemployment rate disadvantage into two components. The first component arises because Aborigines possess fewer of the characteristics known to be associated with lower unemployment rates. For example, there is a pronounced negative relationship between unemployment and educational attainment for most groups in society, an exception being some groups of immigrants (Miller 1984). Accordingly, the lower educational attainment of the Aboriginal population could contribute to their higher unemployment rate (Beaumont 1974). The second component is essentially a residual that cannot be explained by the model of unemployment. For a given set of characteristics (like educational attainment, location, age) Aborigines may experience higher unemployment than other groups. This part of the unemployment rate differential is potentially attributable to discrimination and/or cultural differences.

It is obvious that the methodology outlined above amounts to conducting a series of *ceteris paribus* experiments aimed at answering questions like: 'If Aborigines experienced the same relationships between educational attainment and unemployment, between age and unemployment and so on as non-Aborigines, what would their unemployment rate be?' If this hypothetical unemployment rate is denoted by $\hat{U}_A$ and the actual unemployment rate among Aborigines is denoted by U_A and that among non-Aborigines by U_N, then we can write:

$$\underset{[1]}{(U_A - U_N)} = \underset{[2]}{(U_A - \hat{U}_A)} + \underset{[3]}{(\hat{U}_A - \hat{U}_N)}$$

where:

[1] is the unemployment rate differential between Aborigines and non-Aborigines that is to be explained;

[2] is the component of this differential due to discrimination or supply side factors;

[3] is the component due to Aborigines possessing fewer of the characteristics known to be associated with lower unemployment.

This methodology is applied in the study of data from the Australian Longitudinal Survey (ALS) presented in Miller (1989a, 1989b). The Australian Longitudinal Survey is a large, probability sample of individuals aged 16-25 in 1985. The 1985 wave of the survey includes 8998 individuals selected from an area sample that covers all but very sparsely settled areas of Australia. One hundred and twenty-six Aborigines are included in the sample. The relevant features of the Miller (1989a, 1989b) study may be listed as follows:

i The sample unemployment rates for males are 44.7 per cent for Aborigines and 15.7 per cent for non-Aborigines, a 29 percentage point differential. For females the two unemployment rates are 41.7 per cent and 13.8 per cent respectively, a 28 percentage point differential.

ii The unemployment experience of non-Aborigines is modelled as follows: UNEMP = f (educational attainment, possession of qualifications, age, marital status, location, presence/age structure of children, history of joblessness).

iii The major findings are that: (a) additional years of education are associated with sizeable unemployment rate reductions, particularly at the lower educational levels; (b) there is a sharp, negative relationship between unemployment rates and age; (c) a history of joblessness is associated with a marked increase in the probability of unemployment at the survey date; and (d) there is a concentration of unemployment within family groups; if the spouse is unemployed then the probability of the respondent being unemployed increases considerably.

iv The estimates derived for non-Aborigines were used to predict unemployment rates for Aborigines. The predicted rates are 21.4 per cent for males, and 20.5 per cent for females.

v The interpretation of these predicted unemployment rates is that they provide an estimate of the degree of unemployment Aborigines would experience if they were treated in exactly the same way as non-Aborigines in the labour market.

vi The differences between the unemployment rates Aborigines actually experience (44.7 per cent for males and 41.7 per cent for females) and the rates predicted under this hypothetical exercise (21.4 per cent and 20.5 per cent for males and females respectively) provide measures of the extent to which labour market discrimination and/or cultural factors affect differentially the labour market positions of the two groups. Thus, the major part of the substantial unemployment rate differential between Aborigines and non-Aborigines cannot be explained by the standard methodology that economists employ, and thus may be attributable to labour market discrimination and/or cultural factors.

Given the apparent strength of the conclusion drawn from the analysis of the 1985 Australian Longitudinal Survey data discussed above, it seems worthwhile to examine whether the finding is robust by repeating the analysis using 1986 Census data. These data are available in unit record form on a household/family basis, and this facilitates the estimation of an unemployment rate model similar to that outlined above. There are two differences between the study of the 1986 Census and the 1985 Australian Longitudinal Survey. First, the Census does not contain any retrospective labour market information, and thus the variable recording previous unemployment cannot be incorporated into the estimating equation. Second, the age data in the Census are in interval form, with each interval spanning five years. Thus, the model estimated using the Census data is: UNEMP = f (educational attainment, possession of qualifications, age, marital status, location, presence/age structure of children). The major findings are as follows:

i The sample unemployment rates for 15-24 year old males are 51 per cent for Aborigines and 16 per cent for non-Aborigines. Among females the sample unemployment rates are 45 per cent for Aborigines and 14 per cent for non-Aborigines.

ii The estimates of the unemployment models are broadly consistent with those based on the Australian Longitudinal Survey. The strength of the negative relationship between education and the

probability of being unemployed, and the concentration of unemployment within family groups, emerge as the major findings.

iii The estimates derived for non-Aborigines (presented in Table A6.2 in the appendix) were used to predict unemployment rates for Aborigines. The predicted rates are 22 per cent for males and 20 per cent for females. These predictions are to be interpreted in exactly the same way as those computed from the Australian Longitudinal Survey, that is, they provide an indication of the Aboriginal unemployment rates under circumstances where Aborigines were treated in exactly the same way as non-Aborigines in the labour market. These rates fall far short of the unemployment rates actually experienced by Aboriginal youth (57 per cent for males, 45 per cent for females).

iv Thus, the conclusion from this analysis mirrors that from study of the Australian Longitudinal Survey data: the major part of the Aboriginal/non-Aboriginal unemployment rate differential cannot be explained by the standard 'accounting' type methodology generally applied by economists.

Conclusion

The major characteristic of the labour market for Aboriginal youth is the high unemployment rate: over one-half of teenage Aborigines and 40 per cent of 20-24 year old Aborigines were unemployed in 1986. While Aborigines enter the labour market possessing fewer of the characteristics that are associated with high employment (for example, they have lower educational attainments), this does not appear to be the major reason why they experience such a severe unemployment rate disadvantage. The disadvantage in this regard may reflect discrimination and/or supply-side factors.

Miller (1989b) suggests that these factors may be separated using comparison testing. Comparison testing in this instance would involve submitting applications for various jobs from fictitious Aboriginal and non-Aboriginal candidates who were created to possess similar sets of job attributes. The relative success rates of the 'comparable' fictitious applicants in securing interviews would then permit an assessment as to whether there is bias against Aboriginal applicants. Riach and Rich (1987)

provide evidence of the usefulness of this approach in study of gender discrimination in the Australian labour market.

The findings discussed above suggests that the conventional responses to the Aboriginal disadvantages in the youth labour market, like additional schooling, may offer only a partial solution. Labour market programs may provide a useful supplement, though the impact of these on labour market success requires thorough analysis. Attention is drawn to research on labour market programs conducted by the Bureau of Labour Market Research (noted by the Minister for Employment and Industrial Relations, Mr R. Willis, in Commonwealth Parliamentary Debates, House of Representatives 11 March 1986: 1086). Ross (1988) provides some evidence on the impact of government programs on Aboriginal employment.

The issue of wage rigidity canvassed in Miller (1989b) also needs to be considered. In a situation where the same wage needs to be paid to Aboriginal and non-Aboriginal workers, employers may respond by employing non-Aborigines. This type of response could reflect factors such as differences in school quality. Whether the solution to this is to provide wage subsidies, differential minimum wage rates, or to attempt to change social attitudes, is open to debate.

The general deterioration in the labour market position of Aborigines between 1981 and 1986 is a cause for concern. The fact that much of the unemployment rate disadvantage Aborigines experience appears to derive from supply-side and/or discrimination factors, which are difficult to change in the short run, suggests that the serious disadvantages Aboriginal people face today will most probably characterise the Aboriginal youth labour market in the year 2000.

Acknowledgement

I wish to thank John Mangan for helpful comments.

Notes

1. Some caution is warranted when comparing the 1981 Census data with 1986 Census data, as there was a large (42 per cent) increase in the number of people of Aboriginal origin in 1986. With regard to the 1981 Census, the Australian Bureau of Statistics states that 'some Aboriginal people, particularly in urban areas, had been unaware of the Census, or did not understand its importance' (Australian Bureau of Statistics 1988: 4). As it is expected that the unemployment rate of Aborigines in urban areas would be lower than elsewhere, the inter-census comparisons will tend to understate the true deterioration in the labour market prospects of individuals of Aboriginal origin.

2. Evidence presented in Ross (1988) for non-metropolitan New South Wales also indicates that Aboriginal unemployment is a sizeable problem: he reports an unemployment rate of 65 per cent for Aboriginal females and 76 per cent for Aboriginal males.

3. One way of viewing this is that the values of the Aboriginal people are inconsistent with the demands of an industrialised, market economy.

4. Interested readers are referred to Miller and Volker (1987) for additional information on the ALS survey, and to Miller (1989a) for an evaluation of ALS data.

5. Tables of results are presented in Appendix.

6. Attempts were made to estimate unemployment rate equations for the sample of Aborigines aged 15-64 years. However, these equations were not precisely determined, implying that further work in this area will require analysis of the full Census count as undertaken by Jones (this volume).

Appendix

Table A6.1 Means of variables, 15-24 year olds, 1986 Census.

	Males		Females	
	Aboriginal	non-Aboriginal	Aboriginal	non-Aboriginal
University degree	0.000	0.027	0.000	0.033
Diploma	0.000	0.008	0.000	0.023
School leaving age 18+	0.020	0.119	0.041	0.133
School leaving age 17	0.120	0.206	0.164	0.244
School leaving age 16	0.315	0.348	0.411	0.314
Trade qualification	0.065	0.205	0.041	0.028
Other qualification	0.011	0.037	0.041	0.152
Urban, non-capital city	0.413	0.232	0.425	0.227
Rural location	0.196	0.146	0.260	0.119
Married, spouse present	0.065	0.126	0.178	0.203
Spouse unemployed	0.011	0.007	0.014	0.008
Age 15-19	0.489	0.360	0.479	0.398
Number of Children	1.304	0.573	a	a
Child 0-2 years	a	a	0.041	0.023
Child 2-6 years	a	a	0.384	0.087
Own Unemployment	0.511	0.158	0.452	0.141
Sample Size	92	4944	73	4240

Note: a. means variable not relevant.

Table A6.2 Estimates of unemployment models for non-Aboriginal 15-24 year olds, based on 1986 Census.

	Males		Females	
	OLS	LOGIT	OLS	LOGIT
Constant	0.260	-0.978	0.159	-1.751
	(17.91)	(10.69)	(11.21)	(15.26)
University degree	-0.194	-1.725	-0.115	-1.411
	(7.89)	(4.60)	(5.23)	(3.24)
Diploma	-0.254	-17.172	-0.117	-1.491
	(16.36)	(0.01)	(4.83)	(2.79)
School leaving	-0.131	-0.958	-0.072	-0.628
age 18+	(7.37)	(6.49)	(4.24)	(3.69)
School leaving	-0.125	-0.943	-0.081	-0.699
age 17	(8.39)	(7.82)	(5.43)	(5.15)
School leaving	-0.087	-0.595	-0.020	-0.106
age 16	(6.38)	(6.24)	(1.33)	(0.96)
Trade	-0.128	-1.383	-0.049	-0.430
qualification	(12.30)	(9.16)	(1.65)	(1.36)
Other	-0.114	-1.495	-0.075	-0.981
qualification	(7.08)	(3.82)	(6.74)	(5.37)
Urban non-capital	0.022	0.179	0.024	0.221
city location	(1.71)	(1.85)	(1.85)	(1.98)
Rural location	-0.004	-0.030	0.080	0.628
	(0.24)	(0.26)	(4.24)	(4.88)
Married, spouse	-0.091	-1.179	-0.088	-1.150
present	(7.97)	(5.90)	(8.01)	(6.40)
Spouse	0.279	2.207	0.445	2.930
unemployed	(3.58)	(5.10)	(5.86)	(7.31)
Age 15-19	0.021	0.106	0.065	0.508
	(1.64)	(1.21)	(5.26)	(5.07)
Number of children	0.008	0.068	a	a
	(1.32)	(1.55)		
Child 0-2 years	a	a	0.140	1.104
			(3.33)	(4.22)
Child 2-6 years	a	a	0.080	0.644
			(4.34)	(5.22)
R^2	.0609		.0737	
Log likelihood		-1974.1		-1553.6
Sample size	4944	4944	4240	4240

Note: t statistics in parentheses; a. variable not entered.

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7. Aboriginal women in the labour market

A.E. Daly

A comparison of annual incomes derived from the Censuses of 1976 and 1986 shows a marked improvement in the position of Aboriginal women. In real terms, the median annual income of Aboriginal women rose by 37 per cent over this ten year period while the real median income of all Australian women rose by only 9 per cent.[1] In 1986 the median income of Aboriginal women was almost identical to that of women in the population as a whole. In contrast to this dramatic increase for Aboriginal women, the median real income of Aboriginal men actually fell by 27 per cent from the 1976 level, compared with a fall of 7 per cent for all men (see Table 7.1). The position of Aboriginal men relative to men in general deteriorated markedly between 1976 and 1986 to the point where their median income was half that of Australian males.

This paper offers a preliminary discussion of some of the issues relating to the economic position of Aboriginal women, and particularly focuses on their involvement in the formal labour market. It concludes by making some suggestions for further research. It will be argued, on the basis of indirect evidence from the 1986 Census, that most of the rise in the incomes of Aboriginal women has probably occurred because of an increase in access to welfare entitlements, rather than an increase in earnings from employment. The importance of welfare in the money income of Aboriginal people has been noted in several earlier studies (see for example, Fisk 1985; Miller 1985; Daylight and Johnstone 1986; Altman and Taylor 1989).

Table 7.1 Real median annual incomes, Aborigines and total population aged 15 and over (1980-81 dollars).

	Aborigines		Total population		Ab./total (%)	
	males	females	males	females	males	females
1976	7,013	2,790	10,917	3,624	64	77
1986	5,103	3,824	10,114	3,956	50	97
% change	-23	37	-7	9		

Source: Treadgold (1988).

The income of Aboriginal women

The Census questionnaire in 1986 did not ask individuals to state the sources of their income, so it is only possible to consider how income has changed for particular groups as a guide to probable sources of this income. For example, the major component of income for employed people is earnings from employment. Any changes in the real income of employed people are likely to reflect changes in earnings from employment. Table 7.2 summarises some of the relevant evidence presented by Treadgold (1988) on mean real income by labour force status for women. It is important to remember, when considering these figures, that the mean is a summary measure which may hide quite different distributions of incomes among Aborigines and the total population.[2]

Table 7.2 Real mean annual incomes by labour force status, women aged 15 and over, 1976 and 1986 (1980-81 dollars).

	Employed	Unemployed	Not in labour force	Total
1976				
Aborigines	7,348	2,872	2,228	3,563
% in each category	25.1	5.1	69.8	100
Total population	8,833	2,686	2,076	4,971
% in each category	41.6	2.2	56.2	100
Ratio Ab./total (%)	83.2	106.9	107.3	71.7
1986				
Aborigines	7,966	3,107	3,284	4,467
% in each category	22.7	11.8	65.5	100
Total population	8,999	2,521	2,814	5,572
% in each category	42.3	4.5	53.2	100
Ratio Ab./total (%)	88.5	123.2	116.7	80.2
% change in income				
Aborigines	8	8	47	25
Total population	2	-6	36	12

Source: Treadgold (1988) Tables 4 and 8 and Tesfaghiorghis and Altman (1991) Table 6.

There are three features of Table 7.2 which are of particular interest. First, the income of the employed grew in real terms for both Aborigines and the total population, but particularly for Aboriginal women. This

may reflect changes in average hours worked or the types of employment of these women. Second, the real mean income of unemployed Aboriginal women grew by 8 per cent between 1976 and 1986, to a level 23 per cent higher than that found for the comparable group from the total population. Third there was a substantial increase in the annual income of those not in the labour force between 1976 and 1986; 36 percent for the population as a whole and 47 per cent for Aboriginal women. In 1986, Aboriginal women not in the labour force had a mean income 16 per cent above that of the population as a whole.

The figures reported in Table 7.2 are consistent with the hypothesis that the improvement in the incomes of Aboriginal women over the period 1976-86 came mainly from changes in access to welfare benefits rather than marked improvements in their position in the labour market. The relationship between the welfare system and labour market activity for Aboriginal people is the subject of current research at the Centre for Aboriginal Economic Policy Research, Australian National University.

Aboriginal women in the formal labour market

In common with women in the total Australian population, Aboriginal women have increased their participation rate in the formal labour market since the early 1970s (Tesfaghiorghis and Altman 1991) but as Table 7.3 shows, their participation rate remained well below that of the total population. In 1986, 56 per cent of Australian women aged 15-64 years, were in the work force, compared with 38 per cent of Aboriginal women. This lower participation rate among Aboriginal women was apparent across each of the States and Territories, with particularly large differences between Aborigines and the total population in the Northern Territory and Western Australia. In these two areas participation rates for Aboriginal women fell to almost half the level of the total population.

In 1986, there were also important differences between Aboriginal and other women in their labour force status. For Australia as a whole, Aboriginal women were half as likely to be employed as women in the total population and were more than twice as likely to be unemployed. Once again these differences were apparent at the State level. While the unemployment rates of Aboriginal women reported in the Census were much higher than for the rest of the population, there is concern that they represent a minimum estimate (see for example, Miller 1985: chapter 3). In addition to the more general problems of discouraged workers who have stopped searching for employment, there are Aborigines employed under the Community Development Employment Projects (CDEP) scheme whose future employment at whatever level, is dependent on the continuation of the scheme.[3]

Table 7.3 Employment status of women aged 15-64, Australia and the States and Territories, 1986 Census.

	Aboriginal women (%)	All women (%)
Australia		
In the labour force	38.2	56.3
Employed	25.2	50.9
Unemployed	13.0	5.4
Not in the labour force	61.8	43.7
Total	100.0	100.0
New South Wales		
In the labour force	40.2	55.9
Employed	25.2	50.1
Unemployed	15.0	5.8
Not in the labour force	59.8	44.3
Total	100.0	100.0
Victoria		
In the labour force	47.1	57.4
Employed	35.9	52.9
Unemployed	11.2	4.5
Not in the labour force	52.9	42.6
Total	100.0	100.0
Queensland		
In the labour force	37.6	54.0
Employed	24.1	47.7
Unemployed	13.5	6.3
Not in the labour force	62.4	46.0
Total	100.0	100.0
South Australia		
In the labour force	41.6	57.3
Employed	28.9	51.9
Unemployed	12.7	5.4
Not in the labour force	58.4	42.7
Total	100.0	100.0
Northern Territory		
In the labour force	33.9	60.8
Employed	22.7	54.2
Unemployed	11.2	6.6
Not in the labour force	66.1	39.2
Total	100.0	100.0
Australian Capital Territory		
In the labour force	55.5	67.6
Employed	48.5	63.9
Unemployed	7.0	3.7
Not in the labour force	44.5	32.4
Total	100.0	100.0

Table 7.3 Continued.

	Aboriginal women (%)	All women (%)
Western Australia		
In the labour force	32.9	57.0
Employed	20.8	51.5
Unemployed	12.1	5.5
Not in the labour force	67.1	43.0
Total	100.0	100.0
Tasmania		
In the labour force	47.8	53.9
Employed	38.1	48.4
Unemployed	9.7	5.5
Not in the labour force	52.2	46.8
Total	100.0	100.0

Note: The category 'not stated' has been omitted from the total.

Source: 1986 Census of Population and Housing.

Figure 7.1 and Table 7.4 present data on other aspects of the comparison between the level of participation and employment for Aboriginal women and the female population as a whole. Figure 7.1 focuses on the relationship between age and labour market participation.

Figure 7.1 Participation and employment rates for Aboriginal and all women aged 15-64, 1986 Census.

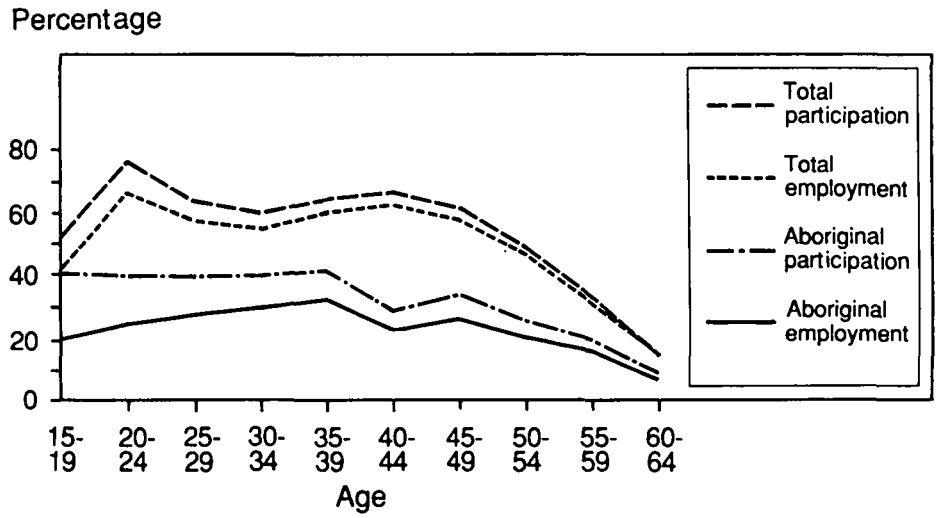

Figure 7.1 shows that at all ages, the participation rate of Aboriginal women was well below that of the total female population. The pattern of participation behaviour by age was different for Aborigines than that typical in most developed economies, including Australia. This point was also noted by Miller (1985) using 1981 data. Participation did not rise in the early 20's for Aboriginal women as the cohort left school nor dip during the child bearing years. Rather, there was no change in the participation rate between the ages of 15-19 and 35-39. Among those over 45, the participation rate did not decline as dramatically for Aboriginal women as for the population as a whole.

Age specific unemployment rates are represented in Figure 7.1 by the gap between the participation rate (part) and employment rate (emp) for both the Aboriginal and total population. Unemployment was greatest among the young but this was particularly true of Aborigines. Of the 40 per cent of Aboriginal women aged 15-19 who were in the workforce, half were employed and half unemployed (that is 20 per cent of Aboriginal women aged 15-19). This compared with the 10 per cent of the total population in this age group who were unemployed.

A final factor which shall be considered here is the relationship between location of residence and labour market participation. For the population as a whole, labour force participation was highest in major urban and rural areas. Aboriginal women in major urban areas also had relatively high participation rates but as Table 7.4 shows, this group accounted for a much smaller percentage of the Aboriginal female population than for the total population, 26.5 per cent compared with 65.1 per cent. Aboriginal women were more heavily concentrated in 'other urban' and 'rural localities' where labour force participation was relatively low in the general population as well as for Aborigines.

The results reported in the Appendix consider a wide range of factors including Aboriginality in a more formal analysis of the determinants of the probability of labour force participation for women. They show that even after controlling for a wide range of other determinants of labour force participation such as schooling, qualifications, age, place of residence and number of dependents, Aborigines were less likely to participate in the labour force than other women. It is proposed to develop this analysis further to see whether Aboriginality interacts with each of the other explanatory variables to determine participation. For example, are the effects of education on labour force participation different for Aborigines than for the population as a whole?

Table 7.4 Employment status by section-of-State for women aged 15 and over, Australia, 1986 Census.

Section-of-State	Aboriginal women (%)	All women (%)
Major urban		
In the labour force	43.0	48.8
Employed	31.3	44.5
Unemployed	11.8	4.3
Not in the labour force	57.0	52.2
% of population in this category	26.5	65.1
Other urban		
In the labour force	36.1	43.3
Employed	22.6	38.1
Unemployed	13.5	5.2
Not in the labour force	63.9	56.8
% of population in this category	42.2	22.0
Rural localities		
In the labour force	30.2	40.5
Employed	19.5	35.5
Unemployed	10.7	5.0
Not in the labour force	69.8	59.5
% of population in this category	13.9	2.5
Other rural		
In the labour force	32.5	52.7
Employed	20.1	47.7
Unemployed	12.4	5.0
Not in the labour force	67.5	47.3
% of population in this category	17.4	10.4

Note: The category 'not stated' has been omitted from the total.

Source: 1986 Census of Population and Housing.

Summary and conclusions

The economic position of Aboriginal women improved markedly between 1976 and 1986 in terms of median incomes, to a point where their median income was virtually the same as that of all Australian women. However there are important qualifications to this finding. Much of the improvement may have come from an increase in income from welfare payments. This development may be to the longer-term detriment of Aboriginal women if it discourages them from seeking independent sources of income. If Aboriginal women are more likely than women in the general population to live in households with Aboriginal men, the dramatic deterioration in the real incomes of Aboriginal men could have important implications for the economic position of Aboriginal women.

Aboriginal women had relatively low labour force participation rates. The fact that unemployment was higher than in the total population meant that employment rates were about half those of the total female population aged 15-64. Aboriginal women also showed a lower level of attachment to the labour force over the life cycle than women in general. While the timing of women entering and leaving the labour force is generally related to family considerations, there is no evidence of this pattern in the Census figures for Aboriginal women. In general, Aborigines have certain characteristics which are associated with lower levels of labour force participation. For example, they are more likely to live in small towns and have less years of schooling and fewer formal qualifications than the whole population. These factors alone reduce Aboriginal participation in the formal labour market. There is evidence, however, that Aboriginal women behave differently than women in the general population in terms of labour market attachment. The factors which create this difference needs further attention.

This introductory examination of the economic position of Aboriginal women suggests the need for further research, some of which has now commenced at the Centre for Aboriginal Economic Policy Research, Australian National University. A first issue is the relationship between welfare benefits and labour force participation. Although issues such as the poverty trap have been investigated in the general community, it does not appear that a comparison between income from welfare and income from employment has been made for Aboriginal women. A related and important issue is the employment position of women in communities that receive assistance under the Community Development Employment Projects scheme. Finally it is proposed to explore in greater detail the effect of Aboriginality on labour force participation and on earnings from employment.

Notes

1. The median income is that income which cuts the distribution in half, so that half the population has incomes above the median and half below. As income distributions are typically skewed, the mean income lies above the median.

2. The distribution of women across the eight income categories used in the 1 per cent sample of the 1986 Census shows that about 33 per cent of both Aboriginal and all women fell in the category $0-$4,000. However, while only 7.3 per cent of Aboriginal women had incomes over $15,000 per annum, 19.8 per cent of the total female population fell in this category.

3. One of the criticisms of the CDEP scheme is that in some communities women have found it difficult to participate. A survey reported by the CDEP Working Party (1990) found between 20 and 36 per cent of CDEP workers in 50

communities were women. In general no income support was provided directly to non-working spouses of employed men.

Appendix: Labour force participation of women.

Estimation of a probit model is the preferred method for analysing labour force participation, but computational problems have delayed such estimation. Instead, preliminary results from a linear probability model using data from the 1986 Census 1 per cent sample are presented here. The participation rate of a single woman aged 15-19 with no qualifications living in an urban area can be calculated from the constant term. Definitions of the variables are provided below. The variables included were constrained by those which were available in the Census. For example, most participation equations find the age of children to be a significant determinant of participation but this information was not available in the Census file relating to individuals.

Table A7.1 Labour force participation of women: a linear probability model.

Constant	0.5680
	(28.25**)
Age 20-24	-0.0609
	(-5.63**)
Age 25-29	-0.1203
	(-10.28**)
Age 30-34	-0.0674
	(-5.48**)
Age 35-39	0.0076
	(0.61)
Age 40-44	-0.0024
	(-0.18)
Age 45-49	-0.0722
	(-5.40**)
Age 50-54	-0.2164
	(-15.64**)
Age 55-59	-0.4112
	(-29.39**)
Age 60-64	-0.5793
	(-40.97**)
Aborigine	-0.1427
	(-6.14**)
High School	-0.0492
	(-5.99**)
Post secondary	0.1165
	(20.16**)
Graduate	0.1433
	(13.79**)
Years of schooling	0.0335
	(18.49**)
Married	-0.1286
	(-16.95**)
Widowed, separated	-0.1497
divorced	(-16.07**)

Table A7.1 Continued.

Number of dependents	-0.0779
	(-32.97**)
Other family income	-0.0000003
	(-1.58)
Other urban residence	-0.0435
	(-7.79**)
Rural residence	-0.0045
	(-0.67)
R^2	0.20
Mean of dep. var.	0.5989
N	38,464

Note: The age variables are all dummy variables, taking the value of one for those in the relevant age categories. High school, post-secondary and graduate are dummies taking the value of one respectively for those who have completed high school, have some post-secondary qualification, or who have a university degree. Years of schooling includes the number of years of primary and secondary education. Aborigine is a dummy taking the value of one for those who were Aboriginal or Torres Strait Islander people. Married and widowed, separated or divorced are dummies taking the value of one for women with these marital statuses; number of dependents is the number of dependents the woman had (with a maximum value of eight). Other family income is total family income less the individual income of the woman. Other urban and rural residence are dummies taking the value of one for those living either outside the major urban areas or in rural areas. 't' statistics are reported in brackets; those significant at the 5 per cent level are marked * and those significant at the 1 per cent level are marked **.

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8. The Community Development Employment Projects (CDEP) scheme

R. Morony

The Community Development Employment Projects (CDEP) scheme was introduced in 1977 by the Fraser Government as part of its National Employment Strategy for Aboriginals. The scheme was introduced in response to requests made by Aboriginal communities to the then Minister for Aboriginal Affairs, Mr Ian Viner, as well as to the former Department of Aboriginal Affairs. Aboriginal communities sought local employment in various community development projects as an alternative to continued reliance on unemployment benefits (UB). The CDEP scheme enables a community or group to convert its UB entitlement into Aboriginal and Torres Strait Islander Commission (ATSIC) grants which provide a basis for productive employment.

Communities which choose to participate in the CDEP scheme receive a grant from the Commission comprising:

i Wages, equal to, and in some cases slightly above, the aggregate amount of UB and associated social security benefits which workers in the scheme would otherwise be entitled to receive.

ii On-costs, provided to assist the community to meet costs such as workers' compensation, insurance and pay-roll tax.

iii CDEP Support, which provides capital and recurrent funding to assist with costs that cannot be met within the on-costs component (for instance, capital items and equipment).

The objectives of the CDEP scheme are to:

i Provide opportunities for on-going employment for Aboriginals and Torres Strait Islanders in remote areas or where there are limited or no other employment prospects.

ii Improve communities' social, cultural and economic life through work activities developed and managed by Aboriginal and Torres Strait Islander communities and groups themselves.

iii Encourage the establishment by specific interest groups within communities, such as women, young people or members of

particular clans, of projects of economic and social significance to a particular group or to the community as a whole.

iv Assist communities and groups meet their overall development goals.

v Facilitate Aboriginal and Torres Strait Islander participation in community management, administration and decision-making.

vi Develop skills in management, supervision and specific job-related areas, especially those which enhance CDEP participants' opportunities of gaining other local employment or developing commercially viable enterprises.

Achievement of these objectives is pursued by:

i Supporting work projects for which there is considerable community or group support, and there are either adequate infrastructure and project management skills or the capacity for these to be developed before the project begins.

ii Promoting, in conjunction with other Aboriginal Employment Development Policy (AEDP) agencies, awareness of the CDEP scheme amongst Aboriginal and Torres Strait Islander communities and groups eligible to participate.

iii Assisting communities to identify training, infrastructure and other needs to implement CDEP projects and other particular work activities.

iv Liaising with the federal Department of Employment, Education and Training (DEET) to develop and implement appropriate training programs in conjunction with CDEPs.

v Providing funding under the on-costs component to help meet the cost of administering projects.

vi Providing additional funding under the CDEP Support program, to help meet capital and recurrent costs of community development activities which cannot be covered by the on-costs component of the CDEP grant.

vii Holding conferences on CDEP for communities and groups for training, discussion and feedback to the Commission.

Much of the expenditure growth under the Federal Government's Aboriginal Employment Development Policy (AEDP) has been allocated to the CDEP scheme. Expenditure has increased from just under $40 million in 1986/87 to just over $133 million in 1989/90. The allocation for 1990/91 is $188.6 million, involving 18,266 workers across 166 communities.

Through the promotion of the AEDP, awareness and interest in the CDEP scheme has grown significantly among the Aboriginal and Torres Strait Islander population. This has occurred particularly in non-remote and non-autonomous communities where the scheme was not available before the introduction of the AEDP in 1987, but where there is little opportunity for mainstream employment.

The types of activities in which communities participate vary according to the communities involved and locality. Success has been assessed in terms of opportunity for employment, participation rates, completion of projects and general social and cultural cohesion within the community. Another measure of success within CDEP communities is the ability to compete within the general labour market for contracts and other income-generating projects. For instance, many communities successfully participate in a range of ventures including agriculture, tourism and hospitality, public works, contracting, retailing and transport, housing and construction, textiles and artefacts.

ATSIC, through its field consultation process, has promoted the scheme as a development mechanism which opens up a range of development and economic possibilities. This places considerable responsibility on the Aboriginal community to also develop a more strategic approach to the ways of achieving their socio-economic needs.

The CDEP scheme offers communities the chance to manage their own affairs in innovative ways, but such a large and complex program does have its administrative difficulties. An inter-departmental review of the CDEP scheme's funding and administration completed in February 1990 (CDEP Working Party 1990), made a number of recommendations aimed at streamlining administration, as well as addressing the matter of a wage funding formula.

From 1 April 1991 the current calculation of wages entitlements based on unemployment rates will change to an average per participant rate. Other changes include a move to quarterly participant schedules, or in some instances, communities may opt for monthly schedules, replacing fortnightly schedules; new eligibility criteria to include a limit on income from other sources; three year rolling reviews of each CDEP; a CDEP works program is to be a prerequisite for funding; and ATSIC regional council involvement in the allocation of on-costs and support funds. These changes as well as a CDEP User Guide and a CDEP Staff Training

Manual will go a long way towards streamlining the CDEP scheme's administration.

Administration by ATSIC

ATSIC acknowledges the complexity of this program and earlier criticisms of some aspects of administration. Consequently, in addition to the above measures, ATSIC has embarked on a staff development and training exercise to ensure that field staff provide Aboriginal and Torres Islander people who participate in the scheme with the best available advice on how it can be used as a development program.

A future priority for enhancing the scheme will involve an assessment of existing projects. A number of CDEP projects will be targeted to develop support strategies. ATSIC takes the view that rather than terminating projects, ATSIC and DEET could jointly work with communities to consider why they chose to participate in the first place and secondly encourage involvement and creative ways of using this scheme to achieve the objectives of the community or group as a whole. ATSIC sees merit in revitalising projects rather than terminating them.

The Australian National Audit Office undertook an audit of the administration of CDEP in 1989/90, examining administrative procedures in state and regional offices of the former Department of Aboriginal Affairs in Queensland, Northern Territory and Western Australia. In November 1990, the Auditor-General (1990) released a report on administrative aspects of the scheme.

In addition to the introduction of an average payment funding formula, more efficient reporting systems, improved access to skills upgrading and better co-ordination of project monitoring, ATSIC is considering measures for prioritising the add-on costs for projects and improving the level of Aboriginal and Torres Strait Islander involvement in assessing the distribution of these funds.

Interest

In the Northern Territory there is a perception that CDEP provides the best available vehicle for community development and the breaking of dependence on welfare payments and there is widespread interest in the scheme. Similarly, in New South Wales, many depressed and/or isolated rural communities regard the CDEP scheme as perhaps their best option for gainful employment and the development of skills. There is also increasing interest by town-based groups and organisations participating

in the scheme. Interest in utilising the scheme is strong in all States, with the exception of Tasmania and the Australian Capital Territory.

Income support

The Australian Federal Government plans to abolish the payment of unemployment benefits from 1 July 1991 and replace this system with the Active Employment Strategy (AES). Central to this strategy is the proposal that income support for the unemployed be based upon a clear reciprocal obligation requiring the recipient to take steps likely to lead to his/her long-term self-reliance. The focus of the AES delivery is on the individual and the basis of client management is the negotiation of individual agreements outlining activities that will achieve the objective.

The CDEP scheme, on the other hand, is a group employment based scheme; it is a reciprocal program whereby participants earn a wage for employment performed. Invariably the employment is considered to be part-time, and therefore the total wages paid are low. The scheme assists in developing skills in management, supervision and specific job-related areas. The CDEP scheme provides a stimulus for developing long-term social and cultural cohesion which provides the potential to lead to economic independence.

The 'add-on' funds provided to communities enables the scheme to provide infrastructure, materials and equipment to allow for training and skills development, as well as to employ supervisors, provide workers' compensation insurance and pay-as-you-earn (PAYE) taxation.

Relationship of the AES to the CDEP scheme

There is potential to create confusion for clients because both the CDEP scheme and the AES will provide similar income levels for similar employment and activities performed. This may lead to the AES producing a mirror image of the CDEP scheme, without having the benefits of community cohesion and top-up grants to assist in infrastructure and administration of the scheme. The CDEP scheme provides on-costs and support funds, whereas the AES does not. The CDEP scheme also enables the establishment of meaningful and productive long-term projects that benefit both the individual and the community.

The future

The CDEP scheme originated in remote Aboriginal communities because of its flexibility and its ability to adjust to localised Aboriginal circumstances. For example, the guide-lines allow communities to define 'work' which can range from traditional activities through to undertaking activities within a community which might include municipal activities, clerical work or building. In many of these communities there is little or no labour market and no industry base. Some innovations are emerging which may result in limited full-time employment, but the prospects for achieving significant full-time employment levels are not high.

There is however, a new type of CDEP community beginning to emerge in the larger towns. Most participants in both remote communities and rural areas have not enjoyed regular employment, and so initially need to adapt to the conditions of employment. Some of the projects in rural areas are beginning to look at contracting and other income-generating activities as a means of increasing income levels and this could well point to an emerging area of development in the future.

Whatever options are developed at the project level should, I believe, relate to the participants' decisions about their long-term objective, no matter how complex or simple that objective might be; the CDEP scheme should then be used as a mechanism for achieving those objectives. ATSIC believes planning is an area of future emphasis whereby communities will be encouraged to record their long-term aspirations, priorities and objectives to which funding agencies will be encouraged to respond.

In concluding I would like to say that employment and income levels are the major determinants in our lives. For most of us, our employment determines our lifestyles and our ability to influence our lifestyles. I believe the CDEP scheme, along with a number of associated programs, provide Aboriginal and Torres Strait Islander people with a choice. A choice which will hopefully lead to the achievement of personal goals and objectives.

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9. The prospects for employment equity in remote areas: the Torres Strait case

W.S. Arthur

A major thrust of the Commonwealth Government's Aboriginal Employment Development Policy (AEDP) is that Aboriginal people would achieve equity in employment and incomes with other Australians by the year 2000.[1] The policy consists of two streams. One relates primarily to job-matching within the mainstream labour-market (Australian Government 1987a). The other is concerned with job-creation in remote areas (Australian Government 1987b) where employment opportunities are few or non-existent, a fact illustrated by research in several parts of remote Australia (Altman 1987; Arthur 1990a; Miller 1985; Palmer 1990; Snowdon 1989).

This second stream raises the question of the type of equity that may be realistically achievable in remote regions. It suggests that there is a different labour market there and therefore a different notion of equity in income and employment from that anticipated in more urbanised and developed areas which have mainstream labour markets. It is unclear what this difference may be, and at the present time no attempt is being made at a policy level to quantify it. A danger is that, even in all good faith, the policy makers and implementors may not be operating with the same concept of equity in mind as the Aboriginal residents of remote regions. The argument here is that it is incumbent upon those involved in the design of policy to quantify the economic opportunities in remote regions, that is, to quantify the demand-side of the labour market, to clarify for the inhabitants their possible economic future.

In this paper I use examples from the Torres Strait to discuss the issue of limited employment in remote regions, and note how this might be quantified.[2]

Economic activity in the Strait

The Strait, which forms one of the regions of the Aboriginal and Torres Strait Islander Commission (ATSIC), lies between the northern tip of Cape York and the Western Province of Papua New Guinea (Figure 9.1). There are approximately 6,245 Islanders and 1,472 non-Islanders in the region (Table 9.1). Thursday Island, located 15 kilometres north of the Cape is the regional and administrative centre.

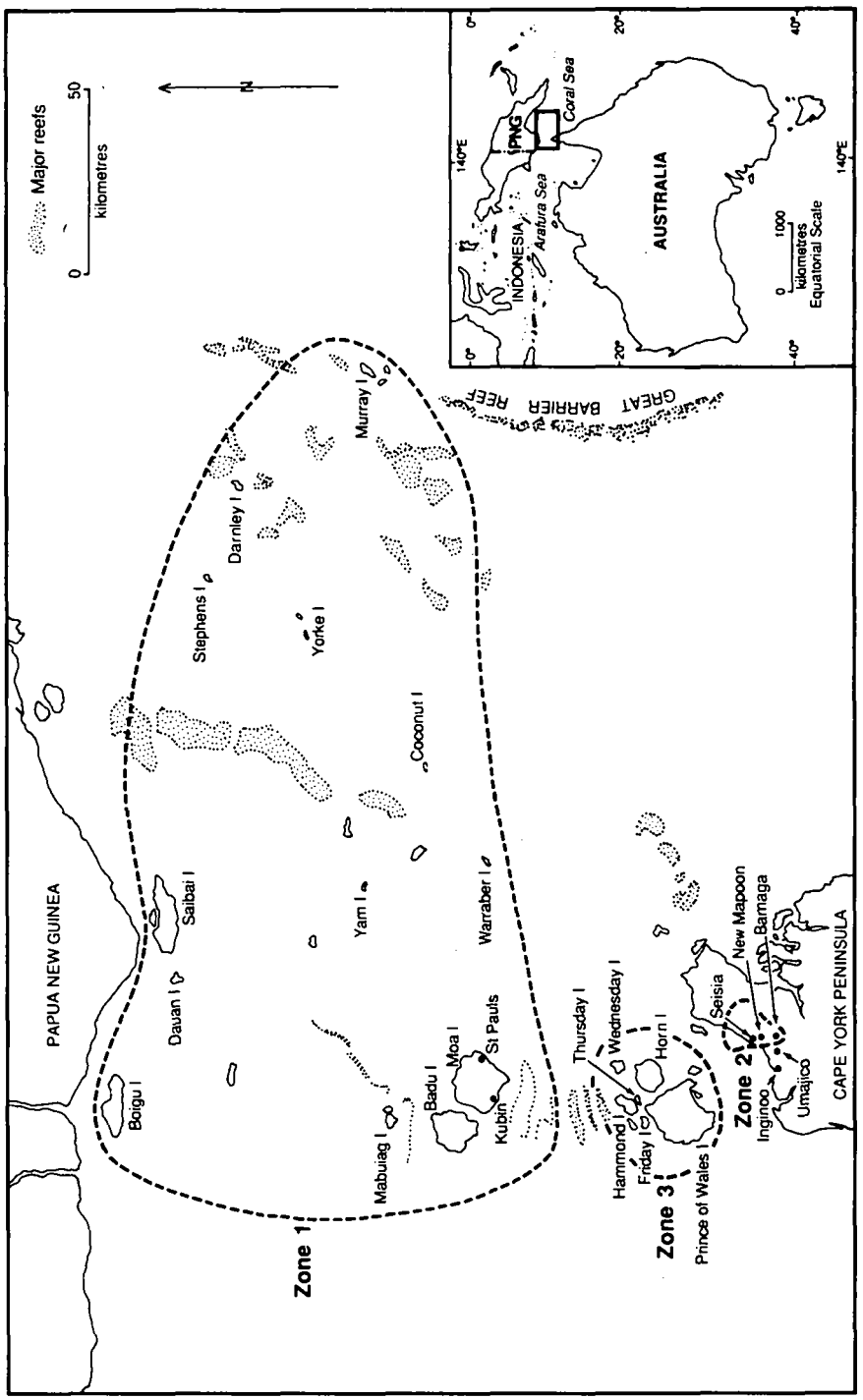

Figure 9.1 Torres Strait region.

Table 9.1 Populations and land areas.

Islands	Islander population	PNG population	Others[a]	Area DOGIT[b] leases (ha.)	Population density (persons/ ha.)
Zone 1					
Boigu	340	13		6,630	0.051
Saibai	270	48		10,400	0.025
Dauan	135	0		355	0.380
Kubin	140	0		15,200	0.009
St Pauls	190	0		1,770	0.107
Badu	500	35		10,200	0.049
Mabuiag	180	0		626	0.287
Coconut	130	0		44	2.954
Warraber	165	0		93	1.774
Yorke	300	20		168	1.785
Yam	200	35		145	1.379
Stephen	40	0		36	1.111
Damley	300	14		570	0.526
Murray	350	10		724[d]	0.607
Total	3,240[c]	175	266[c]		
Zone 2					
Seisia	80	0		178	0.449
Bamaga	600	0		6,660	0.090
Total	680[c]		296[c]		
Zone 3					
Hammond	170	0		1,660	0.102
Prince of Wales	45	0		20,500[d]	0.005[e]
Thursday Island	2,000	no data		260[d]	13.561[e]
Horn	110	no data		5,479[d]	0.036[e]
Total	2,325[c]		910[c]		
Total	6,245		1,472		

Notes: a. Principally Europeans.
b. In Queensland State legislation, land is leased to Islanders and Aborigines under Deed of Grant in Trust (DOGIT).
c. Total for this Zone.
d. These islands are not DOGIT lease areas.
e. Estimated.

Source: Arthur (1990a).

During 1989 and 1990 two related studies were carried out in the Torres Strait (Arthur 1990a; Lea, Stanley and Phibbs 1990). It was proposed that socially, economically and, to an extent, politically, the region is best viewed as composed of three zones or sub-regions (Arthur 1990a). One sub-region consists of the Islander communities on the outer islands, the second includes two Islander communities at the north of the Cape York, and the third is composed of the largely multi-racial Thursday Island and other islands close to it.

The possibilities for economic activity varies across these sub-regions (Arthur 1990a). In the outer islands, apart from a small amount of employment in managing and servicing communities, employment is limited to commercial fishing, usually organised as self-employment.[3] Within the communities on the Cape commercial fishing is virtually nonexistent, but the tourism industry appears to present some limited possibilities. There are significant public and private sector service industries on the Cape and on Thursday Island. Although Islanders hold jobs in these, senior and managerial positions are usually taken by non-Islanders and there is some potential for Islanderisation. Commercial fishing is also carried out by Islander and non-Islander residents of Thursday Island, and in the case of the mackerel and prawn fisheries, by non-Islanders from ports on Queensland's east coast. Islanders also derive an income-in-kind of approximately $1.8 million from subsistence activities (fishing, and to a lesser extent gardening) although access to these is not evenly distributed across the Strait.

In summary, the Strait economy is primarily comprised of two major sectors, service industries, and commercial fishing. At a sub-regional level, Islanders are self-employed in commercial fishing in the outer islands. Islanders and non-Islander residents of Thursday Island are also involved in commercial fishing, as are non-Islanders from the mainland. On the Cape and Thursday Island service industries predominate, with Islanders mostly filling the unskilled and semi-skilled positions.

In an attempt to meet the objectives of the AEDP in the Strait, any or all of the following strategies could be proposed:

i Islanders could increase their proportional participation in all local industries such as commercial fishing, in the retail and service industries and in the public sector, that is, the Islanderisation of existing industries could be increased.

ii The existing industries could be expanded and Islanderised.

iii Entirely new industries could be introduced and Islanderised.

However, the potential to expand the local economy or to introduce new industries is limited (Lea, Stanley and Phibbs 1990). In the private sector, retail industries can only expand as local spending increases. The size of the public sector varies with variations in population or through unpredictable changes in government policy, and associated expenditure.

Tourism may provide some development but at this stage it is not clear that the Strait has a product to market that would give it a competitive advantage over destinations on the Great Barrier Reef (Arthur 1990a; Lea, Stanley and Phibbs 1990). There are virtually no manufacturing or secondary industries and no seafoods are processed locally. Construction is one industry where there may be some growth (Lea, Stanley and Phibbs 1990), but this expansion will level off after housing standards on the outer islands have been improved. Also, some island councils, at the behest of their constituents, prefer to have their houses built quickly by non-Islander contractors rather than to turn house construction into an employment scheme for Islanders (Arthur 1990a).[4] The majority of consumer goods are imported and given the limited size of the local market and associated diseconomies of small scale, it is unlikely that this will change.

The major productive industry is commercial fishing. It is presently worth a total of around $21 million, broken up as shown in Table 9.2.

Table 9.2 Value of Strait fisheries, 1989.

Fishery	Value $ million	Islander involvement (per cent)	Non-Islander involvement (per cent)
Prawn	14.00	0	100
Cray	3.90	30	70
Trochus	1.20	100	0
Mackerel	1.10	3	97
Pearl culture	1.20	0	100
Pearl shell	0.05	n d	n d
Reef fish	0.02	n d	n d

Note: nd = no data.

Source: Arthur (1990a).

As noted above, those involved in commercial fishing are local Islanders, local non-Islanders and non-Islanders from the mainland. The involvement of these participants varies considerably in several ways. First, as shown in Table 9.2, involvement varies by species with Islanders fairly poorly represented in all fisheries except trochus. This can be explained in part by the techniques used in each fishery and by historical factors. For example, Islanders have been involved in trochus fishing since the late 1800s and it is an easily managed product which does not require sophisticated fishing gear or freezing or processing plant. On the other hand, prawning is a relatively new industry in which Islanders have no experience, and for which highly capitalised equipment is needed.

The level of involvement also varies between islands, and between Islanders on each island. This variation mirrors the proximity of different Islands to marketable species, and access to infrastructure (such as freezers), to funding, and to markets. Neither the species, nor freezers, are evenly distributed throughout the Strait and the data suggest that certain islands enjoy a competitive advantage. For instance the western islands (Badu, Moa and Mabuiag) which have the best access to equipment, freezers and cray reefs, have the highest average per capita income from commercial fishing ($1166/head/year). The central islands (Yorke, Yam, Coconut and Warraber) with less access, have a lower income ($953/head/year) and the income in the eastern group (Stephen, Darnley and Murray) where there are no freezers is lower again ($554/head/year). Most noticeably the northern islands (Boigu, Saibai and Dauan) which are some distance from all the marketable species, appeared to derive no income from commercial fishing in 1989 (Arthur 1990a). Proximity to Thursday Island also appears to confer some locational advantage. For instance, in 1989, the western islands such as Badu, located close to the banking facilities on Thursday Island, accessed 40 per cent of the loans made to Islanders through the bank and the Aboriginal Development Commission.[5] Therefore, even within this one small region, inequities between islands can be observed which can have implications for employment programs and policies.

The type of involvement also varies. As shown in Table 9.3, non-Islanders, whether local or from the mainland, tend to earn their living from commercial fishing. Islanders and Papua New Guinean residents, on the other hand, may derive their income from a number of sources. Fishing is the only means of income for approximately 35 Islanders, whilst 177 are involved in the industry irregularly and/or part-time. These receive income support from unemployment benefits (UB), if residents of Thursday Island, and via the CDEP scheme if on the outer islands, as well as from other welfare such as pensions if eligible (Arthur 1991). Another source of Islander incomes, which is listed in Table 9.4, is subsistence. Hence, it can be argued that at the present time the majority

of Islander fishers are directly supported by government transfers which form an indirect subsidy to the Islander fishing industry.

Table 9.3 Type of fishermen and sources of income.

Category of fisher	Sources of income		
	Commercial fishing	UB or CDEP	Subsistence
Mainland non-Islanders	yes	no	no
Local non-Islanders	yes	no	no
Islanders (full-time)	yes	no	no
Islanders (part-time)	yes	yes	yes
PNG residents	yes	yes	yes
PNG visitors	no	no	yes

The Island Coordinating Council, the body which claims to represent a significant number of Islanders on various development issues (Arthur 1990a), adheres to the main thrust of the AEDP in stating that dependency on such government transfers should be reduced. However, it is unclear whether such a change is favoured by all Islanders. Although many indicate they would prefer higher cash incomes, it is not clear if they would want to earn this by commercial fishing. There is room for some expansion in several fisheries, for example cray, mackerel and bêche-de-mer (ibid), but this expansion is not presently occurring. This may be because of the difficulties of access noted earlier, but it may also be because the level of income support provided by welfare payments is sufficient to meet many of the Islanders' expenditure needs (Arthur 1990a). It was noticeable that in 1989, in the month when the CDEP scheme was introduced to one island, commercial cray sales fell from approximately 8,000 kilograms to 2,500 kilograms.

Table 9.4 Source and amount of outer Islanders' incomes.[a]

Source of Income	Amount $ million	Per cent of total
CDEP wages	7.500	42
Social security payments (UB, pensions etc)	4.170	23
Non-CDEP wages[b]	2.400	13
Commercial fishing	2.300	12
Subsistence[c] (fishing and gardening)	1.800	10
Artefacts	0.008	0
Total	18.170	100

Notes: a. These data refer to outer islands only.
b. For example, wages from employment in Island schools and medical aid posts.
c. An imputed value based on the price of staple foods available in the retail outlet on each island.

Source: Arthur (1990a).

In any event, the maximum total income which can be derived from commercial fishing (or subsistence fishing) is largely dependant on the size of the sustainable stocks, a feature of any primary industry. In the case of the Strait, the same catch would sustain a small number of full-time commercial fishers, independent of government or other subsidies, or sustain a larger number receiving income support, such as CDEP wages. This raises the question of whether the aim is to maximise the number of fishers with assistance from government subsidisation, or to allow market forces to determine the numbers involved. Because those receiving CDEP wages are defined as employed, the first approach decreases statistical unemployment, but runs counter to the AEDP aim to reduce dependency. The second approach meanwhile would severely limit the numbers of those who would be defined as employed.

Increasing levels of Islander employment can be achieved by job-matching or by job-creation. In public and private sector service industries, which are mostly located on Thursday Island and the Cape, job-matching programs are applicable. In the outer islands, job-creation programs are more relevant. However, both approaches have significant

Strait. The service sector does not itself stimulate development; as noted earlier it merely reacts to growth in other sectors. And, in the long run, the ability of primary industry to provide employment is limited. These limitations challenge the notion of equity as defined in the AEDP.

Estimating the demand-side of the labour market

In 1989 a survey of the service industries estimated that there are approximately 457 jobs in the Strait presently filled by non-Islanders which could be Islanderised (Arthur 1990a).[6] However, these jobs are not evenly distributed throughout the region. Eighty per cent of these jobs (367) are in the private and public service industries of Thursday Island. Department of Social Security data suggest there were only 82 people registered as unemployed and receiving UB in 1989. However Census data shows 624 people not in the labour force in 1986. If we consider this latter figure as a more realistic representation of the number of those without employment, 574 Islanders would have to be placed in jobs to meet the objective of statistical equality with mainland non-Islanders, based on an unemployment rate of 8 per cent. If all of the 367 service jobs were filled by Islanders, unemployment on Thursday Island could be significantly reduced. On the other hand, it is unlikely that complete Islanderisation would ever be achieved, especially in the private sector where approximately 128 of the jobs are located. An estimated 226 jobs are in the public sector.

On the Cape, an estimated 55 positions are presently held by non-Islanders and in the two Cape Islander communities there are 74 recipients of CDEP wages. Therefore, if people in the CDEP scheme are assumed to be unemployed, then unemployment here could be significantly reduced by Islanderisation. This is potentially more achievable than on Thursday Island, as 49 of the positions on the Cape are in the public service.

On the outer islands 35 service industry jobs are filled by non-Islanders. Using a salary of $20,000, allowing for 50 per cent expansion in the present fisheries, converting the present part-time Islander effort to a full-time equivalent and by including the jobs presently filled by non-Islanders, the fishing industry could provide an estimated 250 to 300 full-time jobs. By full-time I mean a situation where income is derived from fishing without any access to government transfers. In 1989 approximately 600 people participated in the CDEP scheme or received UB entitlements in the outer islands. Again, assuming that the objective was to achieve the same rate of unemployment as on the mainland, then around 550 jobs would be required. The data suggest that the fishing

industry plus the service industry will not be able to provide this level of employment.

Conclusion

The above estimates indicate that the regional economy will be unable to generate the level of activity to provide the necessary jobs to meet objectives of employment equality.[7] In these estimates I assume that work on the CDEP scheme does not represent real employment and so this work is not included in calculating statistical equality in employment. However, there is evidence to suggest that this assumption may not be universally held. For example, the Western Australian branch of the Department of Employment Education and Training indicate that in remote communities there is virtually no unemployment as the residents are all employed in the CDEP scheme. Statistical equality in employment in these cases has therefore been achieved and full employment exists. This apparent solution is problematic on two counts. First, the CDEP scheme provides a specific form of employment which is usually part-time, is often aimless, and does not include any notion of a 'career path'. In addition, conditions of employment in the CDEP scheme do not include such things as superannuation, sick leave, holiday pay or casual loadings[8] and therefore although the hourly rate of pay may be at an Award rate, the total wage may not (Auditor-General 1990). Employment on the CDEP scheme suggests therefore a notion of equity somewhat different from that in the regular labour market. Second, income from CDEP wages is usually at the same level as UB payments, and therefore the scheme cannot provide the statistical equality in income which is the other principal aim of the AEDP. Taken together, these points tend to imply a special notion of equity for remote regions which does not equate with the AEDP's goals.

I have attempted a preliminary illustration of how the labour market in a remote economy might have difficulty sustaining the same level of employment as that which generally pertains in the more developed parts of the country. Without the level of demand for labour in remote areas which could displace the CDEP system or UB with real jobs, Aborigines and Islanders appear locked into a particular and special form of equity. It is not certain that Islanders and Aborigines appreciate this point. I suggest that as a way of clarifying these different notions of equity, a greater effort should be placed on quantifying the economic potential of remote regions; that is we should quantify what has become known as 'locational disadvantage' (Altman 1990), and this should be done by analysing the demand-side of the labour market. As illustrated with reference to the Torres Strait, even remote areas may have sub-regional

differences which have implications for policies, and any quantification should take such regional variations into account. Such quantification would help clarify for Aborigines and Islanders their realistic options within their regional economies, and would assist policy-makers in the design of appropriate programs.

Much of the evidence to date suggests that the aims of statistical equality, and reduced dependency are contradictory and unachievable in remote regions.[9] If this is the case then a policy option would be to acknowledge that to ensure a certain standard of living in such areas, an on-going subsidy will be required. Such a policy shift would replace the negative connotations in the notion of 'dependence' with the more value-neutral concept of subsidies for 'remote area living'.

Notes

1. The term equity is usually taken to refer to justice and fairness but, as noted by Altman and Sanders (this volume), it is used in the AEDP as being synonymous with statistical equality. Although it is acknowledged that this use of the term presents certain difficulties, it is the one I will generally follow here.

2. The Strait's seas and reefs are relatively productive. Under Australian law, fish and other marine resources are held under common ownership, commercial access is controlled only by licensing, and access for subsistence is unrestricted. Therefore, it is likely that the economic limitations for Aborigines in remote mainland locations would be even greater than any noted here.

3. The Community Development Employment Projects (CDEP) scheme provides a form of employment on both the communities of the outer islands and the Cape and this will be discussed below.

4. This approach to house construction has also been noted amongst some communities in the Kimberley region (see Arthur 1990b).

5. The Aboriginal Development Commission (ADC) was a statutory authority one function of which was to provide concessional loans to Aborigines and Islanders wishing to establish enterprises. Along with the Department of Aboriginal Affairs and Aboriginal Hostels, the ADC became part of ATSIC when this came into being in 1990.

6. These data must be treated with some caution. In the case of the fishing industry they are based on estimates from field data on fishing effort. In the case of the public sector many departments do not identify Islanders and Aborigines in their workforce data and numbers also had to be estimated.

7. This problem may be exacerbated by the fact that some of the 15,296 Islander now residing on the mainland may relocate there, a trend which is already evident (Arthur 1991). The movement of Islanders appears related to a complex set of both 'push' and 'pull' factors. Since the 1950s Islanders have moved to the mainland in search of economic advancement and improved living conditions. As employment opportunities have decreased on the mainland it has become less attractive as a place to live, and as services in the Strait (for example housing) have improved residence

there has, in turn, become a more attractive option (Arthur 1990a). For a fuller discussion of labour migration in general, see Taylor (this volume).

8. I am grateful to Ms D. Smith for drawing my attention to some of these differences in employment conditions.

9. This can be indicated by the cost alone. Although no good data are available for the cost of creating jobs in remote regions, a crude indication is obtained by dividing the ADC's enterprise funding by the number of jobs created. In the period July 1989 to March 1990 this was $13.1 million for the employment of 181 Aborigines, or $72,375 per job (Aboriginal Development Commission 1990).

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10. Employment prospects for Aborigines in New South Wales

R.T. Ross

There is no doubt that unemployment among Aborigines is a major economic problem facing the state of New South Wales (NSW). It is chronic, and even the most conservative estimate indicates that the incidence of unemployment is such that over 55 per cent of all Aboriginal men and over 23 per cent of all Aboriginal women are unemployed. Further, unemployment rates are in excess of 65 per cent for Aboriginal women and almost 76 per cent for Aboriginal men (Ross 1988).

The position of Aborigines in the labour market is even worse than these statistics suggest. In addition to high unemployment rates, there is considerable evidence of hidden unemployment since many Aborigines who are not considered to be in the labour force are nevertheless interested in gaining meaningful employment but are not actively looking for employment due to the very depressed state of their local labour market.[1] The position of employed Aborigines is not much better; many had been unemployed at some time during the last year, a relatively high proportion have only part-time employment, and almost all of those with full-time employment are in low paying jobs. Among those Aborigines who are outside the labour force there is almost total dependence on the public sector for income support.

The reasons for the chronically poor position of Aborigines in the labour market appear to include:

i Residence predominantly in rural areas and small country towns which are in economic decline.

ii Inability to derive adequate standards of living from usual sources.

iii Very low levels of ownership of economic resources such as businesses and farms and very high reliance on owners of those resources for paid employment.

iv Lack of education beyond basic education.

v Very low levels of job skills.

Evidence from the 1986 Census of Population and Housing indicates that the labour market position of Aborigines throughout Australia is very

poor. This evidence is summarised from both a national perspective and a NSW perspective. This information is included to outline the context in which the main analysis of data from a 1986 survey of working age Aborigines in NSW is set. To conclude, some economic and social policy implications of this analysis are canvassed.

The employment position of Aborigines

Table 10.1 contrasts employment rate for Aborigines and non-Aborigines in each State/Territory, for the three major types of locality. There is considerable variation in the employment outcomes both across States and within States. However, what is of more interest here is that, in all regions, Aboriginal employment rates are substantially lower than those for the total population. In many areas, Aboriginal employment rates are less than one half those for the non-Aboriginal population.

Table 10.1 Employment rate: males and females aged 15-64 years, Australia, States and Territories.

	Male		Female	
	A	NA	A	NA
Australia				
Major urban	51.3	77.0	32.4	52.8
Other urban	41.6	75.7	23.7	46.2
All rural	41.4	76.9	20.9	50.6
New South Wales				
Major urban	54.6	76.7	34.4	52.1
Other urban	36.3	73.3	19.9	44.5
All rural	32.2	73.9	17.7	48.3
Victoria				
Major urban	62.5	78.1	41.6	53.9
Other urban	52.4	77.5	29.5	47.7
All rural	52.9	79.4	31.5	54.0
Queensland				
Major urban	50.8	75.9	30.8	50.5
Other urban	45.7	75.0	23.8	45.0
All rural	51.1	75.6	20.4	47.4

Continued next page.

Table 10.1 Continued.

	Male		Female	
	A	NA	A	NA
South Australia				
Major urban	41.8	75.1	28.8	52.2
Other urban	37.1	75.9	23.6	46.6
All rural	53.6	79.7	35.3	56.5
Northern Territory				
Other urban	43.2	81.9	32.9	62.8
All rural	31.7	78.3	17.7	57.3
Australian Capital Territory				
Major urban	78.0	83.1	53.1	63.8
All rural	41.7	86.7	21.2	59.7
Western Australia				
Major urban	36.6	77.0	22.0	53.2
Other urban	36.0	79.2	19.0	46.7
All rural	39.8	80.2	22.1	53.4
Tasmania				
Major urban	57.7	74.5	40.7	52.7
Other urban	60.9	76.3	35.4	45.7
All rural	67.4	76.6	40.5	47.3

Note: A = Aboriginal population; NA = non-Aboriginal population. Major urban: population in excess of 100,000; other urban: population between 1,000 and 100,000; all rural: rest of State or Territory. There is no major urban area in the Northern Territory, nor is there any other urban areas in the Australian Capital Territory.

Source: Australian Bureau of Statistics 1986 Census microfiche.

Less than one half of all working age Aboriginal males, and around one quarter of all working age Aboriginal females, were employed at the time of the 1986 Census. Aboriginal males and females fared relatively better in the major urban areas, where slightly over one half of males and almost one third of females were employed. By contrast, in both the smaller urban areas and rural locations, Aboriginal employment rates were closer to 40 per cent (males) and 25 per cent (females). These national figures obscure significant inter-state variations. For example, in South Australia and Western Australia, both males and female employment rates were highest in the rural areas, while in Queensland the same was true for males but not females. In NSW, employment rates in

the major urban regions (Sydney, Wollongong and Newcastle) were much higher than the national average, whereas in the rest of NSW the opposite was true. The relatively high employment rates in the major urban area of the Australian Capital Territory (ACT) reflects the fact that a number of Aboriginal organisations and government departments servicing Aboriginal needs have their head offices in Canberra, the national capital, combined with the very small Aboriginal population in the ACT.

Table 10.2 Employment rates: statistical divisions, New South Wales, 1986 Census (per cent).

	Male		Female	
	A	NA	A	NA
Sydney	55.2	77.3	35.4	53.4
Hunter	50.7	73.9	25.3	42.9
Illawarra	46.6	73.9	27.7	41.2
Murrumbidgee	45.6	77.8	22.0	47.4
South Eastern	43.4	76.7	22.0	51.6
Central West	41.3	76.3	19.8	48.2
Far West	33.4	68.4	17.3	38.3
North Western	32.3	72.4	17.5	46.8
Northern	32.1	74.9	16.9	48.4
Richmond-Tweed	29.4	62.6	20.1	41.0
Murray	28.5	78.6	17.2	51.3
Mid-North Coast	24.4	64.2	15.7	39.8
Measures of Spread:				
Highest:lowest ratio	2.3	1.3	2.3	1.4
Highest-lowest (percentage points)	30.8	16.0	19.7	15.1

Note: A = Aboriginal population; NA = non-Aboriginal population. Major urban: population in excess of 100,000; other urban: population between 1,000 and 100,000; all rural: rest of State or Territory.

Source: Australian Bureau of Statistics 1986 Census Microfiche.

Table 10.2 presents the same information for each of the twelve statistical divisions used by the Australian Bureau of Statistics in its dissemination of statistical information for NSW. In this table the statistical divisions are ranked in descending order by the Aboriginal male employment rate. For both males and females, the pattern is very clear. For Aborigines, employment rates were relatively best in and around the Sydney metropolitan region; the Sydney, Illawarra, and Hunter Statistical Divisions having the three highest employment rates. The situation was

the worst on the northern coast (Richmond-Tweed and Mid-North Coast Statistical Divisions) and the Murray Statistical Division, where the employment rates were only half those in Sydney. The employment situation was also relatively bleak in the Far West, Northern and North West Statistical Divisions.

In every statistical division, the Aboriginal employment rates are lower than those for the rest of the population, and in four cases it is less than one half the non-Aboriginal rate. However, there is a fairly strong correlation between the Aboriginal and non-Aboriginal employment rates for either sex, and also between the male and female Aboriginal employment rates.[2] Thus if the table was ranked by, say, the employment rates for non-Aboriginal males, the order would be somewhat different, although the broad conclusions would remain the same.

The over-riding message from Tables 10.1 and 10.2 is that not only is the labour market position of Aborigines worse[3] than that of non-Aborigines, there is also considerably more intrastate variation in the Aboriginal rates. For example, the bottom portion of Table 10.2 presents two measures of the spread in the employment rates. The ratio of the highest to lowest rate is greater for Aboriginal males (2.3) than it is for all males (1.3), and this is also true for females (2.3 compared to 1.4). Similarly, the spread in percentage points is greater for Aboriginal males (30.8 points) than for non-Aboriginal males (16.0 points), and for Aboriginal females (19.7 points) than for non-Aboriginal females (15.1 points).

Summary of empirical analysis

The empirical analysis which is summarised here is reported in full in Ross (1990). The data base, a 1986-87 survey of working age Aborigines in New South Wales, is described in Ross (1987a, 1987b). Briefly, it contains detailed information I gathered on the economic status of 677 Aborigines. The data are drawn from five distinct geographic regions; the far South Coast, the far West, the North West, the inland South, and the South-West region of Sydney. These regions correspond to five Aboriginal Land Council regions; Far South Coast, Western, North West, Wiradjuri and Western Metropolitan, respectively. The adult Aboriginal population of these five regions comprised 48 per cent of the adult Aboriginal population of NSW at the time of the 1986 Census.

Table 10.3 presents descriptive statistics for the variables used in Ross (1990). Although most variables are self-explanatory, several require comment. The impact of education on employment is measured by a variable reflecting years of formal education. It is defined as either

Table 10.3. Means of variables used in the probit analysis.

Variable	Females		Males		Total	
	Employed	Total	Employed	Total	Employed	Total
Sample size:	45	322	67	355	112	677
EMPLYD (% employed)	100.00	14.60	100.00	19.09	100.00	16.97
UNEMP (% unemployed)	0.00	21.90	0.00	55.27	0.00	39.49
MALE (% male)	0.00	0.00	100.00	100	59.82	52.70
MARRY (% married)	50.00	35.24	53.73	43.02	52.23	39.34
SEPETC (% separated, divorced, widowed)	10.87	22.86	4.48	8.55	7.05	15.32
AGE (in years)						
15-20 (% of sample)	17.39	2.86	14.93	24.79	15.92	23.87
21-30 (% of sample)	30.44	36.83	35.82	35.04	33.66	35.89
31-40 (% of sample)	19.57	14.29	23.89	16.81	22.15	15.62
41-50 (% of sample)	6.05	5.71	10.45	7.41	8.68	6.61
51 and over (% of sample)	0.00	2.85	1.48	3.41	0.89	3.15
Unknown	26.09	17.45	13.43	12.54	18.52	14.86
SCH (years of formal education completed)	9.54	8.65	8.66	8.38	9.01	8.50
EXPE (work experience, in full-time equivalent years)	5.39	2.02	7.40	3.48	6.59	2.79
LMPS (% been in a labour market program)	6.52	3.17	14.93	5.13	11.55	4.20
OTHY (all income other than earnings and social security benefits, $/p.a.)	9.39	55.53	4.69	3.47	6.57	27.89
Land Council Region (% of sample)						
CAMPBELLTOWN	19.58	10.16	10.44	4.54	14.11	7.21
WESTERN	21.73	21.27	26.87	27.35	24.80	24.47
NORTH WEST	21.73	25.71	26.87	27.92	48.80	26.88
WIRADJURI	26.09	20.95	11.94	13.39	17.63	16.97
FAR SOUTH COAST	10.87	21.90	23.88	26.78	18.65	24.47

Note: 11 individuals did not report their level of schooling. They have been excluded from the calculation of the means levels of schooling shown here. Their information is included in the calculations for all other variables.

the actual number of years of formal education or the minimum number of years schooling required to obtain the highest educational qualification held, whichever is the greatest. Typically, the former measure was used for those individuals who completed high school while the latter measure was used when the person had very little formal school education, but had acquired educational qualifications at some stage later in their life. The measure of labour market experience, which is self-enumerated, is the number of full-time equivalent years of total employment experience.

In Ross (1990) a probit analysis was carried out to determine the impact of particular individual characteristics (such as education, marital status, age, etc.) on the probability that specific individuals are in paid employment. The estimated coefficients from the probit analysis of the employment probability function are presented in Table 10.4.

Table 10.4 Results of the probit analysis on the index of probability of employment.

Variable	Co-efficient	Standard error
Constant	-2.7793	0.633 [b]
MALE	0.1182	0.132
Marry	-0.0077	0.145
SEPETC	-0.5107	0.237 [c]
AGE 15-20	0.5667	0.547 [d]
AGE 21-30	0.6758	0.534 [c]
AGE 31-40	0.9403	0.529 [c]
AGE 41-50	0.8883	0.550 [c]
AGE UNKNOWN	0.8542	0.537 [c]
OTHY/1000	-0.2143	1.860
SCHL[a]	0.1525	0.039 [d]
SCHDU[a]	1.8317	0.552 [b]
EXPE	0.5597	0.095 [b]
LMPS	0.8772	0.252 [b]
WESTERN	-0.4583	0.246 [d]
NORTH WEST	-0.5125	0.246 [c]
WIRADJURI	-0.6191	0.251 [b]
FAR SOUTH COAST	-0.5926	0.248 [b]

Notes:
a. SCHDU and SCHL are defined as follows: SCHL = 0, and SCDU = 1, i.e. if schooling information is missing SCHL = SCH; SCDU = 0 otherwise.
b. Significant at 99% level of confidence.
c. Significant at 95% level of confidence.
d. Significant at 90% level of confidence.
e. Reference group is female, never married, aged 51-64 years and living in Campbelltown.

The probit coefficients presented in Table 10.4 indicate that the strongest determinants of employment status are the level of education, previous (but recent) work experience, and labour market program experience. There is also a regional factor in employment success. All four country regions have lower employment probabilities than the reference region (Campbelltown), although there does not appear to be a significant difference amongst the four regions. That is, each region's probit coefficient is negative and significantly different from zero, but the hypothesis that the four regional coefficients are not significantly different from each other cannot be rejected at the 95 per cent level of confidence.

The age coefficients indicate that the age-employment profile has an inverted-U shape. The coefficients on AGE 15-20 and AGE 21-30 are statistically insignificantly different from that for the age reference group (persons aged 51 to 64). This indicates that persons at either end of the working age range have, other things being equal, an equal probability of being employed. The estimated coefficients on the other two age groups (AGE 31-40 and AGE 41-50) are positive and significant, albeit at the 90 per cent level of confidence, with the coefficient on AGE 31-40 being literally right on the 90 per cent boundary. The hypothesis that the two coefficients are the same cannot be rejected at normal levels of confidence. This indicates that persons in these age groups are the most likely to be in employment and that individuals in either age group have the same likelihood of being employed.

These data cannot be used to test for any employment discrimination against Aborigines. The estimated coefficients on the sex and marital status variables suggest that there is no systematic discrimination among Aborigines; the coefficients for both the sex and marital status variables are insignificantly different from those for the reference group (females who have never been married). Although Aborigines who are separated, divorced or widowed have lower employment probabilities, it is likely that this reflects a supply-side effect, that is, the easier access to social security payments for sole parents who are separated or widowed.

The marginal impact on the employment probability of a variable depends on the probit coefficient and also on the individual specific characteristics. Table 10.5 illustrates this relationship by showing marginal impacts of one unit increases in the value of selected variables for a number of stylised individuals. The marginal impacts are evaluated for six sub-groups: employed females, unemployed females, females not in the labour force, employed males, unemployed males, and males not in the labour force.

Table 10.5 Estimated marginal impact of each variable on the employment probability, evaluated at sample mean values for selected subgroups (percentage points).

	Marginal impact for:							
	Employed		Unemployed		Neither employed nor unemployed		Total sample	
	Males	Females	Males	Females	Males	Females	Males	Females
SEPETC	-0.47	-4.62	-15.38	-10.43	-16.90	-13.56	-17.28	-19.66
AGE 31-40	0.87	8.51	28.31	19.21	31.12	24.96	31.81	36.19
AGE 41-50	0.82	8.04	26.75	18.14	29.40	23.58	30.05	34.19
SCH	0.14	1.38	4.59	3.11	5.05	4.05	5.16	5.87
EXPE	0.52	5.07	16.86	11.43	18.53	14.86	18.94	21.55
LMPS	0.81	7.94	26.41	17.92	29.03	23.28	29.68	33.76
WESTERN	-0.42	-4.15	-13.80	-9.36	-15.17	-12.16	-15.51	-17.64
NORTH WEST	-0.48	-4.70	-15.61	-10.59	-17.15	-13.76	-17.54	-19.95
WIRADJURI	-0.57	-5.60	-18.64	-12.64	-20.49	-16.43	-20.95	-23.83
FAR SOUTH COAST	-0.55	-5.36	-17.84	-12.10	-19.61	-15.73	-20.05	-22.81

Note: Not all significant variables are illustrated in this table.

The figures in Table 10.5 indicate the importance of improvements to variables over which there is a high degree of influence. For example, an extra year of labour force experience would increase the probability of an unemployed male Aborigine becoming employed by as much as 26 percentage points while access to a labour market program would improve the employment prospects of a female Aborigine currently out of the labour force by as much as 23 percentage points. However an extra year of schooling would appear to have only a fairly small marginal impact on employment prospects; recall from Table 10.1 that average levels of schooling were very low, at around eight to nine years of completed schooling. Thus, the marginal impact on employment prospects of actually finishing school (acquiring 12 years of education) would be of the order of 15-20 percentage points.

Table 10.5 also indicates that the impact on employment prospects of moving away from Campbelltown (the reference region) into any of the rural regions would not be significant for an already employed male (e.g. -0.48 of a percentage point if moving to the North West) but would be as high as 20 percentage points for a male who is already outside the labour force.

Economic and social policy implications

The information in Tables 10.1 and 10.2 indicates very clearly that Aborigines are at a serious disadvantage in the labour market. The evidence presented in Tables 10.4 and 10.5[4] gives a very clear picture of the determinants of Aboriginal employment and indicates that those Aborigines who are the least disadvantaged, that is, are the relatively most successful, are those who have completed higher levels of formal education and/or have access to a labour market program. Although no detailed policy prescriptions are canvassed here, there would seem to be several main directions in which policy discussion ought to proceed as a matter of urgency.

i Greater encouragement and support for Aboriginal organisations such as NSW Aboriginal land councils to set up viable enterprise options which enable their members to partially or completely withdraw from the formal labour market without being dependent upon the public sector for income support.

ii Better access to and participation in higher levels of education with curriculum orientated towards labour market success and maintaining Aboriginal identity.

iii Greater encouragement to the private sector to employ Aboriginal workers in employment other than low pay, low tenure jobs.[5]

Ideas such as these are based on the inescapable fact that Aboriginal unemployment is going to be a major problem until such time as Aborigines are in a position to be far more economically independent than is currently the case. In order to be independent, Aboriginal people will need to be equipped with those skills which enable them to take advantage of whatever job opportunities exist, be they in paid employment, self-employment, community ventures or cooperative ventures.

However, the greatest caveat is that greater job opportunities must become available. If this does not occur, then all that will happen is a re-ordering of the unemployment 'queue' with some Aborigines displacing other Aborigines from positions higher up the queue. In order to prevent this re-ordering from occurring, in the short-term and medium-term substantial government resources will need to be committed to some imaginative and radical policies designed to assist Aborigines to a more independent labour market position.

The implications for economic and social policies of this analysis are clear. If the labour market position of Aborigines is to be improved, considerably more resources will need to be directed towards improving opportunities for formal learning and the acquisition of job-related skills beyond those provided in basic education. Aborigines are not remaining in the education system anywhere near as long as other groups in Australian society and so are disadvantaged in the competition for scarce employment opportunities. In determining how these resources would best be allocated, a key question centres on the balance between skills acquisition through greater opportunities in the education system and skills acquisition through targeted labour market programs. There is evidence to indicate that those Aborigines who have had experience in labour market programs are more successful in finding employment than other Aborigines (Ross 1988). However, there is no point in providing more resources to this end if there is a lack of employment opportunities. In this scenario all that would be achieved is a more educated pool of unemployed people.

Notes

1. The evidence for this claim is presented in Ross (1987a).

2. The correlation co-efficients are 0.5152 (between Aboriginal males and non-Aboriginal males), 0.8643 (Aboriginal females and non-Aboriginal females), 0.8290 (Aboriginal males and females), 0 (Aboriginal males and non-Aboriginal

females) and 0 (non-Aboriginal males and Aboriginal females); each of the non-zero values are significant at the 99 per cent confidence level.

3. Unemployment rates are higher and both labour force participation rates and employment rates are lower than for the non-Aboriginal population; see Ross (1990) for a fuller description of the pattern of labour force participation rates and unemployment rates.

4. Table 10.4 is Table 9 in Ross (1990) and Table 10.5 is Table 10 in Ross (1990).

5. Although not discussed here, the evidence from the 1986 Census indicates that Aboriginal employment in the private sector represents a comparatively small proportion of Aboriginal employment.

References

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11. Aboriginal employment, income and human capital: towards a conceptual framework

B.J. Chapman

Prior to this workshop, there was little research in labour economics in Australia oriented towards an understanding of the relative economic status of Aboriginal people, some major exceptions being the work of Treadgold (1980), Ross (1988), and Miller (1989). This paper is motivated by the view that there are important potential benefits from further development of the tools of economics to address more generally issues related to Aboriginal incomes.

Modern labour economics has been dominated by the 'human capital revolution', the essence of which is the treatment of skill acquisition as an investment process. Workers are seen to face choices concerning training, including education and on-the-job skill attainment, in that gaining skills entails costs, the most important of these being the foregone income associated with the training. The benefits to workers from the process are seen to accrue in the form of improved job opportunities, most obviously with regard to increased wages and reduced unemployment probabilities.

While the economics profession generally accepts the usefulness of human capital theory, there is evidence emerging that it is a more powerful tool for understanding the impact of changes at the margin than as a general framework for explaining the large differences in economic outcomes between groups. In the first category, the investment perspective seemingly predicted well the overall implications for the demand for higher education as a consequence of the institution of the Higher Education Contribution Scheme (Chapman and Chia 1989). But as far as the second area is concerned, it is apparent that variations in the measurable human capital between men and women in Australia and the United States contribute almost nothing to an explanation of the large differences in the sex earnings ratios between the two countries (Gregory and Ho 1985).

One possibility, then, is that human capital theory has little to contribute to the important debate concerning the factors behind the extraordinarily large differences between the labour market outcomes of Aboriginal and non-Aboriginal Australians. Indeed, implicitly this is the conclusion reached by Miller (1989) in an analysis of youth unemployment.

The aim of what follows is to propose a method that might be useful in testing the impact on Aboriginal relative incomes of changes in

policy-relevant human capital characteristics. Some preliminary estimates are made to illustrate how the framework might be used to explore the impact of changes in one area of human capital, namely education, on the Aboriginal labour market experience. There is potential to generalise the perspective to enable some understanding of the empirical relevance for incomes of other factors, such as location, and the model is developed to incorporate this aspect.

Human capital theory and Aboriginal incomes: towards a framework

Several important simplifications are used in what follows. In particular, only the effects of educational attainment are considered initially, and these are examined only for average weekly earnings and employment prospects. This means that the effect of schooling on hourly wage rates, labour force participation and hours worked are not considered separately. Conceptually, extending the analysis to these other disaggregations is a straightforward exercise.

Skills have impacts on individual earnings in at least two distinct ways: through the effect on the value of output in a given job, and thus in this model, on the wage; and in terms of influencing the probability that prospective workers have jobs, assuming that persons with greater observable skills receive more job offers than others. In what follows it is assumed that education is a skill, and that more schooling increases both wages and the probability of employment. Because the major interest is in determining ultimately the empirical magnitudes involved, it is useful to be explicit about the assumed form of these relationships.

Ignoring rents and other non-labour income, except for unemployment benefit, the average weekly income of Aboriginals (AWA) is given by:

$$AWA = xAWE + (1-x)AWU \qquad [1]$$

where AWE is the average weekly earnings of employed Aborigines, AWU is the average weekly income of unemployed (or not in the labour force) Aborigines, and x is the proportion of Aborigines in employment.

In the human capital perspective AWE is influenced by schooling in a way assumed to be given by the following form:

$$AWE = a + bYOS \qquad [2]$$

where a is a constant, b is positive, and YOS is number of years of schooling. This means that average weekly earnings for employed persons increase by b dollars for each additional year of schooling.

Further, under the assumption that education influences the chances of finding employment, it is possible to specify the employment probability as a function of YOS as follows:

$$x = g + dYOS \qquad [3]$$

which means that the probability of gaining employment increases by d with each additional year of schooling.

The effect of changing schooling on average Aboriginal incomes can be illustrated by substituting within the equations. It can be shown that the average weekly income of Aboriginals increases with schooling, but the interrelationships are complex, non-linear, and depend on both the initial level of education and the dollar size of unemployment benefits.

Put very simply, the equations and reasoning set out above imply that it is possible to gain some understanding of the empirical magnitude of changing Aboriginal education for average Aboriginal incomes. It is a straightforward framework to use and how it can be operationalised is considered below.

The above modelling may be generalised to allow insights into the effect on Aboriginal incomes of changing other economic variables. For example, there is little doubt that living in isolated communities affects economic outcomes, a useful question being: 'what would be the consequences for average Aboriginal incomes of a change in the proportion of Aborigines living in such areas?'. An extension of the framework can be developed to address this question.

If the average weekly income of Aborigines living in isolated communities is given by AWAIC, and the average weekly income of Aborigines living in non-isolated communities is given by AWANIC, it follows that:

$$AWA = aAWAIC + (1-a)AWANIC \qquad [4]$$

where a is the proportion of Aborigines living in isolated communities.

It is useful to break this down further, as follows:

$$AWAIC = bAWEICE + (1-b)AWEICU \qquad [5]$$

and $$AWANIC = cAWENICE + (1-c)AWENICU \qquad [6]$$

where AWEICE and AWEICU are respectively the average weekly incomes of employed and not-employed Aborigines living in isolated

communities, and AWENICE and AWENICU are respectively the average weekly incomes of employed and not-employed Aborigines living in non-isolated communities.

Assuming that there is no difference between AWEICU and AWENICU, and that income differences between locations exist because both wages and employment probabilities differ for any given level of education (the framework could easily be modified to allow a relaxation of this restriction), it follows that:

$$AWEICE = bAWENICE \quad [7]$$

where $0<b<1$.

Further, assuming that employment probabilities differ by location, it follows that:

$$x = ca + d(1-a) \quad [8]$$

where c and d are respectively the employment probabilities associated with living in isolated and non-isolated communities.

Clearly, then, it is possible to incorporate location into the model. Through such an approach the implications for Aboriginal average incomes of locational changes may be ascertained. Other potentially important variables may be modelled in similar ways.

An empirical application

In what follows various pieces of research are used in combination with the first model to explore the question: if Aboriginal years of schooling were increased by particular amounts, and nothing else changed, what would be the implications for average Aboriginal incomes? It is possible to address this question so long as there is information available on several variables and relationships made explicit in the formal analysis.

Specifically, it is necessary to know the effect of changing schooling on both employed Aboriginal weekly earnings and on the probability of non-employed Aborigines gaining jobs. As well, because the size of the relationship changes as a consequence of the existing levels of schooling, employment probabilities and non-employment incomes, information is required in these areas.

The work of Tesfaghiorghis and Altman (1991), Ross (this volume) and Jones (this volume) offer useful information concerning the empirical relevance of the framework presented above. Tesfaghiorghis and Altman present data from the 1986 Census on Aboriginal employment rates, Ross has estimated the relationship between years of schooling and Aboriginal

employment probabilities for a sample living in non-urban New South Wales in 1986-87, and the data used by Jones in an investigation of Aboriginal and non-Aboriginal earnings from the 1986 Census allow the derivation of the average relationship between education and hourly earnings.

Ross's analysis also includes estimates of the average years of schooling for his sample, and it is possible to approximate the average weekly income of non-employed Aborigines by using the amount of unemployment benefit. For the example following weekly unemployment benefits are assumed to be $150 per recipient.

The most straightforward way to illustrate the effects of increasing education is to ask, for a particular group like, say, men: what are average weekly earnings at existing levels of education, and what would be their percentage increase given our framework of raising schooling by, for example, two, three and four years? The estimates do not change anything else that could matter, such as location.

Tesfaghiorghis and Altman (1991) show that the employment probability of Aboriginal men aged 15 years and more was 0.40; from Ross (this volume) the probability of employment increases by around 4.6 percentage points for an additional year of schooling (with the average years of schooling being about nine for employed Aborigines), and from Jones (this volume) the change in average weekly earnings from an additional year of schooling in 1986 dollars is estimated to be $14.0 (about 40 cents per hour over a 35 hour week). As well, from Ross, the average weekly earnings of employed Aboriginals was $235. Inserting these figures into equation [1] gives:

$$AWA = 0.40(235) + 0.60(150) = \$184$$

It is now possible to address the question of how much male Aboriginal average incomes would increase if their average years of schooling increased by one year. There are two effects: first, the proportion of Aboriginals employed increases by 4.6 percentage points, to 0.446; and second, the average income of employed Aborigines increases by $14. Thus for ten years of schooling, the level of income would be:

$$AWE = 0.446.\ (249) + 0.554\ (150) = \$194.2$$

That is, increasing Aboriginal education by a year (or around 11 per cent) results in about a $10 increase in incomes in this model, or about 5.4 per cent. Table 11.1 sets out the data for various other levels of education and earnings.

Table 11.1 The impact of additional education on Aboriginal male incomes (1986 Census).

Years of schooling	Average weekly earnings	Percentage change
9	$184.0	
10	$194.2	5.4
11	$205.6	5.9
12	$218.3	6.2

These data imply that changing schooling only does not have a profound effect on the absolute size of Aboriginal male incomes. Interestingly, taking Aboriginal education to the level of 12 years is similar to that experienced by the non-Aboriginal Australian male, but in 1986 this latter groups' average weekly incomes were of the order of $321 (Jones this volume), or 42 per cent higher than those predicted here for Aboriginal males at this level of education. In other words, the framework reveals that even a profound change in the level of male Aboriginal education has only a modest influence on relative incomes: the initial disparity of $137 is reduced by $34 or about 25 per cent.

The above exercise implies that there are many forces at work influencing relative Aboriginal incomes, apart from education, and demonstrates that some of the tools of labour economics have the potential to help unravel the factors pertinent to an understanding of relative Aboriginal economic disadvantage. There is a case for further analysis along these lines, the obvious goal being the eventual empirical estimation of all relevant factors, the most important probably being location, public sector employment, and the role of labour market programs. Such a process should allow some indications of the nature, extent and income consequences of racially discriminatory practices.

Concluding comments

The exercise undertaken here suggests that it is possible to develop a generalised framework to determine the empirical size of the forces underlying the relative income disadvantage of Aboriginal Australians. The conceptual basis of the model is drawn from labour economics, with an example using an important aspect of the mainstream economic paradigm, human capital theory. An empirical application of the method implies that this perspective falls a long way short of explaining average income differences between Aboriginal and non-Aboriginal males.

The important research implication is that it seems to be feasible to incorporate some of the lessons of economic modelling, and some of the results of applied econometrics, to further our understanding of the Aboriginal labour market situation. This lesson is also a contribution of the work of other economists reported elsewhere in this volume.

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12. 'The American Dilemma' Down Under: A comparison of the economic status of US Indians and Blacks and Aboriginal Australians[1]

R.G. Gregory

The economic plight of Aboriginal Australians is well documented.[2] Unemployment rates exceed 35 per cent and Aboriginal male employment-population ratios have fallen by 33 per cent since 1971. The present Federal Government is committed to changing these circumstances.[3] The main policy thrust is focused on increasing Aboriginal education, broadly defined, in the belief that this will increase Aboriginal employment and income levels. A number of papers in this volume (by Jones, Miller and Ross) explore the effectiveness of this policy response by examining the relationships between education levels and Aboriginal employment and income. These papers document that better educated Aborigines earn more than less educated and are more likely to be employed. As a consequence they provide support for current policy.

This paper takes a broader look at the role of education and compares the economic situation of Aborigines with that of Blacks and Indians in the US. When this is done, it is apparent in every dimension, and relative to the White community, that Aborigines are worse off than Blacks or Indians in the US. In addition, the economic situation of US Blacks and Whites over the last half century are compared, to comment on the changing relationship between education and income levels over time. This comparison suggests that education changes alone do not make a large contribution to changing aggregate earning relativities through time. I also speculate on lessons that might be learnt from the economic history of a minority group which is better documented than the economic history of Aborigines.

The economic situation of US Blacks and Indians and Australian Aborigines in 1980 and 1981[4]

For prime age groups, and relative to the White community, the employment-population ratio of Aboriginal males is about two thirds of that of US Indians and Blacks. The greatest gap is for Aboriginal women

where the employment-population ratio is about half that of the US where the employment level of women of all groups is similar.

Table 12.1 Employment-population ratios, 25-54 years and median family income, 1980 and 1981[a].

Employment-population ratios[b]	Australian Aborigines %	US Blacks %	US Indians %	Aborigines relative to: Blacks %	Aborigines relative to: Indians %
Males	62	83	84	75	74
Females	50	105	87	48	58
Total	58	93	84	62	69
Median family income[c]	54	60	66	88	82

Notes: a. All ratios are relative to the white community.
b. Snipp (1989), original source US Census, 1980; Miller (1985), original source Australian Census, 1981.
c. Snipp (1989), original source US Census, 1980; Miller (1985), original source Australian Census, 1981.

Table 12.1 lists the employment-population ratios for Aboriginal Australians and US Blacks and Indians for the age groups 25 to 54 years. These ratios are expressed as a proportion of the White employment-population ratio for the same age group in each country. Thus, in 1981, 25-54 year old Aboriginal males were employed at 62 per cent of the rate of Australian White males 25-54 years. This is a low rate relative to Blacks and Indians in the US where the ratios were over 80 per cent. Row 2 of the table lists a similar calculation for women in this age group. The contrast between the two countries is even greater. In this age group US Black women are more likely to be employed than White women and, at 87 per cent of the employment rate of White women, the employment level of Indian women is quite high. For Aboriginal women the employment ratio is a low 50 per cent of that of White women. Aboriginal women, therefore, are the least integrated into the employment community by a considerable margin. Row 3 lists the aggregate employment ratio for both sexes and the marked contrast

between Aboriginal and US groups is obvious. The employment rate of prime age Aborigines is about two-thirds of US Indians and Blacks.

If work and non-work income patterns were similar in both countries, and similar by gender groups, Aboriginal family income would reflect their relative employment level and be about two-thirds of that of US Indians and Blacks, standardised by the family income of Whites in each community. The estimates of family median income as a ratio of White family median income are also given in Table 12.1. There is a remarkable similarity of ratios. Aboriginal family income is 88 per cent of that of US Blacks, despite the fact that prime age Aborigines are employed on average at 62 per cent of the US Black rate. Similarly, although the employment ratio is only 69 per cent of the Indian rate, Aboriginal family income is 82 per cent of that of Indians.

Why are family incomes of these minority groups more equal across countries than the employment-population ratios[5]? What is reducing the relative deprivation of Aboriginal families? There are a number of possibilities including:

i For a full-week's work Aboriginal earnings, relative to that of Whites, is very much greater than relative earnings of US Blacks and Indians.

ii The income from non-work which supplements family income is much higher in Australia.

iii Aboriginal families have more income earners than US Blacks or Indians.[6]

It has not been possible to collect all the data necessary to answer fully these questions, nor it it clear that such data exist in secondary sources, but it is likely that the answer lies predominantly with the first and second points.

With regard to the pay for a full-week's work, the Australian Arbitration system operates to increase the relative pay of the low paid. Relative to White males women receive about 30 per cent more than their US counterparts and as a result Aboriginal women employed full time contribute more to family income then either Indian or Black women. Aboriginal men employed full-time in unskilled occupations also earn much more than Blacks or Indians. Workers in low paying industries and low paying jobs are paid as much as 30 per cent less in the US (Gregory and Daly 1990a).

Another important factor is the relative generosity of the Australian welfare system which increases Aboriginal income from non-work.[7] The effect of the welfare system is made clear in Table 12.2

which compares the income sources for each community. Over 80 per cent of US Indian income, as reported in the Census, is derived from wages, a ratio not very different from either the Black or White community. For Aborigines, however, only 43 per cent of income, as reported in the Census is derived from employment and more than half of their income is a direct transfer from the state in the form of social security payments. There is an extraordinary level of welfare dependency: welfare payments include unemployment benefits of unlimited duration, invalid pensions, sickness benefits and sole parents allowances all set at about 25 per cent of average weekly earnings pre-tax for a single person. As a ratio of post-tax earnings of a low-skilled married male worker with dependent wife and three children the benefits are between 70 and 80 per cent of his potential wage.[8]

Table 12.2 Sources of income for American Indian and Australian Aboriginal communities.

	Census income defn:		Fisk's income defn:
	American Indian 1980	Australian Aboriginal 1981	Australian Aboriginal 1981[a]
Wages	80.5	43.2	27.0
Self-employment	4.4	1.0	0.6
Interest and royalties	2.0	1.0	-
Social security	7.9	54.0	33.1
Other	5.2	-	39.3
Total	100.0	100.0	100.0

Note: a. Fisk's income definition includes non-social security transfers.

Source: American Indians: Snipp (1989) based on 1980 US Census data; Australian Aboriginal: Fisk (1985) based on 1981 Census data.

Since 1981 welfare payments directed towards Aborigines have increased. Government agencies have attempted to increase benefit take-up rates and new programs have been developed. In addition, employment levels have fallen at least 13 per cent. Welfare dependency has probably increased. It is clear from US comparisons that the Australian welfare programs have been successful at increasing Aboriginal income in the short run but whether they will be successful at encouraging and facilitating Aboriginal transition to equality of earnings and employment by the year 2000 is another matter.

Fisk (1985) has provided more extensive estimates in Table 12.2 of national income for the Aboriginal community. His estimates include government expenditures on Aborigines which are not likely to be included in income estimates provided in response to Census questions. These expenditures include aid for Aboriginal enterprises, housing subsidies, Aboriginal legal aid, measures for encouraging Aboriginal employment and special health services. When these transfers are included the share of wages falls to 27 per cent. Finally, looking at the employment sector shows that only about 13 cents in every dollar of income received by the Aboriginal community, on the basis of the Fisk definition of income, is earned from employment in the private sector.

The changing economic circumstances of US Blacks and the role of education in narrowing the earnings gap

There has been a large increase in the Commonwealth financial commitment to improve the economic well-being of Aborigines. Government expenditure, over and above social security, has increased 80 per cent in real terms over the last decade (Altman and Sanders 1991). The level and rate of growth of government financial resources directed towards Aborigines far exceeds, on a per capita basis, anything that has been done for US Blacks or Indians. Apart from significant legal changes under anti-discrimination legislation both groups in the US have been largely left to integrate into the economy as best they can. It is therefore of some interest to trace the extent to which the economic circumstances of these groups have improved under a laissez faire system. I will focus here on the best documented comparison of the changing relative economic circumstances of Blacks and Whites. My aim here is not to write a thorough account, but to draw out a number of general observations which may allow some assessment of the likely progress of Aborigines in Australia and may be useful in policy debate about the role of education.

There has been a remarkable reduction in the earnings gaps of employed Black males relative to White males in the US. The extent of the reduction is given in Table 12.3 which lists mean annual earnings of men and women by education levels for 1939 and 1984. Consider the data for men. Although income and education levels increased together in 1939 in much the same way as they do today, the first point to notice is that the same level of formal education as Whites was not sufficient to bring equal incomes for Black male workers. In 1939, within each education level, Black men earned about half the earnings of their White counterparts. At 44 per cent, the aggregate annual earnings ratio was lower than the ratio in each education category, reflecting the lower

relative education level of the Black community. By 1984 the earnings situation had changed dramatically. Within each education category the earnings gap had narrowed about 50 per cent, the largest increases being at lower education levels. The aggregate earnings ratio had increased to 64.6 per cent.

Table 12.3 Mean annual earnings by educational attainment, 1939-1984: Black-White ratios.

Educational attainment (years of schooling)	1939	1949	1959	1969	1979	1984
Males:						
8 or less	48	56	60	70	78	86
9-11	53	63	63	73	82	83
12	57	60	61	71	71	66
13-15	50	53	62	75	75	77
16+	51	52	54	68	70	74
Total	44	53	53	62	66	65
Females:						
8 or less	43	54	54	67	95	108
9-11	50	68	67	88	117	105
12	53	69	73	92	103	99
13-15	56	72	85	115	109	106
16+	64	93	94	113	113	111
Total	40	55	61	84	101	99

Source: Jaynes (1990); Jaynes and Williams (1989).

There are a number of points to be noted as to the way in which the male earnings gaps have begun to close. First, although the education gap narrowed between Blacks and Whites, from 3.68 years in 1939 to 1.51 years in 1984, this has not been the main source of annual income gains. This is evident from a comparison of the change in the aggregate earnings ratio with the changes in the earnings ratio within each education category. Over the 45 years, the average change in the ratio within education categories was 50 per cent. Consequently, if the relative education mix of each group had not changed the total earnings ratios

would also increase by 50 per cent. If Blacks increased their relative education level the aggregate earnings ratio should increase further. The change in the aggregate figure was 47 per cent.[9] Consequently, on the basis of this comparison, all of the narrowing of the annual earnings gap took place within each education category. Closing the education gap therefore is not the major part of the story, unless there were large changes in average education levels within the boundaries of each education category. This 'within education category effect' may be important for those with eight years or less education, but other categories may not be wide enough for within category changes to matter a great deal. Of course, there may be changes in the quality of schooling which would contribute to the increase in earnings within an education category, and there are cohort effects which complicate the analysis a little (Smith and Welch 1989). However, the essential fact remains that education alone is not a major part of the story that explains the change in annual earnings. This argument can be put a different way. There is now only 1.51 years average education gap between Black and White men in the US and yet there is an annual per capita earnings gap of 35 percentage points remaining, a gap which no economist would suggest can be completely closed by the addition of an extra 18 months schooling for the Black male population.

The second point is that the rate of improvement of relative annual earnings has not been steady. The decades of most improvement were 1939 to 1949 and 1959 to 1969 during which the Black to White annual earnings ratio increased nine percentage points. The decades of least improvement were 1949 to 1959, when no change occurred, and 1979 to 1989 when it is anticipated that the annual earnings ratio will fall. This variability in performance underlies the point that it is probably the growth rate of the economy and the large-scale post-war migration of Blacks to northern cities, that are the key factors. When the economy is sluggish, income and earnings of minorities tend to slip behind; and just because there is rapid improvement in the earnings of minority groups in one decade it will not necessarily continue into the next.

A similar but more dramatic story is evident in the annual earnings data for females. The earnings gap between Black and White women has changed from about 50 per cent in 1939 to slightly favouring Black women within each education level. Once again, the proportionate change in the earnings ratio within each education category is about the same as the change in the total ratio, illustrating once more that closing the education gap, as measured by Census data, is probably only a small part of the process of closing the annual earnings gap.

This argument can also be put slightly differently. The closing of the education gap for Black men and women, relative to their White counterparts, has been about the same and yet for females the average

earnings gap has closed but for Black men a 35 percentage point gap remains. Changing education levels is only a part of what is needed.

It is also important to note that within each education category, women of either racial group in the US earned, on an annual basis, about 50 per cent of the earnings of their male counterparts in 1939 and slightly more by 1984, but by no means have they achieved equality. This point illustrates once again the limited role of education. It does not play a large part in explaining the change in the annual earnings gap between men and women (Gregory and Daly 1990b).

In Table 12.4, a range of measures of the earnings gap for Black men at different points of time are listed. In 1939 the differences between the hourly wage ratio, annual earnings and per capita earnings (calculated by including all males 20 to 65 years) were quite slight. The similarity of these ratios indicate that most Black males were employed and worked a full-year in 1939. Quite clearly, the principal source of the gap in annual earnings per capita was the hourly wage ratio. Blacks lost 54.5 percentage points of income equality through the effect of a lower hourly wage and only another 3.1 percentage points from a lower level of employment. By 1984 the situation has changed remarkably. The hourly wage gap has closed considerably (the gap has been halved) and the remaining wage gap has shrunk to 27.5 percentage points. But now there is a new gap of 16.4 percentage points between the hourly wage and the per capita annual earnings gap. More than half of the gain in closing the wage gap has been lost by a reduction in the relative employment of Black men. An employed Black male earns much more than he did in the past (although still only three-quarters of the average White male's earning), but the probability of being employed has fallen considerably.[10]

Table 12.4 Black-White ratios of annual earnings.

	1939	1949	1959	1969	1979	1984
Males						
Hourly wage	45.5	62.1	63.0	68.1	79.3	72.5
Annual earnings	43.8	52.8	52.8	62.0	65.8	64.6
Annual earnings per capita[a]	42.4	45.3	49.6	56.7	57.3	56.1
Females						
Hourly wage	43.2	68.5	70.2	81.4	104.9	91.6
Annual earnings	39.9	54.6	60.5	83.8	100.7	99.0
Annual earnings per capita[a]	55.8	71.7	71.9	91.4	96.4	96.1

Note: a. Annual earnings per capita includes those aged 15-64 years with no income.

Source: Jaynes and Williams (1989), original source US Census, 1980.

There are two broad set of conjectures which might explain why the employment rate for Black men is so much lower than in the past; those on the demand side and those on the supply side. On the demand side there are two suggestions. One is that the type of job which typically employ Blacks has been shrinking in the US. Blacks have been forced by job segregation into slow growing, low-skilled jobs, a segregation which reflects their relative education level. In addition, there is some mechanism (perhaps the legal minimum wage) in the labour market that does not allow the Black hourly wage to fall further so they are employed elsewhere in other jobs. The other variant of the demand side explanation is that Blacks are last in the queue for all jobs, and when economic growth slows, as it has during significant periods throughout the 1970s and 1980s, Black males are increasingly left without employment.

There would seem to be something in the job mix argument. Table 12.5 presents employment-population ratios for 25-34 year old males by education level for the three years 1940, 1979 and 1985. The first thing to note is that for Whites there has also been a fall in the employment-population ratio since 1970 the extent of which is greater the lower the education level. For those in the lowest education groups the fall has been about 10 per cent and for those in the highest groups the fall is 2 to 4 per cent. Second, Blacks have fared worse in each category but the greatest decline has been among the low educated groups. Over the same period 1970 to 1984 the largest fall in the Black employment-population ratio has been 28 percentage points for those with 8 years education or less and 24 points for those with 9 to 11 years of education. Even for those with 16 years or more of education there has been an employment fall of 10 percentage points.

Table 12.5 US males 25-34 years of age: employment-population ratios, by education level, 1940-1985.

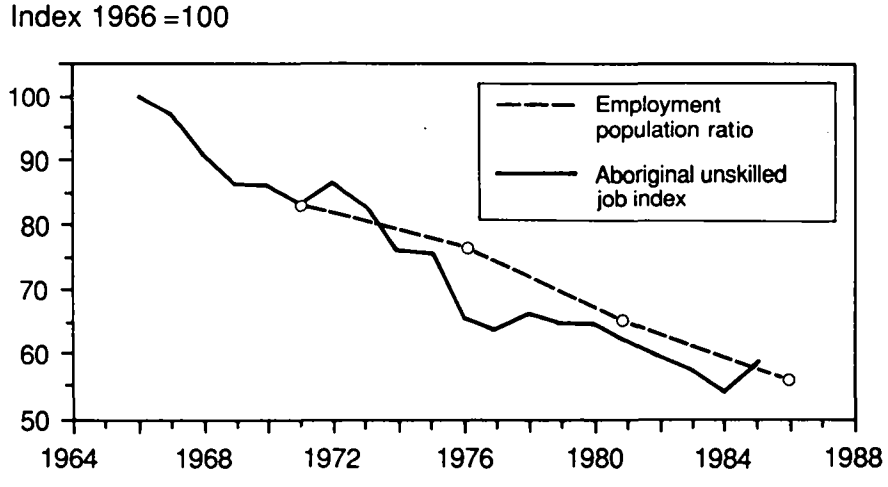
Education level (years of schooling)	Blacks			Whites		
	1940	1970	1985	1940	1970	1985
8 or less	.86	.81	.53	.87	.83	.76
9-11	.81	.86	.62	.89	.90	.80
12	.87	.90	.69	.92	.94	.86
13-15	.84	.89	.75	.90	.92	.89
16+	.91	.90	.80	.92	.94	.92

Source: Jaynes (1990).

The supply side explanations of the falling employment-population ratio are more complicated and suggest that Black men are choosing not to work but to gain income from the welfare state and crime. The economic literature is not fully clear on the evidence on this point. Some authors such as Murray (1984) suggest that supply factors are important and others, such as Jaynes and Williams (1989), argue that supply factors are relatively unimportant.

There are many possible explanations for the falling employment-population ratio for Australian Aboriginal males, including all those mentioned in the literature on US Blacks. But as yet there is no research to establish the relative strength of the changing job supply and the changing desire of Aboriginal males to seek employment. It does seem likely, however, that the evolving job mix in the economy may be moving against Aborigines. Over the last 20 years the male employment-population ratio has fallen 20 per cent for White Australians and the economy has been very sluggish in creating full-time jobs for men. The average unemployment rate for all Australians has increased three to five-fold. Under these circumstances it is to be expected that a minority group will experience employment losses disproportionately.

Figure 12.1 Aboriginal employment and unskilled job index.



To illustrate the importance of the changing job mix a rough index of changing job possibilities for Aboriginal males can be created. At the 1981 Census date, just over a third of employed Aboriginal males were in two occupation categories; 22 per cent were labourers not-elsewhere-included (nei), and 14 per cent were farm workers. Figure 12.1 plots the male employment-population ratio for all workers Aboriginal and non-Aboriginal in these two categories as a share of all male jobs, setting the 1966 share at an index number of 100. The share of these low skilled workers has steadily declined as a proportion of all jobs until now it is 58 per cent of the 1966 level. Figure 12.1 also includes an index of the Aboriginal male employment-population ratio from each Census based at the same level of the index in 1971. Since 1971 the decline in the aggregate Black male employment-population ratio matches very closely the decline in the unskilled job categories.[11] If the trend towards low growth rates of employment for men continues, and Aboriginal males are last in line for scarce jobs, the employment prospects do not look promising, despite increased education. Increased education levels have not protected Black male employment in the US.

Concluding comments

In every dimension the economic circumstances of Aboriginal Australians are worse than those of US Indians or Blacks. Females are the most severely affected. In the US, Indian and Black women have employment and earnings ratios very similar to those of White women. In Australia the employment-population ratio of Aboriginal women is approximately half of that of White women. This group is the most at risk in terms of welfare dependency.

Although the employment gap is greatest for Aboriginal women the trend in employment-population ratios is strongly against Aboriginal men. The Aboriginal male employment-population ratio has fallen 33 per cent since 1971, an employment fall far greater than that of US Blacks.

Within every group, men and women, Black and White, more education is associated with higher levels of income per hour and slightly greater probabilities of being employed. However, it does not follow that increased education levels alone will remove income and employment inequalities. This is evident in a whole range of data; women earn much less than men although on average women have more years of schooling than men in Australia, and within each education category US Black men earn less than White men. Furthermore, in the US, on an annual earnings basis, almost all of the closing of the earnings gaps between Black and White men has come about within education categories and not as a result of an increase in the relative earnings of Blacks. On an hourly earnings

basis, increased education levels have been associated with a narrowing of the earnings gap by about a third.

Education should be seen as a necessary, but not sufficient, condition to improve the economic well-being of Aborigines. Education alone will not bring well-paying jobs to Aboriginal towns or outstations in remote locations, nor automatically lead to employment opportunities elsewhere in a depressed economy.[12] These remarks are not intended to weaken the justification for increasing Aboriginal education levels, which are far below those of the White community, but to emphasise that increasing education levels alone is unlikely to prove sufficient to create economic equality.

The record of the current government in directing income towards the Aboriginal community in terms of social security payments and economic advancement programs far exceeds anything that has been done before in Australia and far exceeds similar expenditures in the US. Perhaps up to three-quarters of Aboriginal income, broadly defined, is in the form of transfer payments from government. If this scale of income transfers were to persist, and the male Aboriginal employment-population ratio were to continue to fall, there will be inevitably a questioning as to whether the high levels of income transfers has led to declining employment levels. Controversy over the extent of welfare dependency in the Aboriginal community may become a much more important policy issue.

Notes

1. The title is taken in part from the influential book by the Swedish economist Gunnar Myrdal, *The American Dilemma: The Negro Problem and Modern Democracy*, Harper and Row, New York, 1944.

2. The empirical analysis of the changing economic integration of the Aboriginal community into the Australian economy is in its infancy. The best descriptions of the current situation include: the *Report of the Committee of Review of Aboriginal Employment and Training Programs* (Miller 1985) which established the framework for current Federal Government policy; Fisk's (1985) study, which attempts to construct national income estimates for the Aboriginal community; and Tesfaghiorghis and Altman's (1991) analysis of census data, 1971-1986.

3. The two main goals of the Federal Government's Aboriginal Employment Development Policy (AEDP) are to ensure Aboriginal economic equality (as measured by employment, income and education status indicators) by the year 2000; and to achieve a concomitant (and closely linked) reduction in Aboriginal welfare dependency to a level commensurate with that of other Australians (Tesfaghiorghis and Altman 1991). Both goals seem impossible to achieve within this time frame. The education gap is narrowing but the employment gap, putting aside redefinitions of employment, is probably widening.

4. 1980 and 1981 are Census dates for the US and Australia respectively. None of the broad conclusions would be changed if later data were used for the comparisons.

5. There are complex issues relating to whether median or mean family income is used. The median has been adopted here because it was more easily obtained from US data.

6. There are differences in family structures across groups which will affect the calculations. Aboriginal families have more dependent children and many families of US Blacks are headed by females. A more thorough calculation of family income for a standardised family, however, is not likely to change the result significantly.

7. All data are taken from secondary sources. The more important are Jaynes and Williams (1989) and Jaynes (1990). Other sources are Snipp (1989), Miller (1985), Smith and Welch (1989), Treadgold (1988) and Fisk (1985)

8. These calculations assume the married unemployment benefit rate, family allowance for three children and a rent allowance. The earnings of the low-skilled were assumed to be ordinary time weekly earnings of adult male farm workers and labourers not-elsewhere-included (nei).

9. The annual earnings data for Blacks and Whites are taken from Jaynes and Williams (1989).

10. A more optimistic assessment on the role of education and the improvement of the economic circumstances of Black men can be found in Smith and Welch (1989). However, they focus almost exclusively on weekly wage ratios and exclude those who worked less than 26 weeks in the previous year and those with very low or very high weekly incomes. Since 1940, the probability that the incomes of Black men will occur in the top 25 per cent of White incomes has increased tenfold, to 10 per cent. When weekly wage ratios are classified by schooling levels, rather than the annual earnings ratios of Table 12.3, the average increase in wage ratios within schooling classes is about 36 per cent between 1940 and 1980. The increase in the aggregate wage ratio is 52 per cent, suggesting that about a third of the weekly wage ratio increase has come about through increased schooling.

11. A more thorough analysis could be done which undertakes a shift share relationship for changing Aboriginal employment, but it is likely to come to the same conclusion. Aboriginal employment is disproportionately allocated to those parts of the job market which are either declining or growing least.

12. A number of US studies suggest that affirmative action, implemented for Federal contractors that employ more than 100 people, has been effective and increased Black employment opportunities (Smith and Welch 1989; Leonard, 1990). The effect of affirmative action on the Black-White wage differential is less clear. Smith and Welch (1989) argue that there was a temporary effect.

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13. Conclusion

J.C. Altman

The aims of this conclusion to the 'Aboriginal Employment Equity by the Year 2000' workshop are threefold. First, to highlight some of the new policy insights in this volume. Second, to provide a summary of some of the commentary and discussion that occurred at the workshop, especially during the concluding open forum. And finally to formulate a prognosis in relation to Aboriginal employment and human resource development in Australia. Before undertaking these tasks though, a brief description of the Aboriginal Employment Development Policy (AEDP) context is provided since so much of the workshop's discussions centred on this major Federal Government initiative. Readers are warned that this synoptic presentation does not set out to provide a comprehensive summary of the volume's content.

The policy context

The Aboriginal Employment Development Policy (AEDP) incorporates the Federal Government's response to the *Report of the Committee of Review of Aboriginal Employment and Training Programs* (Miller 1985). The Miller Report was the first comprehensive review that clearly established the marginal employment situation of Aboriginal people, using both Australian Bureau of Statistics data, especially from the 1981 Census, and academic research, like Fisk's (1985) study on the Aboriginal economy. The AEDP is a response to what was, and is, identified as an unacceptable situation. When launching the AEDP in 1987, the Prime Minister described it as a five year employment development package to provide Aboriginal and Torres Strait Islander people with a fair deal. The AEDP set out:

> to use existing resources more effectively and to supplement them, where necessary, within the framework of a well co-ordinated and comprehensive long-term policy. Aboriginal and Islander people will benefit increasingly as changes to existing programs take effect, but the full impact of this policy will only be felt after several years of intense development (Australian Government 1987: iv).

In the context of Aboriginal affairs policy, there was general support within the workshop for many elements of the AEDP. At the outset, Altman and Sanders (chapter 1) labelled the policy's emphasis on inter-agency coordination, five year commitment of substantial financial

resources, and program flexibility that allowed differentiation between the very different economic situations of Aboriginal people across the Australian continent, as policy realism. This workshop was held as the first five year phase of the AEDP was over half completed. Three broad questions are worthy of consideration at this early stage. First, is the AEDP conceptually sound? Second, are the programs that are under the umbrella of the policy being delivered effectively and efficiently. And finally, are the AEDP's targets realistic.

The issue of conceptual soundness was primarily addressed in the opening two chapters. Altman and Sanders argued that in many parts of the country employment problems are intractable owing to historical, structural and cultural factors. Given Federal Government concern with social justice, as outlined in *Towards a Fairer Australia: Social Justice Strategy Statement 1990-91*, that aims to develop a more prosperous and just society for every Australian (Hawke and Howe 1990: 1), equity considerations indicate that the AEDP is needed. Sloan (chapter 2) on the other hand, undertaking a broad-ranging survey, found it difficult to be optimistic about the potential efficacy of labour market programs, particularly in terms of fulfilling the microefficiency objective of long-term employment creation. If labour market programs cannot effectively integrate non-Aboriginal Australians into mainstream labour markets, their potential for disadvantaged Aboriginal Australians can definitely be questioned. She notes that programs are often hastily devised as reactive policy in times of deteriorating employment prospects. In a sense though, mainstream labour market programs can be differentiated from Aboriginal labour market programs: the former are closely linked to fluctuations in unemployment, the latter to long-term structural problems that affect a particular group.

The issue of effectiveness and efficiency of program delivery received little attention at the workshop, primarily because there has been limited bureaucratic evaluation of program performance to date and academic evaluation must await data output from the 1991 Census. There is little doubt that with recent reforms in Australian public administration, an attempt will be made to evaluate quantitatively the performance of all programs that fall under the ambit of the AEDP. Evaluations that will contribute to the overall review of the AEDP are already under way. In reading Sloan's contribution one cannot help but conclude that labour market programs for the general population are used by the Federal Government as a means of combating high unemployment during periods of recession and that such programs will always be used for political reasons, with limited scrutiny and irrespective of outcomes. By comparison, given the longer-term problems facing Aboriginal Australians, it could be argued that the employment programs devised specifically for them are relatively over-scrutinised. Even with such

scrutiny, more substantive questions, like whether the AEDP is having positive impacts, or whether, at the very least, during the current economic recession it is at least maintaining the status quo rather than allowing the low employment status of Aborigines to deteriorate further, are not being addressed.

The title of the workshop 'Aboriginal Employment Equity by the Year 2000' was influenced primarily by the stated goals of the AEDP. From the start of the workshop, however, Altman and Sanders questioned the appropriateness of the use of the term 'equity', because current policy statements use 'equity' as if it were synonymous with 'statistical equality'. There was a general concern that the policy realism evident in the establishment of the AEDP was not matched by equivalent realism in setting targets. Indeed the major focus of papers in this volume is on the issue of whether statistical equality can be achieved. This apparent overemphasis reflects concern that the employment targets set are unrealistic and that review of the AEDP may be unduly critical if performance is assessed against impossible goals.

Some major findings

The general view of the workshop was that the AEDP target of statistical equality by the year 2000 could not be achieved. This is a view that has been echoed subsequently by Commissioner Elliot Johnston in the *National Report of the Royal Commission into Aboriginal Deaths in Custody*:

> The general thrust of the AEDP is to achieve this [equity] through outcomes of statistical equality between Aboriginal and non-Aboriginal Australians in levels of employment and income. ... I very much doubt whether this target can be met for a number of reasons (Commonwealth of Australia 1991: 366).

Jones (chapter 3), Chapman (chapter 11) and Gregory (chapter 12) questioned whether investment in human capital (education and training) would achieve equality in terms of labour force participation and employment for Aboriginal people. Certainly Miller (chapter 6) suggested that for Aboriginal youth additional education and increased participation in labour market programs may not result in labour market success, possibly because disadvantage may result from discrimination and supply-side factors, like poverty and welfare traps. Similarly, when looking at Aboriginal women's participation in the labour market, Daly (chapter 7) showed that Aboriginal women demonstrated certain characteristics, like higher rural residence and lower educational status, that were generally associated with lower labour force participation. But she also indicated that there were certain currently unexplained

characteristics associated with Aboriginality and noted that further research would be required to ascertain what these factors might be.

On a regional basis, Arthur (chapter 9), using primary data collected in the Torres Strait in 1989, demonstrated that some remote regions have definite ceilings on formal employment possibilities that are dictated by the undeveloped nature of their economies. Even with full 'Islanderisation' of all current employment in the Torres Strait, statistical employment equality would not be achieved. In New South Wales, Ross (chapter 10), using data collected in 1986 demonstrated that the least disadvantaged Aborigines are those who have higher levels of formal education and/or have access to labour market programs. However, Ross warns that there is no point in allocating resources to education and training if the locations where Aboriginal people reside lack employment opportunities. In such a scenario all that would be achieved is a larger pool of more educated unemployed.[1] The implication here is that education and training will need to be better targetted to fit the particular needs of people where they live. Taylor's (chapter 5) contribution on labour migration emphasises also that greater involvement in mainstream labour markets will require a rapid, but currently highly unlikely, increase in Aboriginal inter-regional migration.

These conclusions were reinforced by three very important and longer-term perspectives and while it can be invidious to identify particular contributions in preference to others, there is no doubt that three specific papers from very different disciplinary perspectives have significant implications for future Aboriginal policy development.

Tesfaghiorghis and Gray's contribution from a demographic perspective (chapter 4) combined population projections of the Aboriginal population to the year 2001 with an analysis of demographic shifts that will influence the composition of that population. While their estimate that the Aboriginal population will total 297,000 in 2001 (compared with 227,000 in 1986) is hardly surprising, their careful analysis of the demographic structure of that population has major implications for the AEDP. In particular, they estimate that the Aboriginal working age population (aged 15-64 years) will increase from about 131,000 in 1986 to 192,000 in 2001. At an aggregate level, they demonstrate that if statistical equality in employment is to be achieved, then it is likely that 115,000 Aboriginal people will need to be employed by the year 2001, almost three times the number employed in 1986. This finding is alarming. Tesfaghiorghis and Gray expose a major oversight in the AEDP Statement (Australian Government 1987) where it was assumed that the demographic profile of the Aboriginal population in the year 2000 would be similar to the profile in 1986.[2] In fact the Aboriginal working age population will grow much faster in the 1990s (2.6 per cent per annum) than the total Aboriginal population (1.8 per cent per

annum). To achieve employment equality by the year 2000, some 73,000 new jobs will be needed, not 46,000 as predicted in the AEDP Statement (Australian Government 1987: 5). Moreover, this requirement must be understood within the statistical reality that only 43,000 Aboriginal people were employed at the time of the 1986 Census.

Gregory's analysis (chapter 12) from a labour economics perspective is novel in the Australian Aboriginal policy context because he broadens the debate considerably by comparing the situation of Aboriginal Australians with that of Indians and Blacks in the United States. His finding that relative to the total population, Aboriginal Australians are worse off than American Blacks and Indians is salutary. But what is especially significant is his analysis of United States data over a 50 year time span that examines the changing longitudinal relationship between education and income levels. Gregory demonstrates that within broad ethnic groups (like Blacks, Indians, Whites) increased education (defined as years of schooling) is associated with higher levels of income and higher probability of employment. However, these higher levels of education will not result in the removal of inequalities between groups. This finding has potential policy implications in Australia, where the current emphasis in the National Aboriginal and Torres Strait Islander Education Policy assumes that education will be a sufficient condition to improve the economic well-being of Aborigines. Gregory emphasises that education should be seen as only a necessary, but certainly not a sufficient, condition for economic equality. His longitudinal analysis provides an important reinforcement to the findings of Jones, Ross, Miller, Daly and Chapman who all demonstrate, using cross-sectional analysis, that education in itself cannot provide the solution to Aboriginal employment disadvantage.

The reason that higher education status may not result in higher employment status is linked primarily to the geographic distribution of the Aboriginal population. Tesfaghiorghis and Gray use 1986 Census data to show that 24 per cent of the Aboriginal population live in major urban areas (compared with 64 per cent of the total population) and 34 per cent live in rural areas (compared to 14 per cent for the total population). As Altman and Sanders noted at the outset, there are many parts of rural and remote Australia that either have small or declining labour markets, or in some cases, especially in the very remote regions where many Aboriginal outstations are located, no labour markets at all. It is obvious that in such locations increases in years of schooling or attainment of post-school qualifications will improve the educational status of the Aboriginal population, but this will only have a small impact on employment status as measured by social indicators. This finding should not be interpreted as an argument against the provision of education services to the Aboriginal

population; rather it is intended to highlight the fact that education needs to be tailored to the specific needs of people where they live.

The apparent disjuncture between the geographic distribution of the Aboriginal population and the location of labour markets adds an important explanatory dimension to Aboriginal economic disadvantage which is often referred to as 'locational disadvantage'. Taylor's analysis in chapter 5, from the perspective of labour migration studies, is path-breaking as the first attempt to explore the relationship between migration and the labour market status of Aboriginal people at both a macroeconomic and macropolicy level. His review of the literature indicates that Aboriginal people in rural and remote regions may be highly mobile within a definable and at times extremely extensive, social domain, but that this mobility is generally unrelated to longer-term labour migration. Recent analysis by Gray (1989), quoted by Taylor, suggests that in the more closely settled regions Aboriginal urbanisation may have peaked in the 1960s and 1970s and that the recent growth in urban populations is a result of natural increase rather than migration.

What is especially pertinent in the AEDP policy context is the division of the Aboriginal population into that proportion (53 per cent) that reside in locations in more settled regions with active labour markets and the remainder (47 per cent), identified as resident in rural and remote areas and earmarked for community-based employment strategies. In the former case it is assumed that workers will be directed to the work and that labour migration will occur. In the latter case it is assumed that work will be directed to the workers through the expansion of the economic base (Miller 1985). However, both broad approaches are problematic. First, even in settled regions, there is little empirical evidence that Aboriginal people will migrate for employment. Second, even when employment opportunities are created for Aboriginal people in urban centres in remote regions there is evidence, especially from Taylor's (1988) own research in the Katherine region, Northern Territory, that local unemployed Aborigines may be unable or unwilling to compete for regular full-time employment with more highly skilled Aboriginal intrastate or interstate migrants. These findings reinforce the telling point made several times during the workshop that policy realism will require continued subvention of rural and remote areas because massive economic and social costs will result from any policy that makes the invalid assumption that Aboriginal people can somehow be forced to migrate from economically undeveloped areas and integrated into formal labour markets elsewhere.

Some recurring workshop themes

It is no straightforward task to reduce discussion during an intense two-day workshop to several broad themes. Nevertheless, an attempt is made here to focus on five broad themes that seemed to recur most frequently in discussion and the open forum. These were: the need for more appropriate definitions of employment equity and statistical equality; the possible need for an enhanced or redirected government role in the pursuit of Aboriginal employment equality; the desirability of clearer identification of policy goals and rigorous evaluation of their efficiency and effectiveness; the acute shortage of accurate and up-to-date statistical information, and finally, the need for further research on economic issues of relevance to policy formation that affects Aboriginal Australians.

Redefining employment equity

A theme that dominated the workshop was the need to shift to more precise definitions of major terms. From the outset, with Altman and Sanders' focus on the very different meaning of equity (or fairness) and equality (or statistical parity) there was a certain discomfort with the somewhat ambiguous workshop theme. Some participants at the workshop felt that this focus on policy rhetoric and semantics was misplaced. However, one of the strengths of the workshop was that there was a continual demand for analytical rigour both in discussion and evaluation of policy outcomes. It was very apparent, for example, that the forthcoming major independent review of the AEDP to be completed in 1993 will need to use quantitative social indicators to assess the relative success or failure of both individual program components and overall policy.

In this context there was a high degree of concern that assessing program performance according to the criteria of the wider Australian society was inappropriate. Concerns emanated from two broad areas that could be termed cultural and structural. On the cultural side there was a general recognition that many Aboriginal people in rural and remote locations are not seeking the same employment status as other urban-based Aboriginal people and other Australians. In short, there is a supply-side reason why Aboriginal people do not seek full incorporation into mainstream labour markets. On the structural side, there is the reality that the absence of employment opportunities in many regions where Aboriginal people live makes statistical equality impossible without far greater and very costly government intervention. The recognition of the interplay between these two broad factors led workshop participants to query whether the current ambiguity between 'equity' and 'statistical equality' should not be replaced by more realistic and culturally

appropriate definitions of equity, especially given the cultural, social and economic heterogeneity of the Aboriginal population.

While I am aware of the dictum that new material should not be introduced in a conclusion, this rule is overlooked here so as to provide a concrete example of some of the policy ramifications of broadening the notion of employment equity. The example comes from a report on the economic viability of Aboriginal outstations and homelands (Altman and Taylor 1989) and is based on research undertaken in remote Arnhem Land, Northern Territory, in the period 1979-81. Time allocation data collected among a small group of Gunwinggu-speaking people residing at an outstation indicated that on average adults spent 3.6 hours per day in productive work effort in the subsistence (hunting, fishing and gathering) and market exchange (production of artefacts for sale) sectors. While this figure appears low in daily terms, it translated to an adult average of 25 hours work per week, year-round. The figure is also an average for all adults (aged over 15 years). In other words the labour force participation rate was 100 per cent. Comparison of these data with 1981 Census data indicated that for all Australians labour force participation was only 61 per cent (for the population aged 15 years and over) and if it is assumed that full-employment is represented by the 40 hour week, then at an Australian societal level average work effort was similar (24 hours per week) to the level for Gunwinggu.

There is obviously a wide range of conceptual and theoretical issues that could be debated with respect to this comparative example, especially the extent of non-Aboriginal participation in the informal economy. Hence the comparison can only be regarded as an approximation. But the key points presented for consideration here are as follows. First, if culturally appropriate definitions of employment are to be used then there is no doubt that Gunwinggu are employed. However, in terms of the census question on employment, with its market-oriented emphasis on formal 'paid' work, it is likely that so-called informal employment in the subsistence sector would be ignored and artefact production may only be recorded as part-time or occasional employment. Second, given that the AEDP does recognise the cultural heterogeneity of the Aboriginal population, it is important that this sort of statistical analysis is undertaken: it indicates already existing statistical equality and equity in employment terms (and hence no employment problem), although it does not deny that modern Aboriginal hunter-gatherers may have a productivity problem that precludes the attainment of income equality and may require ongoing income support from the state. Finally, such analysis is realistic about the circumscribed economic options in many remote, economically undeveloped areas. The only employment option in such areas may be in the informal economy, but current policy provides little

incentive to undertake such productive activity; even under the CDEP scheme the majority of work is in the community services sector.

While one does not wish to make any quantum leaps from this particular case to the general, it does seem that the dominant market ideology results in much discussion being limited by the conceptual framework of linkages to mainstream labour markets and the locational disadvantage of those Aboriginal people living in rural and remote regions. In reality, locational disadvantage in terms of such linkages may be locational advantage, for those with land, in terms of access to food and shelter. This case is not intended to suggest that all Aboriginal people should go and live at outstations and live off the land; in fact this option is probably only viable for 5 to 10 per cent of the Aboriginal population. The case is presented here to demonstrate concretely the concerns of the workshop that more sophisticated and culturally appropriate notions of both equity and statistical equality need to be incorporated into public policy.

The required policy response

Almost all the chapters in this volume are limited to analyses of 1986 Census data on the socioeconomic status of Aboriginal people. Some more recent administrative data sets on government expenditures are also used, but there was a general recognition that an accurate reflection of the current employment situation of Aboriginal people will not be possible until 1991 Census output becomes available late in 1992. Nevertheless, there was a general acceptance that as the overall unemployment rate in Australia has increased to over 10 per cent in 1991, there will be a disproportionately negative impact on Aboriginal people. Fisk (1985: 108-9) made the observation that macroeconomic fluctuations will have a disproportionate impact on disadvantaged minorities like Aborigines. If this is the case, it is likely that 1991 Census findings will show a downturn in the employment situation of Aboriginal people, although alternatively there is a possibility that the extent of government intervention, especially via the rapidly expanded Community Development Employment Projects (CDEP) scheme, may partially or totally offset the impact of the downturn in a statistical sense. Using Tesfaghiorghis and Gray's projections, it is estimated that the current size of the Aboriginal labour force (assuming similar participation rates in 1991 as in 1986) is 73,500. The current 18,266 participants in the CDEP scheme could account for as much as 25 per cent of the estimated Aboriginal and Torres Strait Islander labour force, and could reduce the official Aboriginal unemployment rate to a level that is similar to the national average. However, it must be recalled that CDEP scheme participants are invariably employed part-time and for wages that approximate unemployment benefit entitlements. Under such conditions income

equality and a real reduction in welfare dependency will not occur even though economic, social and cultural benefits associated with participation in productive work may accrue to participants.

Given the scepticism of workshop papers, the issue of the appropriate response from government was not surprisingly a recurring theme. Here it seemed that workshop participants were divided. Part of the division was dictated by the strictures placed on policy by AEDP statistical goals. As Altman and Sanders argued, the resources committed to the AEDP are appropriate and reflect policy realism about the scale of the problem facing Aboriginal Australians. Yet the AEDP does not just set out to achieve employment and income equity (as measured by statistical social indicators) between Aboriginal and other Australians; it also aims to achieve reduced levels of Aboriginal welfare dependence commensurate with the wider community. A potential issue that Gregory identifies is that a very high proportion, perhaps up to 75 per cent, of broadly defined Aboriginal income is derived from government transfer payments. Yet despite this level of intervention Gregory shows that the Aboriginal male employment-population ratio continues to fall; he suggests that if this trend continues there is a risk that a correlation will be made between the high levels of transfer payment and declining employment levels, although it is far from clear what alternatives are available given horizontal equity considerations. A more appropriate question may be how government transfers may be better targetted to accord with the structural, cultural and economic realities facing Aboriginal people.

Others though, argue guardedly that more of the same needs to be done. For example, Ross suggests that more resources will need to be committed in New South Wales to employment and training programs. Arthur argues, convincingly, that in remote regions like the Torres Strait statistical equality and reduced dependency are contradictory and unachievable. Hence he suggests that if policy-makers are concerned about both statistical equality and equity then there will be the need for a shift from viewing transfers to undeveloped regions as dependence, and an acceptance that such areas will need ongoing regional subsidy. One of the issues that did not arise in the workshop, but needs to be raised, is that it may be more cost-effective to provide such regional subsidies than to force people to migrate to regional centres where they will still not get jobs, but where there might be additional costs that outweigh the cost of subsidies.

With considerable evidence that the target of statistical equality will take a very long time to achieve and may not be even possible for some regions, a different, more political agenda surfaced during the open forum. There was a view expressed that the goal of economic equality could only be advanced by greater government intervention in three

broad areas: transfer of land and associated property rights to Aboriginal interests, special protection for Aboriginal industries, and statutory requirements that Aboriginal people are given jobs, especially where labour markets are extremely limited in scale. Two of these suggestions were supported in the workshop presentation by Junankar and Kapuscinski (1991) who argued for land rights as a means to provide Aboriginal people with an economic base, and for positive discrimination as well as affirmative action to ensure that 1 to 2 per cent of the Australian Public Service is Aboriginal.

The land rights issue is complex, but in the context of this workshop it must be emphasised that there is limited evidence that in the short to medium-run the transfer of land and associated mineral royalty and property rights makes much difference to the employment status of Aboriginal people as measured by social indicators. At an aggregate level this can be simply demonstrated: Aboriginal people own 36 per cent (nearly 500,000 square kilometres) of the Northern Territory, but only 2 square kilometres (or zero per cent) of Tasmania. Yet in terms of social indicators, Tesfaghiorghis (1991) shows that Aboriginal people in Tasmania have a far higher economic status than Aboriginal people in the Northern Territory. Such a generalisation has shortcomings (for example, it overlooks how much land Tasmanian Aborigines may own privately) but nevertheless it is important that an ideological commitment to land rights for a range of social, cultural and political reasons is not confused with economic reality. As is the case with increases in years of schooling, increases in land holdings, and especially unalienated crown land, will not be the solution to Aboriginal economic disadvantage.[3]

It should be emphasised though that there is little research that has examined the economic impact of land rights. A recent review paper questions whether land rights has a marked and immediate economic impact (Altman 1990). There are certainly cases where land and royalty rights have combined to improve the economic status of Aboriginal people, but these cases are the exception rather than the rule. In the longer-term there is no doubt that Aboriginal ownership of land, especially if held under inalienable title, will be of enormous strategic economic significance; but in the medium-term, and certainly by the year 2000, Aboriginal land rights will have a limited economic impact. The primary reasons for this are threefold. First, in many situations Aboriginal people want control over land to stop, rather than encourage, development (see Altman and Dillon 1988). This has been clearly demonstrated with the recent opposition to mining at Coronation Hill in the Northern Territory (Resource Assessment Commission 1991). The reasons why Aboriginal people can be anti-development is primarily to protect sites of religious significance, but it could also be that they calculate that they will accrue few of the economic benefits, but a

disproportionate share of social and cultural costs, associated with development on Aboriginal land. Recent debate in Australia about resource security and the absence of a right to veto mining on Aboriginal land in forthcoming land rights legislation in Queensland indicate that Aboriginal economic leverage on their land may be decreasing rather than increasing in the 1990s. This is despite the recent recommendations of the Industry Commission (1991) that argue in favour of tradeable property rights. Second, much Aboriginal land is of limited commercial value and it is precisely for this reason that it remained unalienated and available for transfer to Aboriginal interests. Third, while there is no doubt that land can provide an economic base for informal economic activity, as noted already, such activity is not adequately reflected in positive shifts in formal social indicators.

The issue of protection of infant Aboriginal industries has some appeal. After all, in the post-war period the Australian manufacturing sector has been heavily protected by tariff barriers. However, such arguments again seem to be swimming against the policy tide. At a general policy level there is a shift to reduce industry protection to expose them to the market forces of the world economy. This was made quite explicit in the Industry Statement *Building a Competitive Australia* made by the Prime Minister to Parliament on 12 March 1991. While the AEDP looks to Aboriginal economic equality by the year 2000, the Federal Government is looking to substantially reduce tariffs and quotas by that same year. In a similar vein, Mick Miller suggested that restricted licenses to exploit indigenous and introduced faunal species should be issued to Aboriginal people. This is an issue that has received considerable attention recently in forums like the International Union for the Conservation of Nature and the World Council of Indigenous People. In discussing this issue at the workshop the term 'indigenous resource security' was used. There was general workshop support for the greater recognition of Aboriginal and Torres Strait Islander property rights to indigenous resources.

A third avenue for greater intervention is in Aboriginalisation of employment opportunities, especially at remote Aboriginal communities. For example, Mick Miller suggested that government contracting procedures should include a caveat requiring that a set percentage of jobs be reserved for Aboriginal people. Again such arguments have appeal, because all too often one sees contracting teams operating at Aboriginal communities without any Aboriginal employees and without any skills transfer. However, there are also some compelling counter-arguments. First, is the issue of community self-management; should governments have the right to stipulate to Aboriginal communities who they should and should not employ? Second, is the point made by Arthur that full Aboriginalisation (or, in his case, Islanderisation) will still not result in

employment equality. Third, is Taylor's (1988) analysis of the Katherine situation that demonstrates that Aboriginalisation is not necessarily the same as localisation. While the emphasis in the workshop was on broad economic issues, it should not be overlooked that sweeping policy prescriptions like Aboriginalisation have the potential to further marginalise local Aboriginal people, especially in rural and remote regions. Finally, there is the issue of efficiency. Aboriginalisation as policy prescription, without performance requirements, could be counter to a wider Australian public policy goal of achieving greater efficiency for every dollar expended. However, it is important to recognise that there are some jobs, like employment in national parks, where Aboriginal people have a distinct advantage owing to local and cultural knowledge. Such specialisation could form the basis for positive discrimination in employment.

Program evaluation and performance

An important issue that surfaced during the workshop was that many programs in Aboriginal affairs have so many objectives that it is frequently difficult to assess their effectiveness and efficiency using performance indicators. Dillon, a workshop participant, notes that a very high proportion of the Aboriginal and Torres Strait Islander Commission's (ATSIC's) expenditure is channelled through Aboriginal organisations and that an important objective for many of these organisations is to maximise Aboriginal employment (Dillon 1991). While this objective is also the major goal of the AEDP, Dillon suggests that there is the potential for the implicit objective of employment creation to take precedence over the explicit objective for which funding was provided.

There is a common view in Aboriginal affairs that the effectiveness and efficiency of special Aboriginal programs should not be assessed according to economic criteria alone, even if programs had specific economic goals, as there are often non-economic and difficult-to-quantify spinoffs to Aboriginal people from such expenditure. Such a view, which has a great deal of validity, surfaced in discussions about the CDEP scheme that was described by Morony (chapter 8). This scheme has grown rapidly in recent years and in the current financial year (1990/91) will result in expenditure of nearly $200 million, about 75 per cent of which notionally comprises participants' unemployment benefit entitlements. A problem with the scheme is that while it is increasingly referred to as an employment program (especially since its incorporation as an element of the AEDP), for some participants it is primarily an income support scheme, while in other situations it operates as enterprise support or as a community development program. This multiplicity of objectives makes it extremely difficult to assess if the scheme is operating

effectively in meeting any of its objectives, a point noted in a recent interdepartmental government review (CDEP Working Party 1990).

Aboriginal participants in the workshop were unanimous in their support for the scheme, emphasising its important social and cultural roles, especially of instilling a sense of confidence and purpose at Aboriginal communities where most residents have been inactive on unemployment benefits for long periods of time. However, as other workshop participants noted, if the CDEP scheme is having such a positive impact, then all that is needed is some concrete evidence to substantiate positive outcomes. This is an important point that is often overlooked in Aboriginal affairs in general and by Aboriginal organisations in particular. There is a suspicion about reviews of performance among many Aboriginal organisations because such reviews are often regarded as merely providing an opportunity to cut-back resources. However, in the current economic and public administration climates, there is a real danger that if such a view prevails this will become a self-fulfilling prophecy. Performance evaluation must be seen as an opportunity to improve the effectiveness of program delivery according to the stated program objectives defined by the clients. Again with reference to the CDEP scheme, there is a real risk that this scheme will be assessed according to its widely perceived goal of employment creation. If this is the case the obvious question is how many permanent full-time jobs have resulted from CDEP scheme expenditure. However, if the scheme is about income support, or enterprise development, or community development a different set of questions need to be asked. And if the scheme has multiple objectives, then these will need to be given an appropriate weighting in each particular case. With a specific focus on the CDEP scheme, there are a range of other questions that can be asked: in situations where the scheme's primary aim (or unintended outcome) is income support, is it more effective than Department of Social Security income support service delivery? Is the CDEP scheme effective in meeting AEDP income equality objectives?

There was a general concern expressed at the workshop that in the 1990s, as funding of all special programs comes under increasing public and bureaucratic scrutiny, there will be an expectation that objectives will be defined more precisely and outcomes will be assessed more rigorously. As a consequence, the formation of accurate program goals will be crucial; Aboriginal organisations will need to develop strategies and methods to ensure that program expenditure is meeting stated goals and achieving equitable and socially just outcomes.[4]

The need for statistical data

Time and again during the workshop reference was made to the relative paucity of statistical information about the Aboriginal population. One is

reminded of the comment made recently that the colonial concept of 'terra nullius' has been replaced by a 'data nullius' (Westcombe 1990: 5). While such an analogy may be overstating the case somewhat, there is little doubt that there is an over-reliance on official statistics collected during the five-yearly censuses of population and housing and little other primary data collection. Hence we find a workshop held in 1991 on Aboriginal employment issues being almost totally reliant on 1986 Census data with the only contributions based on primary data being Arthur's on the regional economy of the Torres Strait and Ross's on the employment situation in New South Wales.

There was considerable discussion that took two broad directions about options for generating additional quantitative data. First, there was a suggestion that a special survey needs to be undertaken of the Aboriginal population that is independent of five yearly censuses. Supporters of such an approach noted that a range of culturally appropriate questions could be asked in such a special survey that could initially establish an accurate benchmark of Aboriginal socioeconomic status. Subsequent surveys could then assess the relative success or failure of programs in improving this status. Others though were concerned that a special Aboriginal survey would not generate appropriate comparative data about the total Australian population. There were other methodological concerns about finding a representative sample of the largely self-identifying Aboriginal population, especially in urban areas, outside the census context.

The other serious option favoured the identification of Aboriginal people in a range of existing special surveys conducted by the Australian Bureau of Statistics on a regular basis. From the economics perspective, the three key surveys are the household expenditure and income surveys and the labour force survey. Currently, Aboriginal people are included in these surveys, but are under-represented because of an urban emphasis in sample choice that reflects the distribution of the total Australian population. Partly because of this under-representation, an Aboriginal identifier (a question asking if the survey participant is Aboriginal) is not included in questionnaires. Again, there was no clear-cut workshop position on this option. On the one hand it was felt that it would be possible to oversample Aboriginal people to reflect the different geographical distribution of the Aboriginal population, with its skewing towards remote and rural regions. Identification of Aboriginal people in special surveys would also, rather obviously, generate data that would allow direct comparison between Aboriginal and non-Aboriginal components of the total population. On the other hand, there was concern expressed that both questions and data collection methods (especially the diary method in the household expenditure survey) may be culturally inappropriate (see Smith 1991).

Another related issue that surfaced was the need for researchers to have access to the Aboriginal population census sub-file held by the Australian Bureau of Statistics. There was agreement that the 'public use' 1 per cent sample from the 1986 Census was too small to allow meaningful statistical analysis at a disaggregated level owing to the unusual geographic distribution of the Aboriginal population; the unit records for the total Aboriginal population are needed. Such unrestricted access would allow cross-tabulations and regression analysis of census data as demonstrated by Jones (chapter 3) who, under an Australian Bureau of Statistics Fellowship, used the Aboriginal population sub-file.

Overall, there was general agreement at the workshop that given the economic marginalisation of Aboriginal people there was a need for greater generation of, and easier access to, statistical information to assist in policy-relevant research.

Further research

A research project recently undertaken at the Centre for Aboriginal Economic Policy Research, Australian National University, for the Aboriginal and Torres Strait Islander Commission provided a select annotated bibliography of economic policy-relevant research undertaken in the period 1985-90. In a summarising introduction to the bibliography, a number of areas requiring further research were outlined. These included the following broad areas: research on the Aboriginal macroeconomy; more focussed research on the economic situation of Aboriginal people in metropolitan centres and in specific regions; research on particular sub-populations of the Aboriginal population (especially youth, women and the relatively well-off), the economic impact of government; Aboriginal labour migration; and economic implications of the age structure of the Aboriginal population (Allen, Altman and Owen 1991: vi-xxii). All such research would be dependent on access to better information, but would also generate additional primary data that would allow assessment of the accuracy of official statistics.

Some more recent research that focussed on some of these issues was presented at the workshop. For example, Arthur and Ross focussed on specific and very different regions; Miller and Daly concentrated on youth and women as particular sub-populations; Sloan, Morony, Chapman and Gregory focussed on labour market and education programs, that is, the economic impact of government; Taylor reviewed labour migration issues and finally Tesfaghiorghis and Gray outlined very starkly some economic implications of the age structure of the Aboriginal population. Jones provided important analysis of census information (using regression analysis for the Aboriginal population sub-file for the first time) to

explain socioeconomic differences between Aboriginal and non-Aboriginal (Anglo-Celts) components of the Australian population.

A number of papers fulfilled important research agenda-setting roles by outlining the sorts of further research required. Some work, using 1986 Census data and administrative data bases, is already under way; other important research must await the availability of 1991 Census output. One of the very positive features of the workshop was the frank exchange of ideas both between Aboriginal participants, academics and bureaucrats and between academics from a range of disciplinary backgrounds. The workshop concluded with a real expectation that a greater research focus on Aboriginal economic problems would be forthcoming.

Aboriginal employment: future prospects

The 'Aboriginal Employment Equity by the Year 2000' workshop could well, in retrospect, have been titled differently. Given the considerable discussion about the meaning of the terms 'equity' and 'statistical equality', perhaps a somewhat longer, but more appropriate title may have been 'Is Aboriginal economic equality, as measured by social indicators, possible by the year 2000?'

It is important in concluding this volume to locate the sombre prognosis in terms of statistical targets outlined here within some major changes and improvements in the recent past. As the opening policy overview noted, the systematic exclusion of Aboriginal Australians from the mainstream institutions of Australian society and its welfare state has left a massive historical legacy to overcome. It is only in the last 20 years that Aboriginal Australians have become eligible for full inclusion into these mainstream institutions, although there is still concern that Aboriginal people do not gain full and equitable access to mainstream services (Altman and Sanders 1991). On the other hand, there are a range of special programs, many under the umbrella of the AEDP, that seek to overcome this historical legacy. Analysis of change in Aboriginal economic status as measured by social indicators for the period 1971 to 1986 show some marked improvements in Aboriginal educational and income status (Tesfaghiorghis and Altman 1991). However, Aboriginal employment growth during this period did not keep up with the growth in the Aboriginal working age population.

The full impact of the early years of the AEDP on Aboriginal employment will not be assessable until 1991 Census data are available, but there are already indications that if equity is to be equated with the pursuit of statistical equality then the policy's objectives will fail. This failure will result primarily from the highly intractable nature of

Aboriginal unemployment and the reality that even in areas where labour markets exist, improvement in Aboriginal employment status will be a slow and very long-term process not necessarily linked to any problems in policy formation and implementation.

The view of the workshop was that the Federal Government's policy response to this situation has been marked by a healthy policy realism and acceptance that many economic problems faced by Aboriginal people are structural and intractable. Consequently, it is recognised that there are no quick solutions and that the huge historical legacy facing Aboriginal people will only be overcome in the longer-term and certainly not by the 21st century. There is also a growing recognition that the enormity of the problem will require closer Commonwealth-State cooperation and coordination.

In the 1970s, Aboriginal affairs policy made a radical shift from assimilation to self-determination. By the mid 1980s, the extent of Aboriginal economic disadvantage highlighted by Miller (1985) saw this specific issue included on what became the Hawke Government's social justice agenda. The AEDP Statement of 1987 had considerable reference to social justice issues, albeit generally articulated in terms of equity between Aboriginal and other Australians. Unfortunately the AEDP also tended to confuse equity with statistical equality. The challenge for the 1990s will be to broaden the notion of equity to concentrate on equality of opportunity, taking into account the rights of Aboriginal people to self-determination and recognising the enormous cultural, social and economic heterogeneity of the Aboriginal population. The political challenge for the Australian Government will be to defend such a notion of equity before national and international communities, while ensuring that policy flexibility and financial commitments to improve the unquestionably marginal economic position of Aboriginal people are maintained.

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Notes

1. The complex issue of whether the market requirement of standard education for standard jobs is assimilationist was not addressed at the workshop. Conversely, there was little discussion about what might constitute appropriate education in rural and remote regions where there was no active labour market.

2. It is noteworthy that the *Report of the Committee of Review of Aboriginal Employment and Training Programs* (Miller 1985) represented the first attempt to actually apply Australian Bureau of Statistics data to a major Commonwealth review of the economic situation of Aboriginal people. At that time Aboriginal population projections were not readily available.

3. Transfers of land holdings to Aboriginal people will often meet a range of other social, cultural and political needs (Altman 1990).

4. The Aboriginal and Torres Strait Islander Commission is moving in this direction through its budget overview of all Commonwealth expenditure in Aboriginal affairs, its participation in the Commonwealth - State functional review (arising out of the Special Premiers Conference communique, Brisbane, September 1990) and following the establishment of the Office of Evaluation and Audit under its enacting legislation.

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