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Discussion Paper



**Do fluctuations in the Australian
macroeconomy influence Aboriginal
employment status?**

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ABSTRACT

There is considerable evidence that the factors influencing Aboriginal employment differ from those affecting the general Australian population. This paper considers further evidence of the changes over time in Aboriginal employment as measured in the Censuses of 1971, 1976, 1981 and 1986. It asks two questions. First, has the Aboriginal population experienced different unemployment rates than the rest of the population? And second, has the industry mix of the Aboriginal population varied from that of the rest of the population? The evidence presented shows that the importance of the agricultural industry as a source of Aboriginal employment declined markedly between 1971 and 1986 and publicly-funded industries became the major employers of Aboriginal people. Data on the position of Aborigines in the labour market since 1986 are extremely limited but the calculations we have made suggest that private sector employment for Aborigines has declined further between 1986 and 1991 despite the launch of the Aboriginal Employment Development Policy in 1986 and associated training programs focusing on private sector employment. We argue that the reliance on public sector funding has partially insulated the Aboriginal population from the effects of the current recession, but has left them with a high dependence on special Aboriginal programs and vulnerable to any sudden changes in policy.

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The first of these is the fact that the theory of the origin of the human race is a subject which has attracted the attention of the public mind for many years. It is a subject which has been discussed in the most varied forms, and it is one which has attracted the attention of the most distinguished scientists of the age. The theory of the origin of the human race is a subject which has attracted the attention of the public mind for many years. It is a subject which has been discussed in the most varied forms, and it is one which has attracted the attention of the most distinguished scientists of the age. The theory of the origin of the human race is a subject which has attracted the attention of the public mind for many years. It is a subject which has been discussed in the most varied forms, and it is one which has attracted the attention of the most distinguished scientists of the age.

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There is considerable evidence that the factors affecting Aboriginal employment differ from those affecting the employment of the rest of the Australian population.¹ The 1986 Census showed that Aboriginal unemployment was nearly four times higher than that of the rest of the population and that Aboriginal labour force participation rates were significantly lower (48.3 per cent versus 60.0 per cent). In a formal analysis of the determinants of employment status, Daly (1991) found that Aboriginality had a statistically significant negative effect on the probability of employment after controlling for education, labour market experience, marital status and place of residence.

The negative effect of Aboriginality on the probability of employment may be the result of either demand- or supply-side factors. Aborigines pursuing traditional hunter-gatherer lifestyles in remote areas, although gainfully employed, are not counted among the employed as they do not satisfy the standard criteria for employment as working for pay or profit (Altman and Taylor 1989). Demand-side factors may also influence the probability of employment where racial discrimination combined with the Australian system of fixed award wages, reduces the employment prospects of otherwise identical individuals.

Not only do Aborigines have a lower employment rate than the rest of the Australian population but their employment has been confined to particular sectors. There is some evidence, which we shall document below, of an Aboriginal labour market which operates separately from the rest of the labour market.² In the past, many Aboriginal people were employed in the agricultural sector, but more recently public administration and community services have become the major areas of employment.³ Once again the concentration of Aborigines in particular industries may be influenced by particular supply or demand factors in the labour market. It may reflect the preference of Aboriginal people for particular types of employment, locational factors, or the attitudes of the wider society about what work is appropriate for Aborigines. Furthermore, Aborigines may prefer a range of work options: work with Aboriginal organisations; or casual or seasonal work which can be combined with traditional activities; or a standard full-time job involving total incorporation into the mainstream labour market (Altman 1987). If such supply-side factors are the major source of the industrial segregation of Aborigines, then the outcomes may be considered optimal from an Aboriginal perspective. But if industrial segregation reflects discrimination in the mainstream labour market or an Aboriginal inability to compete for other jobs which they would like to have, due to the lack of the necessary skills, the problem becomes of concern to policy makers. The concentration of Aboriginal employment in particular industries also has important implications for their longer-term employment prospects. The future employment status of the Aboriginal population is likely to be less favourable if they are concentrated in particular industries

which have become less profitable and are in decline (see Gregory 1991: 150-1). Furthermore, a concentration of employment in industries dependent on public money will leave them vulnerable to policy change.

The discussion of the pattern of Aboriginal employment compared with that of other Australians is divided into two parts. The first is based on Census data from 1971, 1976, 1981 and 1986 and compares the changes in the unemployment rates of the Aboriginal and total populations. We also ask the following question: have the changes in the numbers employed by industry differed between Aborigines and the rest of the population? The second focuses on the period 1986-91 and the role of the Aboriginal Employment Development Policy (AEDP) in creating work for Aborigines. We shall argue that Aboriginal employment over the period 1971-91 has gone from a position where employment in the mainly private agricultural sector was of major importance, to one where a large share of employment is now funded publicly. In the past, Aboriginal employment was subject to both the general effect of conditions in the agricultural industry and to changes which appear to have particularly affected Aborigines. The current reliance on public sector funding for employment suggests a less direct effect of general labour market conditions on Aboriginal employment. We speculate that the 1991 Census results will show no increase in Aboriginal unemployment, compared with 1986, at a time when the rest of the Australian workforce has experienced substantial increases in unemployment. However, associated with this apparent decline has been a shift to greater reliance on government for employment, especially under employment programs like the Community Development Employment Projects (CDEP) scheme. A key policy issue is that Aboriginal employment prospects are now more vulnerable to changes in government policy and extremely high welfare dependence has been substituted with equally high dependence on special Aboriginal program support.

Aboriginal employment and unemployment, 1971-86

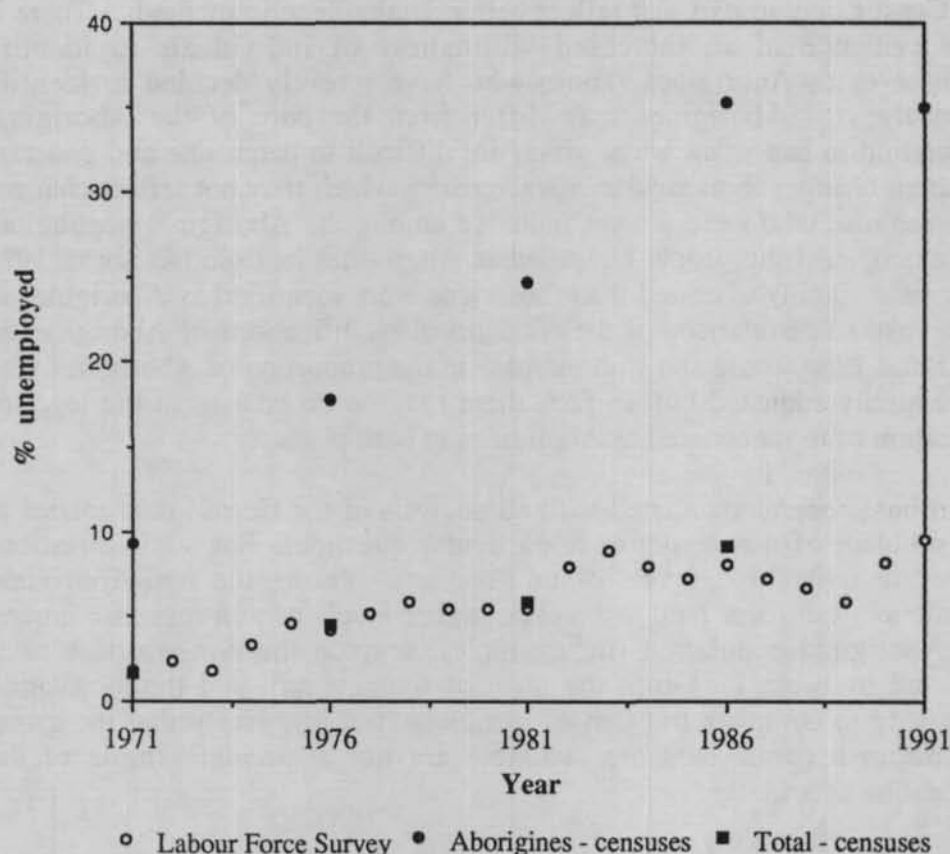
Comprehensive data on Aboriginal employment status is limited to those collected in the five-yearly Censuses of Population and Housing since 1971. 1971 is the earliest year for which data are available as Aborigines were not included fully in earlier censuses. Aboriginality in the Census is determined primarily by self-identification. The counted Aboriginal population grew by 4.5 per cent per annum between 1971 and 1986, a rate much faster than that for the rest of the Australian population (Tefaghiorghis and Altman 1991: 2). An estimated half of this increase can be attributed to demographic factors, with other factors such as increased identification as Aboriginal, enumeration problems and problems in defining Aboriginality making up the balance.

There are particular problems associated with collecting information from a largely illiterate, mobile population in the remote areas and the ability of the Australian Bureau of Statistics (ABS) to overcome these difficulties has increased over time. The increase in the number of Aborigines identified in the Census may in part just reflect better data collection methods.⁴ There is also evidence of an increased willingness of individuals to identify themselves as Aborigines. Those who have recently decided to identify themselves as Aborigines may differ from the core of the Aboriginal population in important ways which are difficult to determine and generate apparent changes in particular characteristics which may not reflect changes among those who were always included among the Aboriginal population. For example, if the people identified as Aborigines in 1986 but not in 1971 were more highly educated than those who were identified as Aborigines in both years, a comparison of the educational qualifications of Aborigines in 1971 and 1986 would show an increase in the proportion of Aborigines who were highly educated but, in fact, there may be no change in the level of education of those counted as Aborigines in both years.

A further problem associated with all analysis of the Census data relates to the problem of non-response to particular questions. For some questions there are quite high levels of non-response among the non-Aboriginal population, but there tend to be even higher levels of non-response among the Aboriginal population (for example, compare the non-response rates reported in Table 1). Given the level of literacy skill and the motivation necessary to complete the Census questionnaire, it is likely that the group for whom accurate data are available are not a random sample of the population as a whole.

Despite recognised problems associated with the accuracy and representativeness of Census data over time, they remain the major source of information about the employment status of Aborigines. Figure 1 presents the unemployment rate for Aborigines and the total population as taken from censuses since 1971. The 1991 estimate for Aboriginal unemployment is based on our estimate outlined below. Data from the Labour Force Survey conducted by the ABS are also presented to show inter-censal changes in the unemployment rate for the Australian population. Unfortunately, this survey does not include an Aboriginal identifier and consequently annual estimates of Aboriginal unemployment are not available. It is the level, rather than the rate of change in the unemployment rate, that differs between the Aboriginal and total populations. In each year, Aboriginal unemployment was about four times greater than that for the population as a whole but we shall argue below that there has been a divergence in trends over the period 1986-91.

Figure 1. The unemployment rate of the Australian and Aboriginal populations, 1971-91.



These aggregate figures on unemployment rates do not suggest that changes in the state of the economy affected Aborigines very differently than the general population during the period 1971-86. An examination of trends in employment by industry offers another source of evidence concerning the different factors which may affect Aboriginal employment. We consider the question, did the changes in the numbers employed by industry differ between Aborigines and the rest of the population over the period 1971-86. The information available from the Census can be used to create minimum and maximum estimates of any changes over time. For example, given the increase in the number of Aborigines recorded in the Census over the period 1971-86, any reduction of the absolute number of Aborigines recorded in a particular industry can be thought of as a minimum estimate, the fall in Aboriginal employment using the 1971 population as a base would show an even larger decline in the numbers employed. Similarly, any growth in the numbers employed could be attributed to 'real' increases, improved collection methods or increases in the numbers self-identifying as

Aborigines. The increase in employment between the Censuses can therefore be thought of as a maximum estimate of the 'real' increase in Aboriginal employment.

Table 1 presents the distribution of the Aboriginal and non-Aboriginal employed populations by industry for the four Census years. Employment for both Aborigines and non-Aborigines was concentrated in particular industries. In 1971 over half the Aborigines in employment were working in agriculture and community services, while three industries covered half the employment of non-Aborigines (manufacturing, wholesale and retail trade and community services). These same three industries accounted for half the employment of non-Aborigines in 1986, but public administration and wholesale and retail trade along with community services had replaced agriculture and community services as the major employers of Aborigines. In 1986, the public sector and non-profit based industries of electricity, gas and water; communications; public administration and community services had increased their share of Aboriginal employment to 43.7 per cent compared with 31.1 per cent in 1971. The comparable shares for the non-Aboriginal population was a growth from 19.8 per cent in 1971 to 27.3 per cent in 1986.

The table shows substantial declines in the share of employment for each group in particular industries which had been major employers in 1971. For Aborigines, the share of agriculture in total employment declined to about a third of the 1971 level over this period. Given the problems discussed above in analysing changes over time in the industry mix of Aboriginal employment, this figure can be considered as a minimum estimate of the fall in Aboriginal employment in the industry. In contrast to this dramatic decline in the proportion of Aborigines employed in agriculture, the proportion of non-Aborigines employed in the industry only fell slightly but there was a larger fall in proportionate terms in employment in manufacturing among the non-Aborigines than among Aborigines. Both groups experienced a growth in the share of employment in public administration but this growth was particularly apparent for Aborigines. The growth in the share of employment in community services was not as dramatic for Aborigines as for non-Aborigines.

In summary, both non-Aboriginal and Aboriginal employment has been concentrated in particular industries. For Aborigines, these industries have changed between 1971 and 1986, away from agriculture toward public administration and wholesale and retail trade. The industries which are dominated by the public sector and non-profit making organisations (usually publicly-funded) were particularly important as employers of Aborigines.

These aggregate figures based on percentages, conceal further variations between Aboriginal and non-Aboriginal employment patterns and it was

Table 1. Aboriginal and non-Aboriginal employment by major industry, 1971-86.

Aboriginal population	1971	1976	1981	1986
Agriculture	24.3	11.6	10.2	7.1
Mining	2.6	1.7	1.9	1.9
Manufacturing	11.7	14.5	8.7	8.8
Electricity, gas, water	0.8	1.2	1.4	1.6
Construction	10.1	11.0	5.2	6.0
Wholesale & retail trade	6.1	9.8	6.6	9.5
Transport & storage	3.3	4.9	5.6	6.2
Communications	0.7	1.1	1.1	1.6
Finance, property etc	1.2	2.9	2.2	3.9
Public administration	3.8	9.5	10.4	12.1
Community services	25.8	15.4	22.0	28.4
Recreation	3.8	4.1	3.6	5.4
Not classified, not stated	6.6	12.3	21.2	7.3
Total	100.0	100.0	100.0	100.0
non-Aboriginal population	1971	1976	1981	1986
Agriculture	7.3	7.0	6.0	5.6
Mining	1.4	1.3	1.4	1.4
Manufacturing	23.2	19.7	17.8	15.0
Electricity, gas, water	1.7	1.8	2.0	1.9
Construction	7.9	7.4	6.3	6.6
Wholesale & retail trade	18.9	18.1	17.4	18.9
Transport & storage	5.2	5.0	5.2	5.3
Communications	2.0	1.9	2.0	2.1
Finance, property etc	7.0	7.2	8.5	10.2
Public administration	5.4	5.6	5.6	6.0
Community services	10.7	13.5	14.9	17.3
Recreation	5.1	4.9	5.2	6.1
Not classified, not stated	4.1	6.7	7.6	5.9
Total	100.0	100.0	100.0	100.0

Source: 1971, 1976, 1981 and 1986 Censuses.

therefore decided to examine the changes in the actual numbers employed at the more disaggregated State level. (Note that the term States includes the Northern Territory throughout.) Table 2 examines the changes in Aboriginal and non-Aboriginal employment over the period 1971-86 and two sub-periods, 1971-81 and 1981-86 on a State-by-State basis. There is some question as to the reliability of some of the data derived from the 1976 Census, so we have decided to omit comparisons based on these results.

Table 2. Percentage change in the number of Aborigines and non-Aborigines in employment by State/Territory, 1971-1986.^a

	Aborigines			non-Aborigines		
	1971-81	1981-86	1971-86	1971-81	1981-86	1971-86
NSW	43	67	139	16	-1	14
Vic.	2	120	125	16	3	20
Qld	78	25	123	34	8	44
SA	43	47	110	14	4	19
WA	16	13	31	32	8	41
NT	16	78	90	50	21	81
Australia	43	27	82	20	4	24

a. Tasmania and the Australian Capital Territory have been omitted from this table because the 1971 Census did not provide specific employment data for this State and Territory; a total of 275 Aborigines were employed in both. In Tasmania in 1976, 907 Aborigines were in employment. The figures were 734 in 1981 and 1,870 in 1986. In the Australian Capital Territory there were 339 Aborigines recorded in employment in 1976, 267 in 1981 and 432 in 1986.

Source: 1971, 1981 and 1986 Censuses.

There were substantial differences in the growth of employment between States for both the Aboriginal and non-Aboriginal populations. Aboriginal employment growth was largest relative to that of non-Aborigines in the more populated states of New South Wales and Victoria. In Western Australia and the Northern Territory there was similar employment growth for the two populations over the period 1971-86 but the distribution of growth across the two sub-periods differed. In Western Australia, employment growth for the Aboriginal population took place fairly evenly across the two sub-periods but for the non-Aboriginal population employment growth was very heavily concentrated in the period 1971-81. In the Northern Territory most of the employment growth for Aborigines took place between 1981 and 1986 but for the non-Aboriginal population the decade 1971-1981 showed greater growth.

Table 3 presents the percentage change in the number of people employed in each industry by State for the period 1971-86. The absolute numbers on which this table is based are presented in the Appendix. The simple correlation coefficient calculated for each State shows that the changes in employment for Aborigines and non-Aborigines were positively correlated. There were, however, some important differences between the changes in the numbers employed for Aborigines and non-Aborigines in particular industries which suggest that there were special factors affecting the employment of Aborigines.

Table 3. Percentage change in employment by industry for the Aboriginal and non-Aboriginal populations, 1971-86.^a

Aboriginal population	NSW	Vic.	Qld	SA	WA	NT	Aust.
Agriculture	-17	6	-44	-8	-60	-68	-47
Mining	25	13	120	-63	58	-62	36
Manufacturing	18	28	62	33	-8	4	37
Electricity, gas, water	280	184	115	193	681	127	283
Construction	16	36	-12	9	-18	105	7
Wholesale & retail trade	188	85	312	103	57	305	184
Transport & storage	314	67	661	112	35	132	235
Communications	272	173	497	275	62	275	287
Finance, property etc	402	202	673	729	529	841	496
Public administration	515	458	649	677	288	303	487
Community services	620	780	187	167	212	-34	100
Recreation	186	138	175	397	53	95	161
non-Aboriginal population	NSW	Vic.	Qld	SA	WA	NT	Aust.
Agriculture	-7	-16	-1	0	11	9	-5
Mining	4	-12	57	38	50	-27	21
Manufacturing	-29	-19	2	-23	6	55	-20
Electricity, gas, water	24	40	58	12	130	25	38
Construction	-3	10	13	-1	-3	14	3
Wholesale & retail trade	17	15	42	-26	37	138	24
Transport & storage	22	23	60	13	19	44	27
Communications	22	27	66	23	30	145	31
Finance, property etc	73	74	108	73	108	291	82
Public administration	23	39	45	44	28	95	37
Community services	86	99	25	86	122	196	100
Recreation	33	36	79	49	68	159	47
Correlation coefficient ^b	0.84	0.82	0.66	0.66	0.80	0.71	0.52

a. Tasmania and the Australian Capital Territory have been excluded; see note in Table 2 for details.

b. Simple correlation coefficient between Aborigines and other Australians by industry.

Source: 1971 and 1986 Censuses.

The first of these to be considered here are the large falls in Aboriginal employment in agriculture in Queensland, Western Australia and the Northern Territory in contrast to either a small decline or growth in employment for the non-Aboriginal population in these States. Much has been written on the effects of the Arbitration Commission's decision to grant equal pay to Aborigines in the pastoral industry in 1968 and its effect on Aboriginal employment (see Stevens 1974; Altman and Nieuwenhuysen 1979; Henderson 1985). The evidence presented here is insufficient to

confirm or reject the hypothesis concerning the importance of this decision, but it does suggest that the factors influencing Aboriginal employment in these regions differed from those affecting other parts of the population.

In other industries, Aboriginal employment grew faster than non-Aboriginal employment, notably finance, property and related industries; public administration; and community services. The large growth rates in the financial industry in part reflect the very small employment base in this area among Aborigines in 1971 (see data in Appendix table).

Since the 1970s, the Commonwealth Government has aimed to raise Aboriginal employment in the Australian Public Service to between 1 and 2 per cent of the total, a figure that is intended to represent the Aboriginal proportion of the total population. Johnston (1991: 45) notes that while there are problems in meeting this goal in any precise statistical sense, owing to difficulties in identification, the figure is certainly at 1.4 per cent or better. Since the advent of the AEDP in 1986, there have also been a range of wage subsidy schemes (under the Training for Aborigines Program or TAP) to create jobs with State and local governments and statutory authorities. It is possible that the more positive attitude embodied in these policies toward Aborigines has increased the willingness of individuals already working in the public sector to identify themselves as Aborigines. If this factor is important the size of the 'real' growth in Aboriginal employment in these areas would be smaller. There was also evidence of particularly high growth rates in Aboriginal employment in each state in electricity, gas and water; and communications, both of which are industries with a large public sector component. The evidence presented here would be consistent with the hypothesis that special factors relating to the employment of Aborigines in the public sector encouraged greater employment growth for Aborigines in these industries than for the non-Aboriginal population.

An important exception to the similarity in the direction of change in industry employment between the Aboriginal and non-Aboriginal populations was in manufacturing. The absolute number of Aboriginal jobs in the industry grew over the period 1971-86 in all States except Western Australia. Non-Aboriginal employment in this industry, in contrast, fell by 20 per cent taking Australia as a whole, although there was some growth in some states.

In summary, this evidence from the Census shows that the direction of Aboriginal employment growth in each industry has been similar to that of the non-Aboriginal population, but the extent of changes has been quite different in some industries and in particular States. There were greater falls in Aboriginal employment in agriculture than for non-Aborigines and larger increases in employment in the industries where the public sector was

an important employer. The evidence presented here is consistent with the hypothesis that there were additional determinants of change in the numbers of Aborigines employed compared with the rest of the Australian population and that there is some evidence of a separate Aboriginal labour market subject to different conditions of employment.

1986-91: W(h)ither private sector Aboriginal employment?

The five year period 1986-91 is especially important to gain an understanding of the employment performance of the Aboriginal labour force and to examine whether there is any recent evidence for a distinct Aboriginal labour market. There are two major reasons for this significance.

First, in August 1986, in the 1986/87 budget context, the AEDP was launched. This Policy was the Hawke Government's initial response to recommendations in the *Report of the Committee of Review of Aboriginal Employment and Training Programs* (Miller 1985). A year later, in November 1987, in the lead up to the Bicentenary, a revamped and far more comprehensive version of the AEDP was launched by the Prime Minister. The AEDP is a comprehensive package of Aboriginal employment and training programs that set out to meet an identified and massive gap in the employment and income statuses of Aboriginal and other Australians. The AEDP is primarily administered by the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Department of Employment, Education and Training (DEET). Separately identified elements of the AEDP were established to create target numbers of jobs within the overall and longer-term policy goal of achieving Aboriginal employment and income equality with other Australians by the year 2000. A linked goal of the AEDP is to reduce Aboriginal welfare dependence to levels commensurate with the level for the general population (for a description of the full range of AEDP programs see Australian Government 1987; Altman and Sanders 1991a; Commonwealth of Australia 1991; Johnston 1991). It is worth noting that when the AEDP was officially launched late in 1987, the Australian labour market was buoyant.

Second, while the early years of the period since 1986 were associated with employment growth in the mainstream labour market, in the last 18 months there has been a steep decline in the Australian macroeconomy and labour market (see Figure 1). The unemployment rate in Australia has grown from 8.1 per cent of the labour force a year ago to 10.6 per cent in December 1991. The issue from the Aboriginal policy perspective is whether the range of employment and training programs established under the AEDP as instruments aimed at achieving social justice and economic equality have degenerated into counter-cyclical labour market programs that are

commonly employed in Australia during economic recession (see Stretton and Chapman 1990; Sloan 1991). What are the longer-term implications of the 1986-91 experience for Aboriginal employment prospects? Or is there an Aboriginal labour market that is so distinct that it is not influenced unduly by the downturn in the macroeconomy? Is there any evidence of continuing change in the industry sectors of Aboriginal employment away from private sector to public sector employment?

It is somewhat disappointing, and indeed paradoxical, that such elementary policy questions cannot be unambiguously answered owing to the almost total absence of comprehensive statistics on the employment situation of Aboriginal people. Even administrative data bases are not only far from complete or comprehensive, but are also rarely comparable (despite the aims of the AEDP to ensure inter-agency coordination in program delivery). As Sanders (1991) argues the rhetoric of the new managerialism with an emphasis on rigorous performance evaluation has not been matched with a commitment to collect statistical data essential to undertake such evaluation. What follows then is a speculative attempt, based on available data, to consider what has happened to Aboriginal employment in the period 1986-91. The analysis cannot be by industry as above, and will need to be aggregated into industry sectors. While we recognise that much of what we say here may be challenged later this year when 1991 Census output becomes available, we are not averse to intellectual risk-taking. Having made this qualification, we believe that it is important to move beyond discussing the labour market situation of Aboriginal Australians in 1992 by referring to 1986 Census data. In any case, a number of these questions will need to be raised soon as the Federal Government's commitment to review the first five years of the AEDP gets under way (Australian Government 1987: 16).

The initial issue that must be addressed in the absence of inter-censal estimates of the Aboriginal population is how has the size of the Aboriginal working age population and the Aboriginal labour force changed since 1986. Tesfaghiorghis and Gray (1991) provide projections of the Aboriginal population to 2001; their projections suggest that the Aboriginal population aged 15 years plus will total 152,000 at 30 June 1991. If Aboriginal labour force participation remained at 1986 levels, then the labour force would total about 73,400 in 1991. However, it is likely that there has been some growth in Aboriginal labour force participation since 1986, in part as a result of the AEDP. At a maximum (assuming all 'not stated' were in the labour force) it is possible that the participation rate in 1986 was as high as 53.4 per cent; using this figure gives a 1991 labour force estimate of about 81,000. This figure is probably too high, because while the AEDP, and especially the Community Development Employment Projects scheme may have encouraged greater labour force participation, involvement in training programs under the TAP would have resulted in

participants being classified as not in the labour force. Johnston (1991: 97) summarises administrative data provided by DEET, the agency that administers the \$85 million (1990-91) per annum TAP. These data indicate that there were 23,209 Aboriginal commencements in all labour market programs (mainstream and Aboriginal) in 1990-91, but some would have been for short periods, there may have been multiple commencements by the same person, and some elements of TAP are of a wage subsidy and direct job creation nature. A further component of the AEDP (and the more recently launched National Aboriginal and Torres Strait Islander Education Policy) which would reduce Aboriginal labour force participation are the programs designed to raise school retention. 13,665 Aborigines were in receipt of tertiary Abstudy in 1990 (DEET 1991: 89). It is noteworthy that administrative records held by the Department of Social Security do not accurately identify Aboriginal recipients of welfare benefits that could assist in estimating Aboriginal labour force participants (recipients of unemployment benefits) and Aborigines not in the labour force (recipients of pensions).

Recent data on Aboriginal unemployment are similarly unavailable, although Junankar and Kapuscinski (1991: 10) do provide information on Aboriginal and non-Aboriginal people registered as unemployed with the Commonwealth Employment Service (CES) from September 1983 to June 1990. At 30 June 1990, 35,188 Aboriginal people were registered as unemployed by the CES. A problem though discussed at some length by Smith (1991: 9-10) is that the CES uses a somewhat broader definition of unemployment to the ABS and subsequently CES registered unemployed consistently exceed the number of unemployed in the Census.⁵ For example, at 30 June 1986 23,409 Aboriginal people were classified as unemployed in the Census compared with 29,231 registered as unemployed by the CES in September 1986. We assume that Aboriginal registered unemployed was of a similar magnitude at 30 June 1991 as at 30 June 1990. An additional complication is that Aboriginal participation in the CDEP scheme grew rapidly in this 12 month period, from 13,800 to 18,266 participants. As CDEP payments are notionally linked to unemployment benefits and participants in the scheme are deemed to be employed (part-time), the number of Aboriginal people registered as unemployed with the CES could have declined by nearly 4,500. On the other hand, Aboriginal registered unemployed may have grown at the 35 per cent that total registrations have increased by in the past 12 months, although we would argue that this possibility is unlikely. Accepting that in the region of 30,500 Aboriginal people would have been registered as unemployed at 30 June 1991, and adding the 18,300 persons participating in the CDEP scheme means that in the region of 48,800 Aboriginal people were either registered as unemployed or participating in a 'work-for-the-dole' scheme.⁶ This figure represents 60 per cent of the Aboriginal labour force. Interestingly though the 23 per cent of the Aboriginal labour force participating in the CDEP

scheme are not registered as unemployed; at a time when Australia's unemployment has increased 35 per cent there is a possibility that officially defined Aboriginal unemployment remained fairly constant and may even have declined.

A large part of the reason for the possible growth in Aboriginal employment is the CDEP scheme; expenditure on this scheme alone totalled \$194 million in 1990-91, although 74 per cent of this expenditure was made up of participants' notional unemployment benefit (now Job Search Allowance) entitlements. Another area of Aboriginal employment growth may have been the public sector, where two major elements of the TAP, Major Employment Strategies (A20) and Job Skills Development (A30) targeted the public sector. In the 1986 Census 16,990 Aboriginal people were employed in the government sector. Johnston (1991: 45-58) outlines the extent of program expenditure aimed to increase Aboriginal employment in Federal, State and local governments and in statutory authorities. Even given poor retention rates, it is likely that 20,000 Aboriginal people were employed in the public sector in 1991.

In 1986, 22,926 Aboriginal people were in private sector employment; even if all CDEP participants (4,000 at that time) were classified as in private sector employment, a remaining 18,926 Aboriginal people were employed in that sector. Using a residual approach, it is estimated that 12,200 Aboriginal labour force participants were not in the CDEP scheme or registered with the CES or in the public sector in 1991; they were employed in the private sector. This indicates a fall in Aboriginal private sector employment by about a third between 1986 and 1991. Among these, a high proportion would have been employed by the over 1,000 incorporated Aboriginal organisations, many of which are funded by ATSIC (ATSIC 1991: 99).

To return to our original question, there does seem to be broad evidence that Aboriginal labour market status may have become relatively independent of fluctuations in the macroeconomy, if only owing to the impact of the AEDP in the period 1986-91. The extent of the difference between Aboriginal and Australian labour market experiences in the past five years can be partly explained by the rapid expansion of the CDEP scheme which is only available to Aboriginal Australians. We estimate that almost a quarter of Aboriginal labour force participants were in the CDEP scheme in 1991. But there are also indications that the structural trend toward Aboriginal employment in certain publicly-funded industry sectors evident in the period 1971-86 may have continued, or indeed accelerated, in the period 1986-91 despite the advent and stated goals of the AEDP.

Conclusion

In this paper we set out to examine whether fluctuations in the Australian macroeconomy influence Aboriginal labour market status. We recognise that our aim was ambitious, for as Figure 1 demonstrates clearly, we have only four census year estimates of Aboriginal unemployment, in marked contrast to annual estimates for the total population. Furthermore, in the five year period since the 1986 Census there are no official estimates of Aboriginal labour force status, despite the fact that a comprehensive, and unprecedented, package of Aboriginal employment and training programs were progressively introduced under the umbrella of the AEDP since 1986. This is a critical shortcoming that must be rectified: annual inter-censal estimates of the Aboriginal population and its labour force characteristics are urgently needed if the outcomes of major employment initiatives are to be monitored and rigorously evaluated.

In the absence of recent data we have examined historic changes in the industry sectors that provide Aboriginal employment. We have found that a trend to Aboriginal employment in publicly-funded industry sectors evident in the period 1971-86 may have accelerated in the period 1986-91. At a time of growing national unemployment this trend, associated with increased expenditure on special Aboriginal employment programs, would have reduced any growth in Aboriginal unemployment: it is likely that Aboriginal unemployment rates in 1986 and 1991 are similar.

However, in the broader policy context of the AEDP and its longer-term goals of Aboriginal employment and income equality and reduced welfare dependency there must be cause for concern. For while the AEDP may have operated to dampen the impact of the current recession on the Aboriginal labour force, there is little evidence that it is achieving its major structural employment goal. While our analysis suggests that Aboriginal unemployment in 1991 could be at a similar level to that in 1986, we would not be surprised if 1991 Census data indicate a decline in officially defined Aboriginal unemployment. This is primarily because much Aboriginal employment created in the past five years is either in the 'work-for-the-dole' CDEP scheme or in the public sector. This trend is of concern on two counts. First, irrespective of how successful the CDEP scheme might be as a stand alone program with both employment creation and community development goals (see Altman and Sanders 1991b), it also has to be assessed as the major component of the AEDP. Evidence to date suggests that in this context it might be judged harshly: Aboriginal participants are notionally shifted from welfare to program support, thus reducing welfare dependency, but the CDEP scheme in itself does not create the appropriate environment for the achievement of employment and income equality goals. Second, excessive reliance on employment funded by the Federal Government leaves Aboriginal people extremely vulnerable to change in

government policy. For example, the Coalition's *Fightback!* package has targeted the CDEP scheme for significant cutbacks of \$23 million despite a reported backlog of Aboriginal communities wishing to participate in the scheme. Such a cutback would reduce expenditure on the scheme by 12 per cent and would result in 2,000 current participants having to move onto Job Search Allowance or Newstart (welfare support) or out of the labour force. Furthermore, such proposed cutbacks provide a clear signal that the scheme will not be allowed to expand. There are real risks for Aboriginal people in substituting excessive welfare dependence, a citizenship right, with excessive dependence on special programs.

In the longer-term, the achievement of economic equality between Aboriginal and other Australians will require similar profiles across industry sectors and occupational categories. As both Fisk (1985) and Gregory (1991) have suggested the current occupational inferiority of Aboriginal people in private sector employment makes them excessively vulnerable to changes in the mainstream labour market. Possibly as a response to this there is growing evidence of a distinct Aboriginal labour market, subject to different conditions than found in the mainstream labour market. Ultimately, economic equality for Aboriginal people incorporates a dilemma that is rarely articulated in policy rhetoric. If equality means that the Aboriginal population needs to be incorporated into the mainstream labour market in a similar manner to all Australians, that is economic assimilation, then a negative side of equality is that Aboriginal people will become equally exposed to fluctuations in the world economy, with attenuated employment consequences. However, such a definition of equality is hardly policy realism given the remote location and cultural distinctiveness of significant sections of the Aboriginal population. If, on the other hand, differences between Aboriginal and other Australians are highlighted in policy, it is likely that a distinct segment of the labour market, an Aboriginal labour market, will remain. The problem with this is that such a distinct labour market will be dependent on government subvention and consequently extremely vulnerable to change in policy.

Notes

1. The term 'Aboriginal' and 'Aborigines' refer to both the Aboriginal and Torres Strait Islander populations throughout.
2. Racial segregation by industry and occupation is evident in other countries. For example, occupational segregation based on race has been important in the United States but there is some evidence that in contrast to segregation based on sex, there have been substantial changes in the index of occupational segregation by race. Fuchs (1988) documents the changes in occupational segregation as measured by the Duncan index, for Black Americans compared with White Americans. For women, the index fell from 56 to 28 and for men from 50 to 33 over the period 1960-80.
3. This paper does not examine issues of Aboriginal intra-industry and occupational concentration, a topic being researched currently by John Taylor and Diane Smith at the Centre for Aboriginal Economic Policy Research, Australian National University. For example, using 1986 Census data, a Duncan Index for Aboriginal males in the community services industry of 53.3 was calculated, indicating that over half Aboriginal males would need to change jobs to have a similar employment profile in this industry as non-Aboriginal males (Taylor 1992).
4. See Gray and Smith (1983) for a discussion of the underenumeration of Aborigines in the 1981 Census. The Australian Bureau of Statistics (1989) argues that the count of Aborigines in 1986 was fairly accurate.
5. The figures we have presented in Figure 1 show a slightly higher rate of unemployment according to the Census definition than that measured by the Labour Force Survey (LFS). Both sources define unemployment as those 'actively seeking work'. Variations may arise because the figures reported here are from the November LFS compared with the Census in June and the LFS is a interviewer-based survey while the Census relies on self-enumeration.
6. A complication here is that there is a possibility that some CDEP scheme participants are registered with the CES and in receipt of part-Job Search Allowance. It is unclear if such 'double dipping' is occurring and in this analysis it is assumed that no participants in the CDEP scheme are registered with the CES. For a fuller discussion of this issue see Altman and Sanders (1991b).

Appendix

Table A1. Aboriginal employment by industry, 1971 and 1986.

	NSW		Vic.		Qld		SA	
	1971	1986	1971	1986	1971	1986	1971	1986
Agriculture	686	573	94	100	1446	811	168	155
Mining	80	100	8	9	160	352	97	32
Manufacturing	1120	1317	431	552	589	952	183	244
Electricity, gas, water	61	232	25	71	41	88	15	44
Construction	635	736	152	207	701	615	150	136
Distribution	444	1278	249	461	246	1013	144	292
Transport & storage	187	775	87	145	150	1142	68	144
Communications	68	253	26	71	32	191	8	30
Finance, property	120	602	49	148	44	340	14	116
Public administration	241	1483	64	357	221	1655	30	233
Community services	338	2432	83	730	1156	3319	411	1099
Recreation	222	634	88	209	212	582	32	159
Not class. or specified	448	700	135	307	424	1001	60	74
Total	4650	11115	1491	3362	5422	12064	1369	2880

	WA		NT		Aus.	
	1971	1986	1971	1986	1971	1986
Agriculture	1957	782	1354	438	5718	3027
Mining	162	257	96	37	603	822
Manufacturing	251	232	127	132	2760	3779]
Electricity, gas, water	21	164	15	34	178	682
Construction	504	414	131	268	2382	2560
Distribution	223	350	84	340	1432	4070
Transport & storage	149	201	53	123	787	2640
Communications	21	34	12	45	172	666
Finance, property	28	176	17	160	277	1652
Public administration	134	520	168	677	883	5183
Community services	647	2018	3416	2260	6075	12200
Recreation	165	252	145	283	893	2331
Not class. or specified	272	547	187	401	1546	3134
Total	4534	5949	5805	5211	23546	42883

Source: 1971 and 1986 Censuses.

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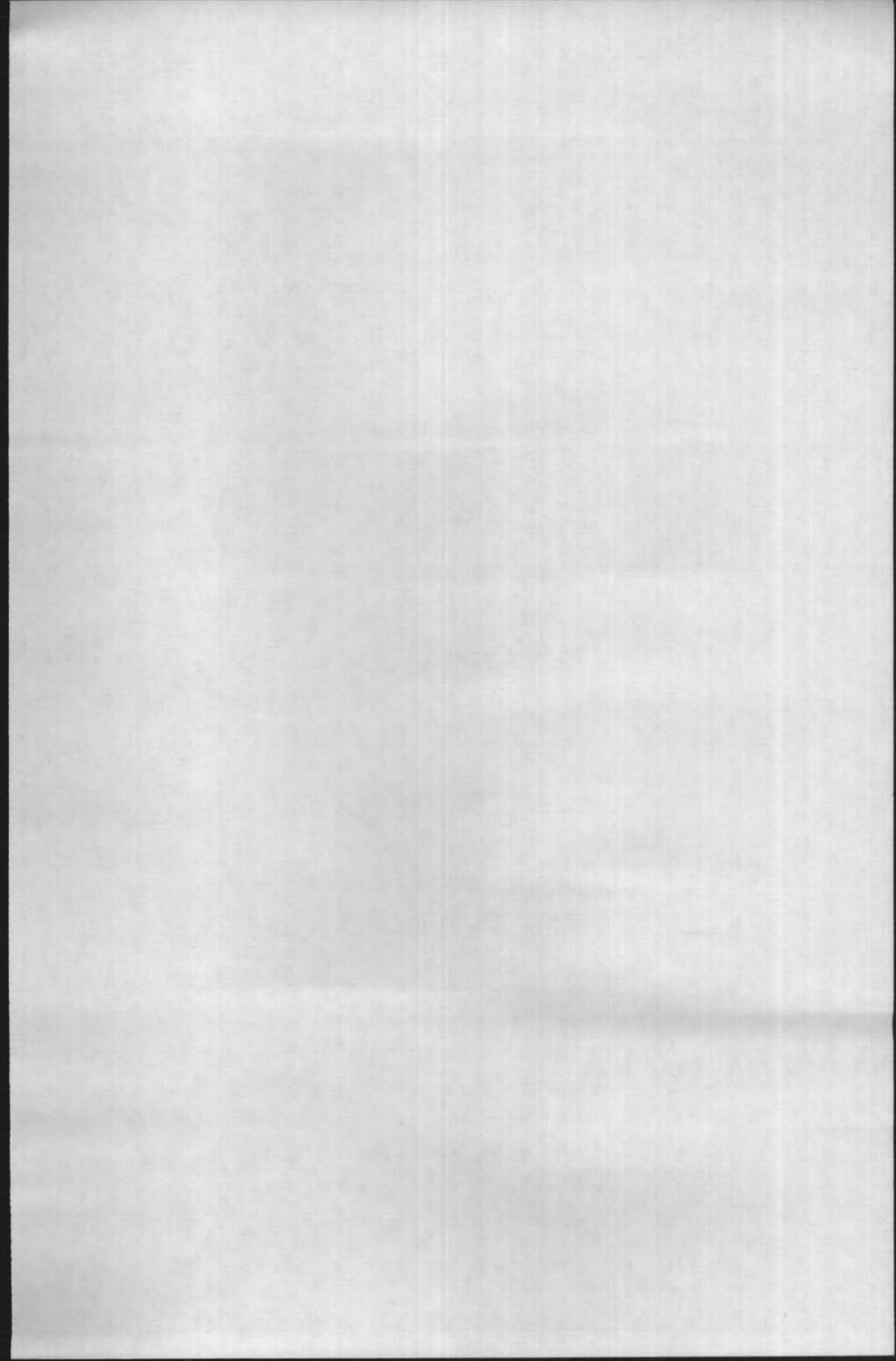
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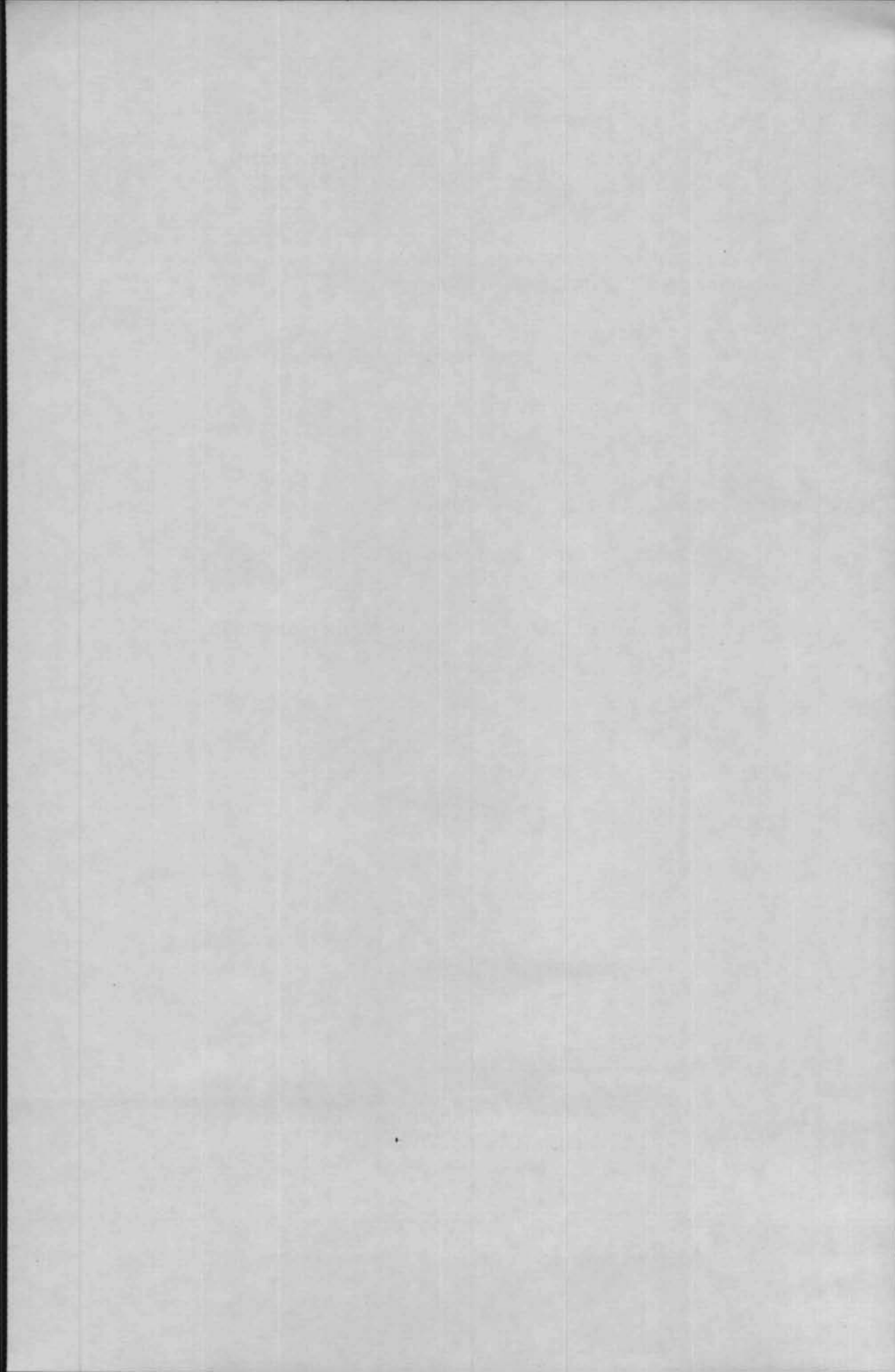
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