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Discussion Paper



**Indigenous Australians and the  
labour market: issues for the union  
movement in the 1990s**

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## SERIES NOTE

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- identify and analyse the factors affecting Aboriginal and Torres Strait Islander participation in the labour force; and
- assist in the development of government strategies aimed at raising the level of Aboriginal and Torres Strait Islander participation in the labour market.

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## ABSTRACT

The Aboriginal Employment Development Policy (AEDP) aims to achieve economic equality between indigenous and other Australians by the year 2000 via three goals: employment equality, income equality and commensurate levels of welfare dependence. Achieving employment equality, in statistical terms, for working-aged indigenous Australians will require an increase in the employment rate from 27 percent of those aged 15-64 years to 63 percent. The relatively low labour force participation of indigenous Australians will require a simultaneous policy focus. In 1991, only 57 percent of the working-age indigenous population was in the formal labour market compared with 71 per cent of the total population. The achievement of income equality will require an increase in mean annual individual income by over 50 per cent. This paper addresses some of the issues which affect Aboriginal and Torres Strait Islander people in the labour market. Some possible options available to the union movement to assist in improving their performance in the formal labour market in a manner commensurate with broad AEDP goals, are canvassed. The particular focus here is on how unions can assist in increasing formal employment and attendant income levels for indigenous Australians.

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## Foreword

In March 1993, Mr Martin Ferguson, President, Australian Council of Trade Unions (ACTU) wrote to me seeking a presentation for a special conference 'Partners for Justice' convened by the ACTU to celebrate the United Nations International Year of the World's Indigenous People. The requested topic was Aboriginal and Torres Strait Islanders and the Labour Market. Dr Anne Hawke and I prepared this paper which was subsequently delivered by Dr Hawke. While the paper we prepared included the requested focus on indigenous Australians and the labour market, we also decided to widen the ambit a little and highlight some potential issues for the union movement and indigenous Australians in the 1990s.

Following the 'Partners for Justice' conference held in Sydney on 21-22 June 1993, we have had some requests for the paper and have therefore decided to make it more widely available via the CAEPR Discussion Paper Series.

Jon Altman  
Series Editor  
September 1993

The Aboriginal Employment Development Policy (AEDP) (Australian Government 1987) aims to achieve economic equality between indigenous and other Australians by the year 2000, by promoting employment equality, income equality and commensurate levels of welfare dependence.<sup>1</sup> Achieving employment equality, in statistical terms, for working-aged indigenous Australians will require an increase in the employment rate from 27 per cent to 63 per cent of those aged 15-64 years. Improving the relatively low labour force participation of indigenous Australians will require a simultaneous policy focus. In 1991, only 57 per cent of the working-age indigenous population was in the formal labour market, compared with 71 per cent of the total population. To achieve income equality, an increase in mean annual individual income of over 50 per cent will be required. The requisite reduction in welfare dependence cannot be precisely defined owing to an absence of appropriate data (see Altman and Smith 1993), but there is little doubt that current levels of indigenous dependence on non-employment income (43 per cent of total individual income in 1991) far exceeds that of the total population.

In Australia, wage determination in the formal labour market has been highly centralised. Rather than individual agents acting for themselves, maximising self-interest, as exists in a decentralised system, groups with similar interests and objectives are encouraged to join together to facilitate bargaining between peak groups. Broadly, these groups fall into three categories: government, employers and trade unions. Factors which affect workers and their conditions of employment are generally negotiated by representatives of these peak organisations.<sup>2</sup> The pay and conditions of work for any group in the workforce largely depends upon the outcome of representations made in large part by trade union officials. It is important for indigenous Australians that their group-specific requirements, in all their diversity, be recognised by trade unions to ensure equity before the centralised process. This paper addresses some of the issues which affect Aboriginal and Torres Strait Islander people in the labour market, and canvasses some possible options available to the union movement to assist Aboriginal people to improve their performance in the formal labour market in a manner consistent with broad AEDP goals. The paper focuses in particular on how unions can assist in increasing formal employment and attendant income levels for indigenous Australians.

Our approach, drawing upon a growing body of research undertaken at the Centre for Aboriginal Economic Policy Research, Australian National University, and recent access to 1991 Census data, is as follows. First, a broad overview of some important socioeconomic characteristics of the indigenous population compared to the total population is presented. Second, an evaluation of the extent of economic disadvantage of the Aboriginal population is undertaken. Third, possible reasons for the entrenched economic disadvantage of indigenous Australians are briefly

discussed. Fourth, an evaluation of the role trade unions may play in changing the conditions relating to formal employment for Aboriginal and Torres Strait Islander people is conducted. In conclusion, findings are synthesised and broad union policy directions for future improvement in the economic status of indigenous Australians are presented.

### **Socioeconomic status**

A broad-based statistical comparison of the performance of indigenous Australians in the labour market, relative to the total population, can be ascertained by using social indicators such as educational status, employment status, and individual and family income. Additionally, details of the demographic structure of both populations help place these figures in a wider socioeconomic context. However, empirically-based comparative research should be used with caution.<sup>3</sup> First, the degree of merit attributed to each statistic is a normative evaluation. In other words, the indicators chosen are relevant to the dominant cultural norms. These may not be consistent with the priorities of many Aboriginal and Torres Strait Islander people. Comparative measures, such as those presented here, may be inappropriate for people with differing values and concerns (Altman 1988).

Second, as clearly demonstrated by Tesfaghiorghis (1991), there is a high degree of variability in Aboriginal socioeconomic status according to geographic location. As a general rule, the socioeconomic status of those living in major urban and urban locations is higher, according to standard social indicators, than those living in rural and remote localities. This must be borne in mind when interpreting summary average statistics.

Third, the only comprehensive data sets that reflect the labour market performance of indigenous Australians are provided by the five-yearly censuses. The bulk of statistics presented here (see Table 1) refer to recently released data from the 1991 Census, and to a lesser extent from the 1986 Census. The potential to make inferences from these data is limited, as they represent a snapshot in time and the interval between these snapshots (five years) is quite long. The paucity of relevant statistics is an issue that has been raised in some detail elsewhere (see various chapters in Altman 1992).

In 1991, 265,378 individuals identified as Aboriginal or Torres Strait Islander. This represents 1.6 per cent of the total Australian population, an increase of 0.2 per cent over the 5 years since 1986. During this period, the proportion of the indigenous population aged less than 15 years has remained constant, whilst the comparable figure for the total Australian population has declined by 1 percentage point. However, the proportion of indigenous Australians over 60 years of age has increased by 47.6 per cent

(which, however, only represents a 2 per cent increase) between censuses. This is consistent with the increase in the proportion of individuals aged over 60 years for the general population, where 15.2 per cent of individuals were estimated to be over 60 in 1986 and 19.4 per cent of Australians were estimated to be over 60 years in 1991. However, it is important to note the marked difference between the proportion of individuals aged over 60 years for the indigenous and total populations. In 1991, indigenous Australians were 68 per cent less likely to reach the age of 60 and above than the general population. This high level of early mortality is indicative of their general poor health and welfare, which was commented upon in great detail by the Royal Commission into Aboriginal Deaths in Custody (Commonwealth of Australia 1991).

**Table 1. Demographic and economic indicators, indigenous Australian and total Australian populations, 1991 Census.**

Indicator	Indigenous Australians	Total population
Demography		
Population	265,378	16,850,334
Per cent aged less than 15 years	39.8	22.3
Per cent aged over 60 years	6.2	19.4
Educational status		
Per cent with qualifications <sup>a</sup>	9.0	26.4
Per cent of 15-19 year olds attending school	48.9	89.5
Employment status <sup>b</sup>		
Per cent employed	26.8	62.6
(Per cent employed part-time) <sup>c</sup>	(32.9)	(25.8)
Per cent unemployed	30.4	8.3
Per cent in labour force	57.2	70.9
Income status		
Mean individual income	\$11,491	\$17,614
Mean family income	\$28,132	\$30,206

a. 1986 Census estimate.

b. Of working aged population aged 15-64 years.

c. Of those in employment.

Before individuals can compete in the mainstream labour market, they must reach levels of proficiency in skills (or at least be accredited as so doing) taught by educational institutions. Educational attainment thus becomes an important indicator of an individual's ability to compete for jobs in the formal labour market, where employers treat educational qualifications as a screening mechanism. A comparison of the qualifications of indigenous and all Australians reveals that the latter are



about three times more likely to have some form of qualification. This result is predictable when a comparison is made between the proportion of 15 to 19 year olds attending some form of educational institution, by ethnicity. The Australian average for this age group is around 90 per cent; for indigenous Australians, it is less than 50 per cent. The implications of this in an employment policy context are dramatic. If employers screen employees on the basis of educational attainment, and there is ample evidence supporting this hypothesis, then indigenous Australians are around 50 per cent more likely than other Australians to be rejected before they get a job interview.<sup>4</sup>

A number of targeted labour market programs, such as the Training for Aboriginals Program (TAP) administered by the Department of Employment, Education and Training (DEET), and the Community Training Program administered by the Aboriginal and Torres Strait Islander Commission (ATSIC), are currently operating. Indigenous Australians also have access to a range of mainstream labour market programs, such as SkillShare, Jobskills, and elements of the Employment Access Program like Jobtrain, Jobstart, Early Intervention, and so on. Many of these programs aim to provide training to indigenous Australians, who are currently unemployed, to facilitate entry (or re-entry) into the formal labour market. These programs are likely to be ineffective if basic skills (especially literacy) have not been attained. Clearly, it would appear that if the aim of programs is to improve Aboriginal employment opportunities, and thereby improve Aboriginal socioeconomic status in the medium to long term, additional policies to encourage indigenous Australians to remain at school need to be developed. Providing labour market programs for currently unemployed Aboriginal and Torres Strait Islander people is a valuable short-term measure to improve their chances of finding work. However, such measures will not solve longer-term employment problems.

A comparison of the employment rates of indigenous and all Australians provides evidence of links between low employment rates and low socioeconomic status. In 1991, 26.8 per cent of indigenous Australians aged 15 to 64 years were employed. This represents a decline, between 1986 and 1991, of 5 percentage points, partly owing to rapid population growth and to growing labour force participation. The employment rate for the general population remained unchanged. The proportion of individuals working part-time (that is, less than 35 hours per week) was higher for the indigenous than general population. One factor influencing this was the role of the Community Development Employment Projects (CDEP) scheme, instigated by the Federal Government as a form of work-for-the-dole scheme for Aboriginal and Torres Strait Islander communities. Some implications of this program are discussed below.

Since the late 1980s, tight monetary policy and a depressed world economy has increased the general rate of unemployment in Australia. Although the 1991 Census was conducted before Australia reached historically high levels of unemployment, for the general population the unemployment rate increased by around 34 per cent since 1986 (or 2.1 percentage points). For the indigenous population, unemployment actually declined by 13 per cent (4.5 percentage points). This apparent counter-cyclical decline continues a long-term convergence of officially defined unemployment rates for indigenous and all Australians evident since 1971. Unfortunately, this optimistic outcome needs to be qualified. First, it is largely a result of the rapid growth of the CDEP scheme that provides indigenous Australians with part-time employment paid for with welfare entitlements. Indeed, the growth in numbers employed is almost identical to the growth in CDEP scheme participation. Second, there is growing evidence of a segmented indigenous labour market that is largely in the public sector and relatively impervious to macroeconomic conditions (Altman and Daly 1992).<sup>5</sup>

The implications of changes to the employment and unemployment rates need to be assessed within the context of changes in the proportion of individuals classified as being in the labour force. In 1986, the indigenous labour force participation rate was 50 per cent; by 1991, this had grown to 57.2 per cent. For the Australian population, the comparable figures were 68.8 and 70.9. While the labour force has expanded for both groups, on a proportional basis relative expansion has been far more significant for the Aboriginal population. One explanation for this change is the impact of the range of employment and training programs developed or expanded under the AEDP.

One important summary indicator of economic status is income. In Table 1, mean annual income estimates for both individuals and families are presented. The nominal change in the mean individual income of Aboriginals between 1986 and 1991 was \$5,291. This represents an 85 per cent increase. Two factors have affected this change. First, the method of classification of income by the Australian Bureau of Statistics (ABS) has changed between censuses, with the zero income group being subsumed into the 'less than \$5,000' category in 1991. The implication of this change is that the weighted mean method used to calculate individual income may have upwardly biased incomes for this group. However, there is no statistical method available to determine the extent of this bias.

Second, as noted earlier, Aboriginal participation and employment in the formal labour market has grown between 1986 and 1991. The extent to which each of these factors has contributed to the increase in individual nominal income changes again cannot be determined. The ratio of mean income for indigenous and all Australians was 65 per cent in 1991 (\$11,491 and \$17,687, respectively), a ratio that is unchanged from that of

1976 and 1986. In real terms, the changes in individual median incomes for indigenous and all Australians was 5.9 and 6.9 per cent, respectively.<sup>6</sup> One of the pressing policy concerns revealed by these data is that while indigenous employment appears to be slowly expanding, the ratio of indigenous to total Australian mean individual incomes appears to remain fixed, implying that poverty levels may be relatively intractable.

Family income is an interesting reference for income analysis of the indigenous population, owing to their very different demographic structure (Daly 1991). In 1991, the mean indigenous family income was \$28,132, and the comparable estimate for the total population was \$30,206. The indigenous mean was 93 per cent of the Australian mean. This apparent similarity needs to be qualified with the proviso that Aboriginal and Torres Strait Islander families are invariably larger than the Australian average.<sup>7</sup> For this reason, mean individual family income is a better summary statistic. Both income measures, which indicate relative poverty for indigenous Australians, are reinforced by data on home ownership, the only proxy wealth variable available from the census. Home ownership, which is the primary means by which Australian people accumulate household wealth, is 26.6 per cent for indigenous Australians compared to 69.6 per cent for the Australian population as a whole.<sup>8</sup> However, this statistic too has to be qualified, as many indigenous people reside in situations, such as at Aboriginal townships on Aboriginal land, where home ownership is not possible.

The data presented here are consistent with other studies which indicate that, as a group, indigenous Australians are economically disadvantaged (see Fisk 1985; various chapters in Altman 1991). Indigenous people are either under-represented on positive measures of socioeconomic status, like being employed, qualified, or in white collar occupations, or are over-represented on negative measures, like being unemployed, unqualified, or in unskilled work.

### **Reasons for economic disadvantage**

Besides the above inter-relationship between key contemporary socioeconomic indicators, it is increasingly recognised that the socioeconomic disadvantage of indigenous Australians is caused by an interaction of historical, demographic, structural and cultural factors (see Altman and Sanders 1991a). These factors are briefly outlined here to emphasise the hurdles that will need to be overcome if indigenous Australians are to move towards economic equality with other Australians.

The first is the historical exclusion of indigenous Australians from the mainstream institutions of Australian society and its welfare state. In



particular, until the 1960s and 1970s, indigenous Australians were not fully included in all the central institutions of Australian society, such as the social security system, the education system and award wages. This marginalisation has left a significant historical legacy that has still not been overcome. Importantly, the impact of colonisation has been variable. Hence indigenous people now living in urban and closely settled parts of Australia are particularly disadvantaged in terms of their competitiveness in the mainstream labour markets, while those in remote regions who resided till recently beyond the frontier are disadvantaged because there are no regional labour markets.

A second set of factors refer to the economic implications of the demographic characteristics of the indigenous population, some of which have been described in Table 1. The indigenous population is characterised by relatively high birth rates, high death rates and very rapid growth; since the 1971 Census, it has more than doubled. Important projections made by Tesfaghiorghis and Gray (1991) indicate that by the year 2000 the indigenous population of working age would increase by 47 per cent from 1986 levels. More recent analysis, based on 1991 Census data, indicate that these projections may have been conservative (Gaminiratne 1992); the problems in terms of the job creation needed to meet equality goals by the year 2000 are beginning to look insurmountable. Similarly, the high dependency rate for the indigenous population leads to an associated heavy economic burden on those employed. The ratio of economically inactive to employed persons in 1991 was 3.7:1 for indigenous Australians, compared to only 1.6:1 for all Australians. Again this represents a relative improvement on 1986 figures (4.2:1 and 1.4:1, respectively), but the divergence still has important economic implications.

A third factor is the effect of locational differences (Taylor 1991). In 1986, 33.5 per cent of the indigenous population lived in rural areas compared to 14.7 per cent of all Australians, and 42.1 per cent lived in other urban areas compared to 22.4 per cent of all Australians.<sup>9</sup> This proportional breakdown remained relatively unchanged in 1991. It is estimated that nearly half of the indigenous population lives in remote areas where there are extremely limited or non-existent labour markets. Significantly, the very rural regions that have experienced a long-term decline in employment opportunities for the total population are areas with high levels of indigenous population concentrations (Altman and Daly 1992). Additionally, these areas show no signs of returning to the employment levels of the past. Paradoxically, locational disadvantage in terms of mainstream employment opportunities can be locational advantage for those who have access to land and seek to maintain vestiges of the indigenous economy by pursuing productive subsistence activities.



A final factor is the cultural appropriateness of employment opportunities in the formal labour market, especially in those remote areas where indigenous people maintain tradition-oriented lifestyles. In rural and urban areas, the issue of the cultural appropriateness of employment arises still, though in such circumstances the issue of appropriateness may have more to do with a pervasive community culture of poverty (linked to the above mentioned historical legacy) than with tradition-oriented culture (Altman and Sanders 1991a: 10).

### **Issues for the union movement**

The socioeconomic disadvantage of indigenous Australians that is reflected in poor labour market performance is deep-seated, and it must be emphasised that the trade union movement can only play a limited role in facilitating improvement, especially in the immediate future. Nevertheless, it is important that any union-initiated policies are dove-tailed with the efforts and priorities of both indigenous interest groups and government policies.

Several issues relating to indigenous Australians' labour market status are of particular importance to the Australian union movement. First, to what extent do employed indigenous people come under the award system? Many indigenous organisations have not been covered by appropriate awards for their indigenous (and non-indigenous) staff. As ATSIC (1991) notes:<sup>10</sup>

The situation now exists where some organisations have acted to implement effective award coverage for their own operations, in the process setting potential precedents for other areas. Others operate in terms of fixing wages and conditions by reference to a wide range of Common Rule awards that may be remote from and inappropriate to their operations, and further, a significant proportion of organisations appear to be effectively award free, with wages and conditions for employees set quite arbitrarily.

In 1991, the ACTU Congress supported a resolution with respect to unionism and indigenous communities in general. There is a great deal of potential for unions and indigenous organisations to collaborate to develop appropriate awards (Smith 1990).

An associated issue is the extent to which indigenous Australians are outside mainstream labour markets and outside the award system. Of particular relevance to this issue are those individuals categorised as 'not in the labour force', but also individuals who are registered as unemployed and those in informal employment, such as artefact manufacture or subsistence activities (Altman and Allen 1992). As data in Table 1 indicate, the proportion of the population of working age not in the labour force differs substantially by ethnicity. Indigenous Australians are estimated to

be outside of the labour force at a rate 13.7 percentage points higher than the general population.

A second broad issue is the extent to which the labour force status of indigenous people is influenced by supply-side rather than demand-side factors. For the general population it is possible to gain insights into the degree of under-utilisation of labour by reference to the Labour Force Survey, a monthly survey conducted by the ABS. Unfortunately, this survey does not separately identify Aboriginal and Torres Strait Islander people. Issues associated with the determination of relative effects include understanding the extent to which indigenous people aspire to hold regular full or part-time award employment. It is currently impossible to gauge indigenous preferences for hours of work. However, some indication of individuals' choices can be ascertained by examining the welfare withdrawal rates experienced by indigenous people when attempting to enter formal employment. Daly (1991) analysed the interaction between the welfare system and the formal labour market and found that for Aboriginal females aged 15 years and over, those not in the labour force receive around 41 per cent of the mean income of the employed. For the total population, this figure was estimated to be around 31 per cent. Perhaps a more telling indicator of the effect of the welfare system on the income of Aboriginal and Torres Strait Islander females is the difference between the predicted wage of those currently not in the labour force and those working full-time. The predicted rate was \$265.02, while the wage for actual full-time workers was estimated to be \$239.27. Thus, those not in the labour force could receive incomes comparable to, or even exceeding, those currently working: the income replacement ratio was over 100 (Daly 1991). One obvious implication of this finding is that for some reason (whether as a result of a constrained demand-side or rationing on the supply-side), indigenous people (in this case females) face additional constraints when seeking formal employment.

A related issue is affirmative action and equal employment opportunity (EEO). There is a general perception that employer discrimination against indigenous Australians, a demand-side factor according to the above dichotomy, exists. On the other hand, there are some commentators, like Junankar and Kapuscinski (1991) that recommend positive discrimination that goes beyond affirmative action and EEO policy. They refer, for example, to the aim of the Commonwealth to employ indigenous Australians to constitute between 1 and 2 per cent of the Australian Public Service. To date, this target has almost been met, although a strict quota has not been applied. While there is potential to pursue positive discrimination more vigorously, it is our view that such an approach requires caution and further research. Experience from overseas suggests that in the longer term it may be preferable to ensure equitable access to employment opportunities, but on a merit, rather than ethnic, basis.

**Table 2. Employment concentration by sector (per cent), indigenous and other Australians, 1991.**

	Indigenous Australians		Other Australians	
	Male	Female	Male	Female
Total government	33.10	37.34	21.30	23.61
Commonwealth	21.80	26.08	32.50	22.78
State/Territory	42.38	56.23	56.09	70.46
Local	35.82	17.70	11.41	6.76
Private	58.54	51.90	73.07	70.29
Total	100.00	100.00	100.00	100.00

Fourth, information presented in Table 2 shows that sector of employment is distributionally different for indigenous Australians. Additionally, employed Aboriginal and Torres Strait Islander peoples are highly segregated into a few industries. One implication of the high level of segmentation is that they are therefore more vulnerable to changes which impact in specific ways on these sectors. A case in point is the community services sector. In 1986, 19.6 per cent of indigenous males and 43.3 per cent of female employees were represented in this sector. As for all service industries, measuring productivity is extremely hard due to the difficulty in quantifying output. Thus, the high participation of indigenous people in this sector, which is often a conscious choice, makes it difficult to apply performance-linked awards. The potential outcome of such a choice may be that the average wages and salaries of indigenous Australians, compared to the total population, are lowered. A related issue is the relative concentration of indigenous Australians in the public sector.

The final and most complex issue to be considered is the employment conditions that apply to participants in the CDEP scheme. This is of particular significance because currently about 21,000 indigenous Australians (constituting over 25 per cent of the indigenous labour force) are participating in this scheme.<sup>11</sup> A range of issues arise with respect to this scheme.

Deloitte Ross Tohmatsu (1992), in a consultancy for ATSIC, noted that in some indigenous organisations CDEP and non-CDEP employees worked together, non-CDEP workers often being covered by awards. Case studies of the conditions, hourly rates and other relevant details demonstrated some important dissimilarities between the treatment of CDEP and non-CDEP employees. While provisions for annual leave and sick leave were similar, no specific provisions for maternity, long service and bereavement leave were identified for CDEP workers. However, it is important to recall that



most CDEP workers are on part-time schedules, and hence, the fixed benefit provisions of annual and sick leave do appear to be more generous than those available in the general award system where these benefits accrue on a pro-rata basis.<sup>12</sup> However, it should also be noted that pay loadings (of around 20 per cent) which apply to casuals on part-time schedules are not payable under the CDEP scheme. Although there exists some evidence which suggests that pay loadings do more than compensate for lack of non-pecuniary benefits (see Hawke 1993), for CDEP workers it appears that the loading is a direct trade-off for non-pecuniary benefits such as annual and sick leave entitlements. Overtime was not paid to CDEP workers; however, they were granted time in lieu of overtime. General payments, such as time and a half and double time provisions available under the award, were not extended to CDEP workers.

Perhaps one of the most striking differences between provisions for CDEP workers and general award employees relates to termination, redundancy and superannuation payments. Generally, no formal contract of employment appears to apply to CDEP workers. Hence, dismissal conditions and terms are also not applied. Additionally, superannuation, an important source of retirement income for the community at large, is on the whole overlooked for employees participating in the CDEP scheme. Of specific interest to the union movement is the availability of payment of union dues. Both CDEP and non-CDEP employees may have their union dues deducted from their pay automatically.

One of the most important comparisons is the rates of pay made to employees covered by the CDEP scheme compared to those covered under awards. Overall, block grants to communities participating in the CDEP scheme are notionally linked to the welfare benefit entitlements of individuals broadly adjusted for demographic characteristics, such as marital status and number of dependants. Deloitte Ross Tohmatsu (1992) report that the average hourly rate of pay for CDEP workers in construction and maintenance was \$8.73 compared to \$8.78 for relevant award comparisons.<sup>13</sup> It is unclear if such a small differential exists in other occupations, and, in any case, a key issue is the limit on the number of hours available for work under the CDEP scheme. In situations where welfare entitlements decrease according to some criterion, such as age, whilst the award rate is unaffected, a wage differential which is difficult to support on equity grounds can develop. This occurs for individuals aged under 21 years. The award for this category of workers provides no basis for adjustment of the full adult wage. However, the unemployment benefit for individuals of this age is a proportion of the full adult entitlement.

This analysis has not attempted to make a case for CDEP workers to be treated differently from the general community with respect to award provisions and general entitlements. Indeed, it could be argued that the



CDEP scheme, by its very nature, has the capacity to be discriminatory because it does not uphold the award provisions available to the general community. These differentials may act as an incentive for employers to transfer individuals from one employment scheme to another based upon these considerations. Altman and Sanders (1991b) have expressed concern that the CDEP scheme has the potential to create secondary labour markets. Additionally, it should be noted the CDEP scheme represents the only case where unemployment entitlements, available to Australians as a citizenship entitlement, do not accrue to individuals and are only payable on the basis of work effort. If the situation of differential treatment between award covered employees and CDEP workers continues to exist, it is possible that the scheme (which has many social externalities) may become a target for criticism from groups identifying CDEP as supporting the relatively poor pay structure of indigenous Australians. This is certainly a possibility given that recent analysis of 1991 Census data in the Northern Territory indicates that the CDEP scheme does improve part-time employment prospects, especially in the rural sector, but has no impact on income levels (Taylor 1993).<sup>14</sup>

## Conclusion

The extent of indigenous Australian economic deprivation has seen an increasing government policy response over the past two decades, particularly since the launch of the AEDP in 1987. This Federal Government response has been marked by a healthy 'policy realism' and acceptance that many economic problems faced by indigenous Australians are structural and intractable (Altman and Sanders 1991a). Consequently, it is recognised that there are no instant panaceas, and that the massive historical legacy and infrastructural backlog affecting this section of the Australian population will only be overcome in the longer term. There is some concern that future government funding of special Aboriginal programs will not grow at the same pace as in recent years. Consequently, there will be a need to ensure better targeting of expenditure, perhaps based on needs or locational criteria. There is also a growing recognition that the problem, because of its enormity, will require closer Commonwealth/State cooperation in an arena which has historically been marked by conflict.

A matching challenge will be faced by the trade union movement when attempting to assist to redress the economic inequalities in a manner which is consistent with the policy objectives of the AEDP. Unions can have a role in working towards coverage of indigenous people; making sure that they are not discriminated against when they attempt entry into the formal labour market; ensuring vigilance in award maintenance for employees of indigenous organisations; attempting to ensure that an over segregated labour market does not develop; and encouraging effective indigenous

participation in the formulation of union goals and objectives. Like governments, unions will need to formulate ways to assist those indigenous Australians who actively choose full incorporation into the mainstream economy, while also recognising that there are others who may choose, under the broad Aboriginal and Torres Strait Islander policy ambit of self-determination, to stay outside of the mainstream economy. The CDEP scheme embodies many of the dilemmas that the union movement will face in its interaction with the indigenous domain. On the one hand, the scheme appears to provide only part-time employment for welfare entitlements; unless people move off the scheme in the longer term they might be locked into poverty. On the other hand, any concerted union attempt to ensure full award coverage for CDEP scheme participants may result in its decline. Such a development would jeopardise indigenous aspirations to both participate in, and expand, the scheme.

#### Notes

1. The term 'indigenous Australians' is used and is interchangeable with the terms Aboriginal and Torres Strait Islander people throughout this paper.
2. The structure of the Conciliation and Arbitration System has been detailed by several authors, including Plowman (1992).
3. Smith (1991); Altman and Allen (1992); and Daly (1992) address the appropriateness of formal labour market concepts to Aboriginal people.
4. See Miller and Volker (1982) for evidence of employee screening on the basis of educational attainment.
5. The ratios of indigenous to total unemployment rates are as follows: 1971: 5.5; 1976: 4.0; 1981: 4.2; 1986: 3.8; 1991: 2.6. Overviews of indigenous unemployment may be found in Junankar and Kapuscinski (1991); Altman (1991); Altman and Daly (1992); and Daly and Hawke (1993).
6. Using the non-farm GDP product deflator base 1984-85 = 100.0.
7. In 1986, the average Aboriginal and Torres Strait Islander family was 4.5 persons compared to a family size of 3.2 for all Australians. Comparable statistics for 1991 were not available at the time of writing.
8. These are 1986 estimates. However, since wealth accumulation is a long-term indicator, significant changes between 1986 and 1991 are not likely, especially given the additional family formation associated with rapid population growth (Gray 1992).
9. The classification of major urban refers to communities exceeding 100,000 persons. Urban refers to communities exceeding 10,000 persons, but less than 100,000 persons. Rural refers to communities of less than 10,000 persons.
10. As reported in Deloitte Ross Tohmatsu (1992), Section 5.

11. At 30 June 1991, the number of participants in the CDEP scheme was estimated to be 18,072. The implications of labour force status (including CDEP scheme participants) on individual income is discussed in Daly and Hawke (1993).
12. For permanent part-time employees. Casual part-time employees do not accrue these entitlements, but are usually compensated by pay loadings. For details on the conditions and benefits associated with different employment schedules see Hawke (1993).
13. Assuming that no additional loadings or allowances apply to the award-covered individual. Both these estimates refer to 1992 hourly wage rates.
14. This is also reminiscent of a similar debate about the applicability of the pastoral award in north Australia in the late 1960s, with some commentators like Henderson (1985) arguing that the introduction of award provisions was responsible for the shedding of indigenous labour, while others have suggested that the technological and structural changes in the industry already under way, were of equal importance (Altman and Nieuwenhuysen 1979).

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