

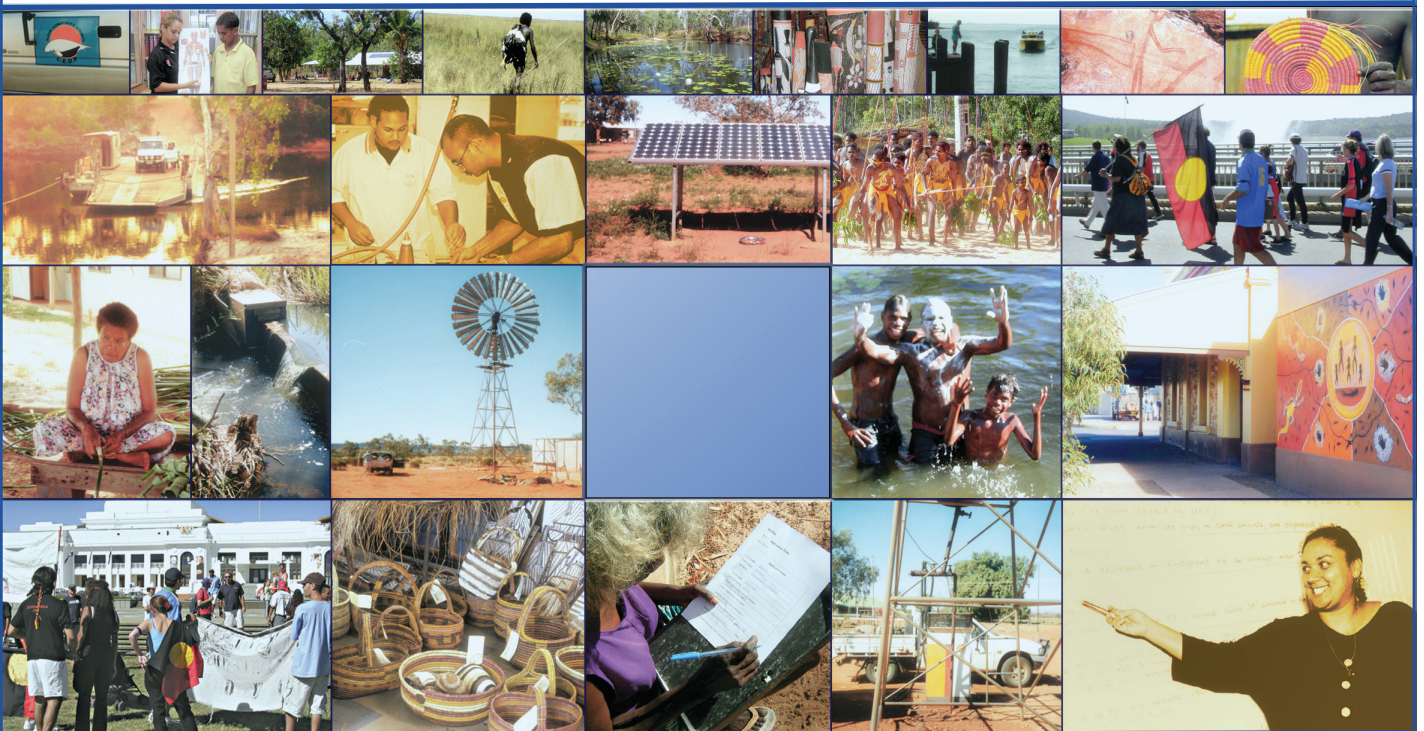
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Changes in Indigenous Labour Force Status: Establishing Employment as a Social Norm?

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INTRODUCTION

The low employment rates of Indigenous Australians have been extensively documented (e.g. ABS 2009). For several decades, increasing the level of Indigenous participation in the workforce has been the focus of government policy efforts and the subject of significant levels of expenditure. This Topical Issue provides an assessment of the extent to which Indigenous labour force status has changed over the period 1994 to 2008.

The period 1994 to 2008 has been selected for two reasons. Firstly, it was a period of strong macro-economic growth. Secondly, national level Indigenous social surveys were conducted by the Australian Bureau of Statistics (ABS) in each of these years: the National Aboriginal and Torres Strait Islander Survey (NATSIS) in 1994 and the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) in 2008. These two surveys are used because they provide a large enough nationally representative sample of Indigenous people to compare changes for males and females, in remote and non-remote areas and between younger and older people. They also identify all Community Development Employment Projects (CDEP) scheme employment—something which the censuses only do partially at a national level.¹

The labour force status of the Australian population in 2008-09 is also presented in this paper in order to provide a reference point when interpreting the labour force status of the non-Indigenous population. Labour force status for the Australian population is estimated using 2008-09 Multi-Purpose House Survey (MPHS) data collected by the ABS as a supplement to the Labour Force Survey.

The four labour force states examined are: *employment* (excluding CDEP employment), *unemployment plus CDEP employed*, *marginally attached*, and *other (not in the labour force)*. The *marginally attached* are defined as those who are not employed and are not actively looking for work but would like paid employment. The *other (not in the labour force)* category consists of people who are not employed and who do not want to work. All data in this paper is weighted and refers to the working age population (18-64 years).

In order to ensure comparability of Indigenous labour force status with the general Australian data, work under the CDEP scheme has been treated as unemployment. This categorisation can be justified on the grounds that socioeconomic outcomes for CDEP are closer to that of the unemployed than the non-CDEP scheme employed (Hunter 2009). Another rationale might be that mainstream work-for-the-dole schemes are treated as unemployment.

ABS:Australian Bureau
of Statistics**CDEP:**Community
Development
Employment
Projects
scheme**NATSIS:**National
Aboriginal and
Torres Strait
Islander Survey**NATSISS:**National
Aboriginal and
Torres Strait
Islander Social
Survey**MPHS:**Multi-Purpose
Household Survey**Table 1. Labour force status by sex, 1994 and 2008**

	Indigenous Females (%)		Australian Females (%)	Indigenous Males (%)		Australian Males (%)
	1994	2008	2008	1994	2008	2008
Employed	25.0	42.9	69.4	37.9	58.5	84.8
Unemployed + CDEP	16.5	12.9	3.2	36.8	19.8	2.9
Marginally attached	25.5	18.8	9.1	11.2	8.0	4.5
Other (not in the labour force)	33.0	25.4	18.0	14.1	13.5	7.7

Notes: Weighted estimates. For males, the proportion in the CDEP scheme was 11.4% in 1994 and 7.1% in 2008. For females, the proportion in the CDEP scheme was 4.9% in 1994 and 3.9% in 2008. Marginally attached are defined as people who are not employed and are not actively looking for work (and hence are not classified as being unemployed) but who would like a job. This differs slightly from the standard definition of marginal attachment which requires that a person be available to start work. Information on availability to start work was not collected in the 2008 NATSISS. The changes in employment rates are statistically significant at the 5% confidence level.

Source: 1994 NATSIS, 2008 NATSISS and 2008-09 MPHS.

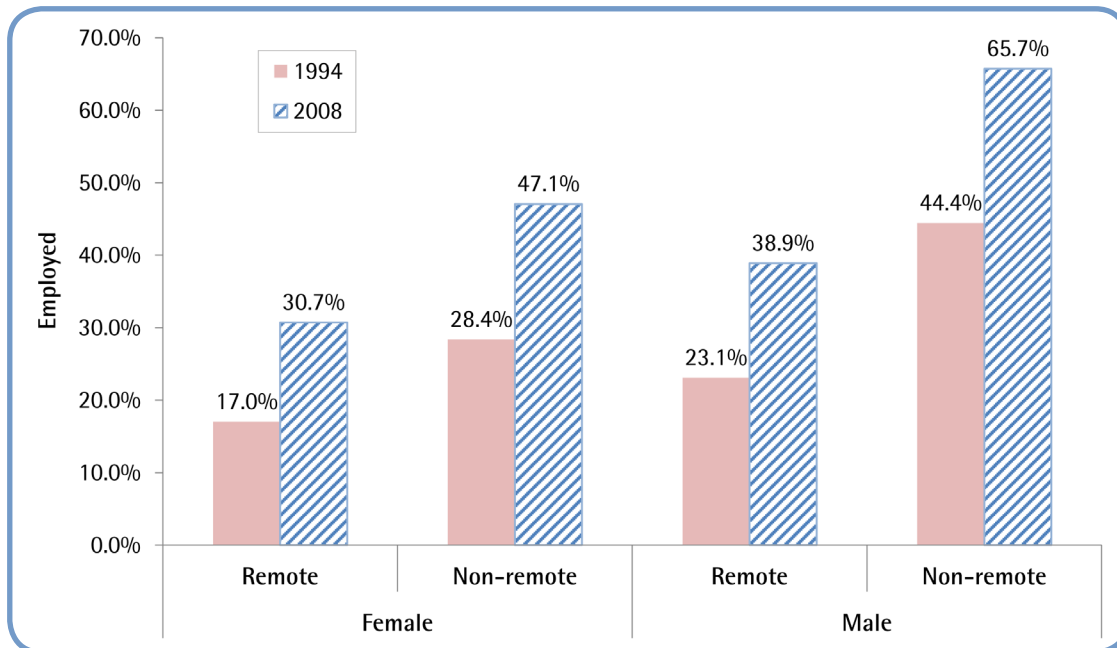
Over the period 1994 to 2008 the non-CDEP employment rate of the Indigenous population increased from 31.1% to 50.5%. There were increases for both Indigenous men and women. The non-CDEP employment rate increased by 21 percentage points from 37.9% to 58.8% for Indigenous men and by 18 percentage points from 25.0% to 42.9% for Indigenous women (Table 1).² These increases are very substantial: to put them in context, the increase in the employment rate for the working age Australian population as a whole for men during this period increased by 5 percentage points, and for women it increased by 10 percentage points.³

For Indigenous women, the large increase in non-CDEP employment has been accompanied by substantial decreases in the proportion of *marginally attached* and *other (not in the labour force)* categories. The decrease in the proportion of the *population unemployed* was relatively modest, falling from 16.5% in 1994 to 12.9% in 2008. Indigenous female labour supply has expanded to meet the demand for additional workers in the broader economy.

For Indigenous men, the large increase in employment has been accompanied by a large fall in the proportion unemployed (from 36.8% in 1994 to 19.8% in 2008). There has been only a slightly decrease in the proportion *marginally attached* or *other (not in the labour force)*.

While there have been substantial increases in the rate of employment for Indigenous men and women between 1994 and 2008, nonetheless the Indigenous population continues to have much lower employment rates, higher unemployment, *marginally attached* and *other (not in the labour force)* rates than the non-Indigenous population. For example, in 2008 the employment rate for all Australian males was 84.8% compared to the Indigenous rate of 58.5%. The employment rate for all Australian females in 2008 was 69.4% compared to 42.9% for Indigenous females.

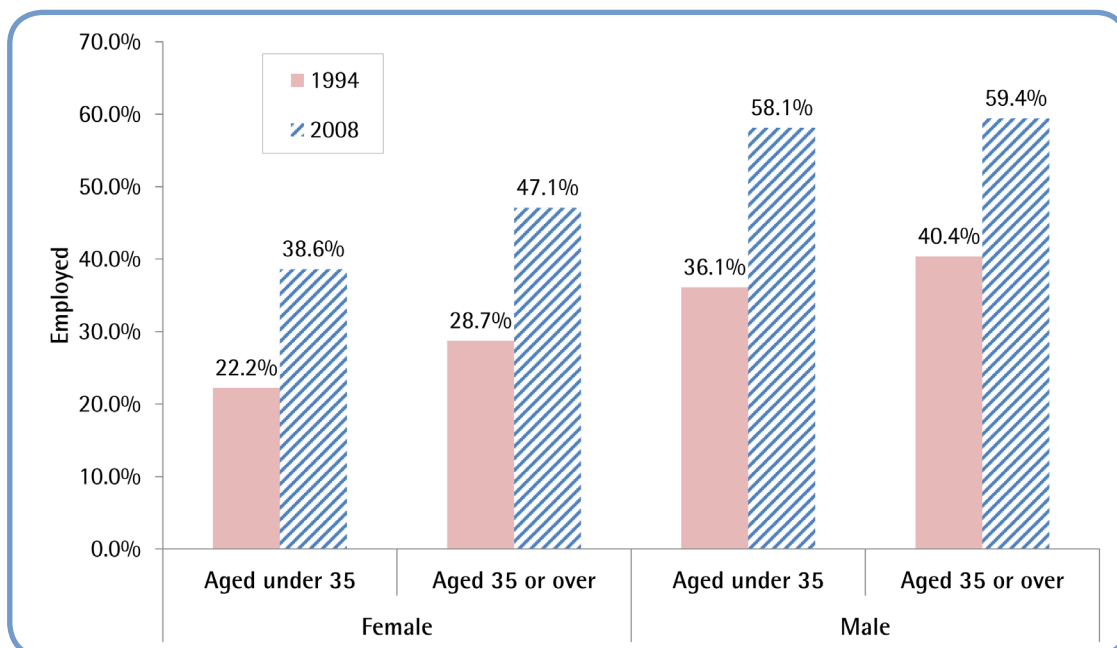
Fig. 1. Indigenous employment rates by geographic remoteness, 1994 and 2008



Note: The changes in employment rates are statistically significant at the 5% confidence level. The 1994 data is reweighted and classified by remoteness categories of the Australian Standard Geographic Classification current at 2006. The remoteness classification is updated after each new census and there will be little or no variation in the geography used in 2004 and 2008. The 1994 survey included non-private dwellings, but the weighting procedure used eliminated such households to ensure comparability with the 2008 surveys used in this Topical Issue.

Source: 1994 NATSIS and 2008 NATSISS.

Fig. 2. Indigenous employment rates by age group, 1994 and 2008



Note: The changes in employment rates are statistically significant at the 5% confidence level.

Source: 1994 NATSIS and 2008 NATSISS.

Fig. 1 shows the change in employment rates for Indigenous men and women in remote and non-remote areas. Although the increases in employment rates are greater in non-remote than remote areas for both males and females, there have also been substantial increases in the employment rates in remote areas. In fact, two-thirds of Indigenous men in non-remote areas are employed. For Indigenous men in non-remote areas employment has become the norm.

Fig. 2 shows the change in employment rates for Indigenous men and women aged less than 35 years and 35 years or older. There have been increases in employment rates for both the younger and older age groups between 1994 and 2008.

DISCUSSION

This Topical Issue has provided an overview of the very substantial increase in the employment rate of the Indigenous population over the period 1994 to 2008. Understanding the likely reasons for the increase is important from a policy perspective. There are a number of possible explanations for the large increases in employment of Indigenous men and women over the period. These include:

- *Consistently strong macro-economic conditions between 1994 and 2008 generated very substantial numbers of jobs .*
- *Changes to the income support system have sought to encourage participants to find paid employment.*

For example, extending the range of income support recipients required to seek paid employment to include those in receipt of parenting payments once their youngest child reaches the age of six.

- *Indigenous labour market policies have increased the emphasis on unsubsidised paid employment.*

For example, the Indigenous Employment Program (IEP) has a stronger focus on unsubsidised employment outcomes than did the Aboriginal Employment Development Program (AEDP) which it replaced in 1999.

- *There have been increases in educational participation and attainment of the Indigenous population relative to that of the non-Indigenous population.*

However, the majority of this improvement has been concentrated in non-degree qualifications (Altman, Biddle and Hunter, 2009). The fact that employment has increased for younger and older Indigenous people alike suggests that increasing educational attainment is, at best, only a partial explanation.

- *Labour market policies specifically target Indigenous jobseekers.*

Following the labour market programs under the Working Nation policies of 1994, recent programs have become increasingly targeted as the unemployment rate has come down. However, for the Indigenous population a wide range of labour market programs have continued, such as wage subsidies which are now only available for Indigenous job seekers and a small minority of other Australians (e.g. those with a disability). If one argues that such programs operate primarily by shuffling the job queue, it is possible that Indigenous Australians have been shuffled up the job queue through wage subsidies.

The sustained growth in Indigenous employment highlights the importance of governments doing whatever they can to avoid economic recessions, since those who are more vulnerable in labour markets are most adversely affected by economic downturns—and it can take many years for the long-term jobless to find work.

The findings that employment rates have increased in both remote and non-remote areas and for younger and older Indigenous people demonstrates that the increase in employment rates cannot be explained by socio-demographic change in the Indigenous population or changes in where Indigenous people are living.

While it is not possible to determine definitively the exact reasons for the increases in the rate of employment of Indigenous Australians, it is clear that a strong macro-economy combined with policies which encourage employment and provide support to Indigenous people who find employment have been important factors.

Now that over one-half of the adult working age Indigenous population are employed in non-CDEP scheme jobs, this form of employment can be considered to be literally the 'norm' among Indigenous people in non-remote Australia. This is a significant threshold in that only a minority are not employed and social expectation may reinforce the imperative for active economic engagement of Indigenous people. The story for remote Australia needs to be slightly qualified in that—while there were still large and significant increases in non-CDEP employment over the period analysed—well under half of the younger age groups are employed (i.e., 29.2%), and hence it may be premature for these areas to talk of employment as the 'norm'.

NOTES

1. The CDEP scheme has been an important institutional feature of the Indigenous labour market over the last three decades. Historically, communities have received a grant of a similar size to their collective unemployment benefit entitlement to undertake community-defined work along with an on-cost component to ensure that program participants are employed in community development work (identified at the community level). The benefit recipients are expected to work at least part-time for their entitlements. However the reforms since 2008 have meant that CDEP has increasingly become more like the mainstream work-for-the-dole scheme, or even a standard labour market program, than the community development scheme. Full details of the recent changes to the CDEP scheme are available at <<http://www.centrelink.gov.au/internet/internet.nsf/services/cdep.htm>>
2. These increases are broadly consistent with estimates of the changes in Indigenous employment from the Labour Force Survey (ABS 2000, 2011a) once changes in the number of CDEP participants (from administrative data) are taken into account.
3. This change is estimated for June 1994 to June 2008 and is based on the original series from the Labour Force Survey (ABS 2011b: Table 18). Note that these estimates are for the Australian population aged 15-64 years, and differ slightly from the population used in this paper (18-64 years). This is unlikely to have any substantial effect on the observed trends.

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