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Summarising: Hunter (2004), *Indigenous Australians in the Contemporary Labour Market*
Responsibility for the preparation of this research summary rests with the authors of the MCEETYA report *Education, Training and Indigenous Futures: CAEPR Policy Research 1990-2007* and not the original author(s) of the summarised material.

Title of Research:
Indigenous Australians in the Contemporary Labour Market 2004

Research Publication:
ABS Cat. No. 2052.0

Name of Researcher(s):
B.H. Hunter

Time period:
2001

Geographic location:
Whilst generally the analysis is at the national level, there are also analyses at the Metropolitan, Provincial and Remote categories for locality.

Methodology:
This is a statistical analysis of the 2001 ABS Census of Population and Housing undertaken by the Australian Bureau of Statistics. The paper includes 1986–2001 trend information.

Aims:
This monograph is a detailed analysis of the participation of Indigenous Australians in the labour market, and includes:
- a comparative analysis over time of demographic trends, labour force status and mobility, income and employment by major industry, occupation, and industry sector participation for Indigenous and non-Indigenous Australians
- the determinants of Indigenous employment and participation, including education qualifications and school completion; and
- participation in the private sector and opportunities for Indigenous small businesses.

Selected findings and insights:
Indigenous employment (as a proportion of adults aged over 15 years) has consistently been lower than for the total population over the last three decades. As of 2001:
- the Indigenous employment/population ratio was 40% compared to about 58% for non-Indigenous Australians;
- labour force participation rates for Indigenous Australians were lower (52% compared to 63%);
- unemployment rates were higher (20% compared to 7%); and
- low levels of attachment to the labour force have persisted among Indigenous youth despite a sustained period of employment growth in the Australian economy between 1991 and 2001, suggesting a discouraged worker effect.
Indigenous male employment growth was depressed by being concentrated in declining low-growth industries as well as in low growth occupations. This contrasts to female Indigenous workers who tend to be concentrated in high growth industries (non-residential care services, child care services and cleaning services) as well as being a wider occupational distribution.

The effect of CDEP has been to overstate the employment prospects, and understate unemployment rates, of Indigenous Australians, with the vast majority of CDEP jobs being part-time and in particular occupations and industries.

Indigenous mobility was not strongly responsive to mainstream labour market conditions elsewhere and hence Indigenous employment was much more reliant on local labour market conditions than for non-Indigenous Australians.

- Indigenous people appeared more responsive to family and cultural commitments than the prospect of employment.

Disparity in type of employment (total, fulltime and private) between Indigenous and non-Indigenous Australians established by the age of 25 years was maintained at similar levels throughout the rest of working life.

- Indigenous young males entering the working-age population were half as likely to be in the private sector as other youth. By the age of 25 years, the differential was some 40 percentage points. In those areas where there might be any reduction of public sector jobs, this disparity would become all the more significant.

- While there was not a great deal of segregation in the types of industries in which Indigenous and non-Indigenous were employed in the local private sector, there was greater occupational segregation, with non-Indigenous persons more likely to be concentrated in occupations requiring higher skill levels (professional and managers) and Indigenous persons more likely to be in the low or semi-skilled occupations. This was particularly the case among males living in metropolitan areas.

About 4.8% of the Indigenous labour force was self-employed, about one-third that of other Australians, and Indigenous self-employed persons generally did not employ other persons. They tend to be:

- younger, have lower educational attainment levels and working in less skilled occupations and industries than non-Indigenous self-employed.

The importance of education was shown by the finding that education explained more than half of the employment differential between Indigenous and non-Indigenous Australians.

- The returns to education were higher for Indigenous people, irrespective of labour market conditions. For example, an Indigenous male having a post-secondary qualification was associated with between 17.8 and 23.3 percentage point higher employment probability compared to between 4.6 and 14.5 percentage point higher employment probability for non-Indigenous males, depending on locality, with a larger effect in remote areas for Indigenous males. Similar differences also occurred for females. These generalisations held for private sector employment and full-time employment as well as total employment.

The monograph identifies a significant level of racial discrimination that seemed to operate in the labour market, especially in terms of those Indigenous people seeking employment.
The monograph suggests that with such a small proportion of Indigenous workforce holding educational qualifications, **having a qualification** of any sort ‘signals’ to the prospective employer that the person is well motivated, and keen to pursue employment and has ability. In remote areas, where the effects of holding a qualification are greatest, there are fewer Indigenous persons with qualifications, and hence their ‘attractiveness’ to employers will be greater compared to other prospective workers not holding any qualifications.

**Educational attainment levels of Indigenous self-employed were lower than that of non-Indigenous self-employed.** For example, in metropolitan areas, some 29% of Indigenous employers and 28% of other Indigenous self-employed had attained Year 12 or equivalent; the respective proportion for non-Indigenous self-employed were 52% and 46%. There was less differentiation in terms of post-school qualifications between Indigenous and non-Indigenous employers and self employed.

**Educational implications:**

Apart from individual findings about the relationship between educational attainment and employment, this paper demonstrates the importance of:

- Tight articulation between regional and local development processes, existing labour markets and individual employers, training providers and secondary schools if the current employment disadvantages experienced by Indigenous people of working age are to be overcome. [regional development] [policy] [partnerships]

Increasing levels of educational attainment, both basic skills such as literacy and vocationally oriented skills, would appear a priority for education and training authorities if existing levels of industry and occupational segregation are to be addressed. It is likely that strategies to improve skill levels will also need to be complemented by career counselling so that Indigenous young people can see the benefits of completing schooling and gaining post-school qualifications in terms of increased range of employment opportunities. This involves provision of advice about subject choice, career information and career planning as well as strategies to assist prospective job seekers gain and then maintain employment, in a work environment which may exhibit signs of discrimination and be culturally quite different to that in which they generally operate. [pathways]

Training authorities are well placed to promote through training greater involvement of Indigenous people in small business enterprise development, especially targeted training in businesses relevant to local labour markets. [business enterprise development]

This monograph provides a rich source of baseline information for the development of Indigenous education and employment policies by educational and training authorities and demonstrates the necessary coordination between these two arms of government, both at Commonwealth and State and Territory levels. [coordination] [partnerships] [policy]

**Relevance:**

*Domain 5: Pathways to training, employment and higher education*

- The challenge for pathways to training, employment and higher education
- Student aspirations and key transition points
- Access to post-compulsory schooling, training, employment and higher education
- Influence of CDEP on young people
Related papers:


