

*Burrapur Muru - Tomorrow's Pathways
Aboriginal Employment Conference*

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"How the Labour Market is Changing"

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1 Introduction

Thank you for giving me the opportunity to address this conference today. You certainly have an impressive group of speakers - I am, to be honest, a little overwhelmed to be amongst such a distinguished group.

But as it gives a chance for the ACTU view to be put - I am happy to be here.

I have heard a lot about the dynamic group of people who put together this conference. I think in light of all the reactionary views being put around at the moment on Aboriginal and Torres Strait Islander affairs that we can take a lot of heart from groups like this.

A month ago the ACTU organised a conference for the International Year for the World's Indigenous People under the theme "Partners for Justice". Despite some early worries when we set it up, the turnout was terrific and a lot of hard work was done at the conference. Aboriginal and non-Aboriginal unions from different backgrounds came from all over Australia for the conference.

It shows what can be done despite the best efforts of the Hugh Morgan's of this world.

This has given me personally a great feeling of optimism but with a realistic view of how much work there is to do.

In this address I plan to:

- outline the major developments that have occurred in the Australian labour market over the past decade
- focus on the impact of labour market changes on Aboriginal and Torres Strait Islander communities
- outline the ACTU strategies on Aboriginal and Torres Strait Islander employment

2 Major Developments in the Australian Labour Market

As you all know the Australian economy since 1980 has been through two recessions - 1982-83 and in 1991-92 and a boom (from 1983 to 1990).

The labour market has been affected not just by these changes in the economic cycle but also by significant structural adjustment since 1983.

The trends in Australia do mirror experiences in other OECD economies over this period but there are some unique Australian characteristics that can be noted, such as:

- the strong growth in employment and labour force participation during the 1983-90 boom
- significant structural changes accompanying the internationalisation of the Australian economy
- the sustainability of the prices and incomes Accord in a period when such policies have been discarded by other OECD nations.

The longevity of a trade union - government Agreement is unique to a country like Australia especially at a time of unprecedented industry restructuring.

Looking first at the good news -

- the unemployment rate on a seasonally adjusted basis in Australia declined from a peak of 10.3% in May 1983 to 5.9% by the end of 1989.
- Over the same period the level of total employment surged almost continuously from 6,294,400 (6.3m) at the start of 1983 to a peak of 7,923,200 (7.9m) in mid 1990, and increase of approximately 26% or 1.6 million **extra** employees over the six year period.

This period of strong economic growth saw Australia achieve the highest employment growth rate in the OECD. The trade union movement, for our part, assisted through real wage restraint under various Accord agreements and a reduced level of industrial disputes.

But then comes the bad news-

The large increase in people employed, in turn, encouraged more people into the labour market to look for work. This increased the **labour force participation rate** substantially over the 1983-90 period. **Australia became a victim of its own success**, because we encouraged more people to look for work when employment was strong, and when employment fell away, there were more people **looking for work** than ever before. This is what Employment Minister, Kim Beazley referred to as "sprinting to stand still" - that is, as the economy grows more people come into the labour market, and even if, **employment** is growing it is not growing fast enough to absorb the new people into the labour market. This makes it hard to make a quick dent in the unemployment rate.

Thus, it took 6 years (from 1983-89) of strong employment growth to whittle unemployment down from double digits to just under 6%.

Now - the worse news.

While, unemployment takes a long time to come down even when employment is growing, it does not take long to shoot up.

By the start of 1990, when the tight macro-economic setting started to take hold, employment growth fell sharply in 1990-91 and 1991-92 and employment shot back up.

Since the peak in employment in mid 1990, total employment has fallen by 2.9%. The unemployment rate (seasonally adjusted) from a low of 5.9% in November 1989 rose to double digits in September 1992 and a peak of 11.3% in November 1992. Last

months preliminary figure of 11.1% indicates how long it takes to reduce the measured unemployment rate even after 6 consecutive quarters of (albeit) slow growth.

Comparing the 1991-92 recession with the previous experience of 1982-83 illustrates how much the **labour market has changed** over the decade.

The labour market now is different in terms of:

- full-time and part-time work
- men and women
- age groups
- Regions - by state or city/country differences
- employer size - big firms and small firms

First, in terms of hours worked, it should be noted that since total employment fell by 2.9% from its mid-1990 peak:

- full-time employment fell by 5.4%
- whilst part-time employment actually **increased** by 6.5%.

However the continuing trend towards part-time employment has **not** been reflected in the job search activity of the unemployed. There are many people in part-time jobs who would rather be employed full-time.

Second, in terms of gender, a marked difference between the composition of employment in 1991-92 compared to 1982-83 is the collapse of male full-time jobs.

Male full-time employment accounted for 59% of total employment in 1982-83 whilst in 1991-92 it had fallen to 52%.

In contrast female full-time employment rose from 13% to 17%. Part-time employment rose marginally in total for both genders by 28% to 31%.

Third, in terms of age groups, there are some important differences between 1982-83 and 1991-92 for example:

- A higher proportion of the unemployed is now concentrated in the **middle-aged groups** with **teenagers** accounting for a significantly **smaller** proportion. The average duration of unemployment is also much longer for the middle aged groups than for younger unemployed persons and
- there is a greater proportion of teenagers at school and enrolled in post-secondary education than in 1982-83. Only 8% of teenagers are actually seeking full-time work and are not at school or university full time whilst ¼ of the teenagers unemployed are at school or university and ¾ of these are looking for part-time work.

Fourth, **Regional differences** are a characteristic of the 1991-92 recession that did not occur in 1982-83. In 1982-83 all states experienced a fall in employment at roughly the same time. In 1991-92, by contrast employment in the so-called rust belt states - Victoria, Tasmania and South Australia - continued to decline, as their industries have carried the burden of structural adjustment in addition to the overall slowdown in economic activity. Because of these changes, **Regional Policy** will play a greater role in the public policy response to unemployment than it has previously in this country. (Regional policy has been used in the EEC, for example for quite some time).

Fifth, employment is being taken up more by small-sized enterprises than previously. The 1991-2 recession is characterised by labour-shedding in the **corporate** sector. Since peaking in the December quarter 1987, employment in large firms has fallen by

17.6%, in medium sized firms by 10.9%, whilst employment in small firms has actually **risen** by 2.5% over this period.

The **share** of small and medium size firms in total private sector employment has risen 4% to 59% since December quarter 1989. If it wasn't for the growth of small business employment, rate would have been much worse given the extent of corporate sector job losses. The recent McKinsey report on the growth of small and medium-enterprises with strong export potential is also testament to this trend.

3 Aboriginal and Torres Strait Islander Workers in the Labour Market

Now I want to turn to the theme of this conference - Aboriginal and Torres Strait Islander employment.

I want to make clear from the outset that I am no expert on this subject - on the cultures, communities or the statistics.

But I did benefit from the paper Anne Hawke of the ANU gave to the ACTU Partners for Justice Conference and the discussions that followed from Aboriginal and Torres Strait Islander trade unionists.

In addition, I have also looked at the work of Junankar and Kapuscinski (also of the ANU) for the Aboriginal Employment Equity Towards 2000 Conference held in 1991.

However rather than running the risk of repeating and/or misunderstanding the analysis of the ANU economists (and not wanting to create a demarcation dispute) it would be better to draw out some basic facts about the labour market for Aboriginal and Torres Strait Islander workers since the early 1980s.

In terms of Aboriginal and Torres Strait Islander employment:

- in the 1981 census, the Aboriginal unemployment rate was 24.5%. It **rose to 35.4%** in 1986 and **fell to 30.4%** in 1991;
- in 1981, the Employment/population ratio for the Aboriginal population was 35.7%. It fell to 31.3% in 1986 and further to 26.8% in 1991.

In terms of Labour Force Participation, it rose from 47.3% in 1981 to 57.2% in 1991.

Altman and Hawke (1993) caution that so-called "improvements" in for example, the unemployment rate for indigenous Australians in 1986-91, are mainly due to the impact

of the CDEP schemes on the statistics and the public sector orientation of Aboriginal employment.

Other important facts to note from the studies are that (from the most recent data):

- Indigenous Australians have an unemployment rate three times that of the total population.
- School retention rates are half those of the total population.
- employment is less than half that of the total population.
- mean individual income for indigenous Australians is only 65% of mean income for the total population.

Why is this so? Why this inequality? Harvard Economist Richard Freeman likens labour economics to a detective novel. So lets "round up the usual suspects."

- 1 The historical exclusion from Australian labour market institutions.

To be frank, despite some notable exceptions, we in the union movement have to take some responsibility for this. The years since about the mid 60s have been better but we need to improve greatly on this and be committed to equity issues.

- 2 Historical exclusion from education and training.
- 3 Demographics (from Altman and Hawke - who say that relatively high death rates and high birth rates put strain on equity goals met through job creation).
- 4 The Regional distribution of Aboriginal populations, that is, the lack of opportunity in remote areas. This has worsened with the collapse of employment in country towns in the 1991-92 recession.

- 5 Discrimination in the labour market - for job seekers and those in jobs from employers, customers, supervisors and those being supervised.

There are more reasons that will no doubt be discussed at this forum.

This problem belongs to all Australians - workers, bosses, Governments, councils, business, communities and the union movement. The union movement will work with all these groups to assist but there are some things we can do **directly**.

4 ACTU Aboriginal Employment Strategies

The ACTU strategies tackle each of these problems. As I have said, the union movement has to take some responsibility for this disadvantage. However industrial relations incidents in the past have actually highlighted the problems that Aboriginal communities were facing. At the Partners For Justice Conference, the **Pilbara** strike of 1947 and the **Wave Hill** walk off featured as example. However it was not until 1963 that ACTU Congress called for an 'end to wage discrimination' in principle. This led to support for Wave Hill in a practical way at the 1965 Congress.

In the 1990s, thirty years on, it is important that industrial relations institutions, do not continue to exclude Aboriginal workers.

To overcome this, it is important that the **award** system be made relevant and effective for Aboriginal people. The ACTU lobbied the Federal Government for funding to provide for new awards and extend award coverage. The Government agreed and unions and communities are now working together to increase award coverage and form new awards.

Second, education policies are important. The Australian Teachers Union (and its state bodies) have an energetic Aboriginal and Torres Strait Islander Caucus to promote **education and training** policies.

Likewise, the health service unions have an important role to play in **health and community services** (to counter the startling demographics outlined in the ANU studies).

Third, regional development policy, will be an important part of the ACTU's response to the national employment problem. This emanates in part from the Bill Kelty/Lindsay Fox initiatives which started at the youth summit in mid 1992. Given the distribution of the Aboriginal population in non-urban areas, regional policy if successful, should assist in reducing inequalities for indigenous Australians.

Fourth, in terms of discrimination against Aboriginal and Torres Strait Islander Australians, the union movement, like in the case of women and migrants, has despite a poor start, tried to be a **movement of inclusion**. Support for Equal Employment Opportunity (EEO) and Affirmative Action (AA) policies is part of the move against discrimination.

Fifth, unions must actually promote Aboriginal employment and assist in the development of Aboriginal Employment Networks. The ACTU, TUTA and DEET have put in place Aboriginal Employment Development Officers in each State and Territory Trades and Labour Council to identify and develop employment opportunities for Aboriginal and Torres Strait Islander workers. The group is lead by national co-ordinator Janina Harding based at TUTA in Melbourne and I noticed that Joyce Claque, our NSW representative is speaking at this conference. The officers will focus on employment opportunities in the private sector (working with employer representatives in each state). This is welcome given the still public sector dominance of Aboriginal employment found in the Altman/Hawke ANU study and the trend towards smaller public sector workforces (especially at state level) overall.

Sixth, a major comment of the ANU research is that possibilities should be looked at to create economic independence for traditional communities instead of putting all the eggs into the employment of Aboriginals in the mainstream economy. The High Court decision on Native Title ('Mabo') presents a range of possibilities that could assist Aboriginal communities in gaining autonomy over land and their own resources. At the 'Partners for Justice' Conference, ACTU President Martin Ferguson, outlined the ACTU's strong support for the Mabo decision. Jennie George has also made public remarks on the ACTU position. Whilst I do not wish to go to this in detail, I think that there is an opportunity to resolve differences in the community that will benefit both indigenous and non-indigenous Australians.

5 Summary

In conclusion I thank you for providing an opportunity for the ACTU to put our views on the labour market and our strategies for Aboriginal and Torres Strait Islander Employment.

It is clear that the economy is recovering slowly and it does take a long time for the labour market to recover with it. However there are some benefits that will assist recovery such as:

- low inflation
- improving international competitiveness
- the capacity to undertake significant structural reform and simultaneously maintain a stable environment.

But how Australia as a society treats its indigenous people is the test of being part of the international community. This is as important to the nation as any economic indicator I have quoted today.

The union movement wants to play a positive role in this in a practical, sustainable way - because support for human rights - whether for employees on the job or indigenous people in the community is our biggest test as a movement.

I hope we can be successful

Thankyou for your invitation and good luck for the next three days.

I refer to the following articles in this paper:

- Altman, JC and Hawke, A.E. (1993)
"Indigenous Australians and the labour market: issues for the union movement in the 1990s."

Centre for Aboriginal Economic Policy Research, Canberra ACT. Australian National University.

- Junankar, PN and Kapuscinski, C.A. (1991)

"Aboriginal Employment and Unemployment: An Overview".

Public Policy Program, Australian National University, Canberra ACT

I would also like to thank my colleague, Stephen de Rozairo, of the Labour Information Network, ACTU House, 393 Swanston Street, Melbourne, for his assistance.