

Not So Simple: Enhancing Indigenous Economic Opportunity

ACTU Submission to the Pathways and Participation
Opportunities for Indigenous Australians In Employment and
Business Inquiry

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Introduction

The ACTU, formed in 1927, is the peak body for Australian unions and is the only national union confederation in Australia. For more than 90 years, the ACTU has played the leading role in advocating for the rights and conditions of working people and their families. The ACTU is made up of 39 affiliated unions and trades and labour councils, and we represent almost 2 million working people across all industries. The ACTU prides itself on its long history of advocacy for and support of Indigenous Australians and is therefore grateful for the opportunity to provide a submission to this inquiry.

This inquiry, titled *'Pathways and Participation Opportunities For Indigenous Australians In Employment And Business'* appears to have followed the sage advice offered by Sir Humphrey Appleby to Minister Hacker in the first episode of the BBC sitcom *Yes, Minister* – namely that government should always try to “dispose of the difficult bit in the title”. This title handwaves away an extraordinary amount of complexity and a number of assumptions that have helped to underpin decades of failure in this policy area. What is needed is a fundamental rethink of what we mean when we talk about indigenous participation in ‘the economy’ and how we conceive of ‘work’ in the context of indigenous communities.

Government needs to work with indigenous communities to develop a shared understanding and aspiration for economic activity and existing programs, which are currently considered by the community to be working, need to be expanded. It must also be accepted that there are a number of serious and persistent barriers to participation by indigenous Australians in any form of economic activity.

The Scope of the Problem

Indigenous participation in the Australian economy has been persistently low despite, although some would argue because of, decades of Australian Government intervention. Indigenous Australians have been systematically excluded from participation in the economy and their communities have been prevented from building economic capacity. This has created the situation we currently find ourselves in – one where Indigenous Australians lag behind non-indigenous Australians in every measure of economic participation. Table 1, below, indicates the extent of the gap.

Table 1 – Economic participation statistics

	Indigenous Australians (Census 2016)	Rest of Australia	Difference
Participation Rate	52%	66.1%	14.1%
Employment ratio	42%	62.6%	20.6%
Unemployment Rate	18%	5.2%	-12.8%
Youth Unemployment	27%	11.5%	-15.5%
Not in the Labour Force	44%	34%	-10.0%
Average super balance (male) (2010)	\$55,743.00	\$110,000.00	\$54,257.00
Average super balance (female) (2010)	\$39,909.00	\$63,000.00	\$23,091.00
% with equivalised weekly income of \$1000 or more	20%	41%	21%

Income inequality has also remained persistently high. Currently Indigenous Australians earn on average 66 cents to the dollar of the median gross income of their non-Indigenous counterparts. On the current trend, median gross income parity between Indigenous and non-Indigenous Australians will not be reached until 2060.

The current level of participation in the economy by Indigenous Australians is perilously low and is lagging far behind the rest of Australia. These figures reveal the reality of the situation – Indigenous Australians have been effectively shut out of the Australian economy. It should also be noted that these figures include all indigenous Australians and are likely to be significantly worse for those living in rural and remote communities.

The reality is that these figures have not occurred by accident. What is being revealed here is the result of generations of structural, cultural and systemic disenfranchisement of Indigenous Australians which government policy has either reinforced or fundamentally failed to address effectively. While this means that this inquiry is desperately needed, it also exposes the reality that there are a number of deeply entrenched forces which conspire to actively lock Indigenous Australians out of participation in the economy, forces which must be dealt with for any attempt to enhance the economic participation of Indigenous Australians to be successful.

Barriers to economic participation for Indigenous Australians

The situation that policy-makers find themselves in is not a simple one. It would appear that no matter how consultative or effective the attempt to improve indigenous economic participation, Indigenous Australians continue to face a number of barriers which, unless addressed, would

effectively limit that participation to something similar to current levels. This means that any strategy to increase economic participation must contain within it a strategy to address and eliminate these barriers to that participation. These barriers are significant and numerous, but can be broadly characterised into the sections below.

Racism and prejudice

It is an unpalatable but undeniable truth that racism and prejudice continue to play a significant role in the lives of Indigenous Australians. This racism and prejudice also plays a role in preventing Indigenous Australians from fully participating in Australian society and, therefore, the economy.

Firstly, racists attitudes towards indigenous Australians remain depressingly widespread. These attitudes reduce employment opportunities and act as a disincentive for Indigenous Australians to attempt to take part in economic activity. For example, a 2014 survey undertaken by Beyond Blue found that 42% of Australians aged 25-44 agreed that 'Indigenous Australians are given unfair advantages by government'.¹ 37% also agreed that 'Indigenous Australians are sometimes a bit lazy'² while 31% felt that 'Indigenous Australians should behave more like other Australians'.³ In terms of discriminatory behaviour, (rather than discriminatory attitudes), 21% of people said they would move away from Indigenous Australians if they sat nearby⁴ and 9%, or one in 10 people, said they would not hire a person because they are an Indigenous Australian.⁵ The result of this is that, according to Reconciliation Australia, 33% of Indigenous people experience at least one form of racial abuse within a given 6 month period.⁶ This is not only unacceptable but also has a tangible impact on the ability of Indigenous Australians to participate in the economy.

A 2010 study by the ANU found that applicants with indigenous-sounding names needed to complete 35% more job applications in order to receive the same number of interviews as an Anglo-Australian applicant with equivalent experience and qualifications.⁷ Discriminatory attitudes and behaviour prevent Indigenous Australians from finding jobs, they intervene against them during the hiring process and then they ensure that they are, in many cases, made to feel

¹ Beyond Blue, *Discrimination Against Indigenous Australians*, Beyond Blue, 2014
<https://www.beyondblue.org.au/docs/default-source/research-project-files/bl1337-report--tns-discrimination-against-indigenous-australians.pdf?sfvrsn=2>

² Ibid

³ Ibid

⁴ Ibid

⁵ Ibid

⁶ Reconciliation Australia, *2018 Australian Reconciliation Barometer*, Reconciliation Australia

⁷ O'Malley, Nick and Wade, Matt, *In denial over a deep vein of hate*, SMH, 05/02/2010.

<https://www.smh.com.au/national/in-denial-over-a-deep-vein-of-hate-20100205-niqm.html>

unwelcome and an 'other' in the workplace. While it is difficult to precisely quantify the effect this has on Indigenous participation in the Australian economy, it is likely to be significant.

Another way in which racism and discrimination make themselves known is in the particular nature of government programs ostensibly aimed at assisting Indigenous Australians. Programs aimed at Indigenous Australians, or at areas where Indigenous Australians are likely to be the primary recipients, tend to have a number of common features: a strong focus on compliance, a lack of real attempts to build skills or economic opportunity, and attempts to control the behaviour of the users beyond just the requirements of the program. Examples of programs of this type are the Community Development Programme (CDP) and the Cashless Welfare Card. The CDP has achieved remarkably little in terms of increasing the economic participation of Indigenous Australians while also handing out financial penalties for non-compliance at 70 times the rate of the penalties delivered in non-remote employment programs like Jobactive.⁸ The Cashless Welfare card is continuing a history of paternalist policy-making, controlling the behaviour of Indigenous Australians with little tangible benefit. Programs such as these, despite their ostensible aim of enhancing outcomes for Indigenous Australians, actually work to discourage economic participation. They do this through their demoralising and time-consuming compliance systems which reduce the time Indigenous Australians have to engage with the economy and it saps their motivation to do so. This is without considering the impact of time wasted on make-work activities required by the CDP and the vast opportunity cost of the millions of dollars that could be spent on a program actually focussed on achieving positive outcomes.

Educational outcomes

Indigenous Australians have generally poorer educational outcomes, access to education and levels of engagement with education when it is available. As outlined in the 2019 Close the Gap report, attendance rates for Indigenous students have not improved between 2014 and 2018 (around 82 per cent in 2018) and remain below the rate for non-Indigenous students (around 93 per cent).⁹ The gap in school attendance is evident from when children start school. During primary school the attendance gap was around 8 percentage points in 2018. Attendance falls when students reach secondary school – particularly for Indigenous students – and the attendance gap widens to 14 percentage points.¹⁰ In remote areas, school attendance by Indigenous students is lower and the attendance gap is larger. In 2018, attendance rates for

⁸ Davidson, Helen, *Jobs Scheme Doing More Harm than Good in Indigenous Communities*, The Guardian, 3/10/2016. <https://www.theguardian.com/australia-news/2016/oct/03/jobs-scheme-doing-more-harm-than-good-in-indigenous-communities>

⁹ Australian Government, *Closing the Gap 2019*, <https://ctgreport.niaa.gov.au/sites/default/files/ctg-report-20193872.pdf?a=1>

¹⁰ Ibid

Indigenous students ranged from 86 per cent in Inner Regional areas to 63 per cent in Very Remote areas.¹¹ Additionally, levels of *consistent* attendance are lower again among Indigenous students – just under half (49 per cent) of Indigenous students attended school 90 per cent or more of the time, compared with 77 per cent of non-Indigenous students. This leaves a gap in the level of consistent school attendance of around 28 percentage points.¹² Partially as a result of this, the Closing The Gap Report found that in 2017, a disproportionate share of Indigenous children remain below the national minimum standards in reading and numeracy compared to non-Indigenous students.¹³ This is exacerbated by the fact that many indigenous students are also unable to access education in the language they speak at home – contributing to both lower engagement and literacy rates and to the steady decline of some indigenous languages.

Addressing the lack of access to and engagement with education for Indigenous Australians must be addressed as a priority issue. It is an accepted fact that education is crucial to effective and fulfilling engagement in work later in life. As long as Indigenous Australians, particularly those living in remote areas, remain second-class citizens in terms of education access, this situation is unlikely to reverse itself.

Health outcomes

Good mental and physical health are foundational requirements for effective participation in society and the economy. Unfortunately, they are not foundations that many Indigenous Australians are able to count on having.

According to the latest ABS estimates, Indigenous males born between 2015 and 2017 have a life expectancy of 71.6 years (8.6 years less than non-Indigenous males) and Indigenous females have a life expectancy of 75.6 years (7.8 years less than non-Indigenous females).¹⁴ In 2017, there were 2,988 deaths of Aboriginal and Torres Strait Islander people (1,631 males and 1,357 females), at the rate of 976 per 100,000 persons.²⁹ This was 1.8 times the non-Indigenous rate (556 per 100,000) in 2017.¹⁵ According to the Closing the Gap report, non-communicable chronic diseases account for more than half the deaths of Indigenous Australians, and are also responsible for the majority of the gap in mortality rates between Indigenous and non-Indigenous Australians. In the period 2013–17, circulatory diseases contributed 22 per cent of the gap in mortality rates, and cancer contributed 16 per cent. While external causes accounted for 15 per cent of Indigenous deaths, they contributed only 11 per cent to the gap. In contrast, diabetes,

¹¹ Ibid

¹² Ibid

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

which caused 8 per cent of Indigenous deaths, contributed 16 per cent to the gap, and respiratory diseases, which account for 9 per cent of deaths, contributed 14 per cent of the gap.

Indigenous Australians also experience disability at higher rates than non-indigenous Australians. According to the AIHW, when taking differences in the age structure of the two populations into account, compared with non-Indigenous Australians, Indigenous Australians were 1.8 times more likely to have disability and 2.0 times more likely to use disability support services provided under the NDA. Among Indigenous Australians living in private households in 2015:

- 24% (125,000 people) were living with disability—defined as any limitation, restriction or impairment which restricts a person’s everyday activities, and has lasted, or is likely to last, for at least 6 months¹⁶
- 7.3% (38,100) had severe or profound disability—meaning they sometimes or always needed help with daily activities related to self-care, mobility or communication¹⁷.

The greater burden of illness and disability experienced by Indigenous Australians reduces their ability to undertake economic activity both in terms of reduced ability to work due to illness and reduced life expectancy, but also through an increased caring requirement. This is yet another barrier that must be addressed before Indigenous economic participation can be meaningfully increased.

Other barriers

There are a number of other barriers which, while affecting a smaller proportion of the Indigenous Australian population, still represent significant roadblocks to indigenous economic participation. Examples of these barriers are:

- Significantly higher rates of interaction with law enforcement and incarceration.
- Lack of access to affordable childcare, both due to remoteness and due to lower income levels for those living in metropolitan areas.
- Poor access to infrastructure/technology due to remoteness as well as lower incomes.
- Limited availability of training and education in skills in current labour demand, particularly in remote communities, leading to overuse of fly in fly out workers.

¹⁶ Australian Institute for Health and Welfare, *Disability Support for Indigenous Australians*, Australian Government, <https://www.aihw.gov.au/reports/australias-welfare/disability-support-for-indigenous-australians>

¹⁷ Ibid

What can be done

It should be clear at this point that any strategy to increase the economic participation of Indigenous Australians, or to provide pathways to that participation, will need to be sophisticated and multi-faceted in order to both provide the opportunity to undertake economic activity and to address the significant barriers to participation outlined above. In order to achieve this, any strategy must involve the following three elements:

- Removing the barriers to indigenous economic participation through genuine collaboration with indigenous communities that doesn't seek to impose non-indigenous culture on those communities.
- Replicating and expanding programs that are working.
- Developing a new understanding of what indigenous economic participation looks like.

Removing barriers to indigenous economic participation

Implementing strategies to address the barriers to economic participation outlined above will not be simple, particularly without enforcing non-indigenous cultural standards on indigenous communities, but the approach to developing those strategies is simple - indigenous communities need to be central in their design, implementation and monitoring. Part of this process should, of course, be to discontinue programs like the CDP and the Cashless Welfare Card which have already been proven to be ineffective as well having been condemned by the community since its inception.

For too many years the discussion around addressing indigenous disadvantage has imposed a false dichotomy between achieving acceptable outcomes and ensuring programs are culturally appropriate. Taking an 'indigenous' approach to addressing these barriers is not an excuse for allowing them to continue to exist and it is equally untrue that the only method of addressing them is to impose non-indigenous cultural practices and methods of living on indigenous communities. Below is a series of consultative principles which should be followed as part of any attempt to address the barriers identified above.

Principle 1 – Co-design

Any strategy to address indigenous disadvantage must be developed in consultation with the communities it is intended to service. This must include a genuine co-design process that involves real input from the community about their needs, expectations and concerns. Far too often co-design consists of government presenting a finished model and asking communities to 'fiddle around the edges' in an attempt to appear consultative. This approach is disingenuous and has resulted in the steady decay in the quality of services delivered to these communities

that we have observed. Communities should be involved in the design, selection of providers and projects (if applicable) and the ongoing running and monitoring of any scheme.

Principle 2 – Place Based

Remote and indigenous communities across Australia are unique. Each has its own particular set of needs, challenges and strengths. Communities and their cultures differ, and any effective system to assist those communities will need to be flexible to that reality. A one-size-fits-all model to address any issue is doomed to fail. Government needs to acknowledge the primacy of place in determining solutions to unique problems and embrace the complexity that this requires. Attempts to keep costs down or to ‘simplify’ administration by applying cookie-cutter solutions reflects an over-simplification of the issues facing remote and indigenous communities and would also imply a failure to genuinely implement the co-design principle.

Principle 3 – Supportive, not Punitive

The obsession with enforcing labyrinthine and unrealistic participation requirements, and the resulting avalanche of penalties levied against participants, is a common feature of programs designed to assist Indigenous Australians. Any strategy to address indigenous disadvantage must do away with its focus on precise compliance and punitive punishments in favour of flexibility and an understanding of the realities of life and culture in remote communities. Any new program would need to be designed to facilitate and support engagement with the program as opposed to mindlessly punishing perceived non-compliance.

Principle 4 – Long-term solutions

Any strategy developed through this process must be focussed on developing and operationalising long-term solutions to the issues facing remote communities. Programs cannot be designed to churn participants through with no regard for their long-term prospects and the engagement created with communities cannot be based on 2/3-year timeframes.

Replicate and expand on programs that are working

Australia has long had an allergy to scale. We have a proud history of piloting new approaches and then, regardless of their success or failure, never rolling them out. This is particularly true with programs aimed at Indigenous Australians. Indigenous issues are so ingrained that we often end up tinkering around the edges of existing bad ideas rather than being willing to start again. Our unwillingness to try new things also means we keep trying old things – even when we know they don’t work. We need to keep doing what works and start again where we’ve failed.

Among the things we need to stop doing is promoting cultural employment initiatives as government programs instead of remote employment, allowing underpayment & no employment recognition. An example of this is the Indigenous Rangers program, which is being run as a

government program instead of being recognised for what it is – a valuable source of paid employment for Indigenous Australians as part of which they can use their unique skills and insights.

Excluding local business opportunities by undercutting local markets with employment program services is another typical program feature that has been consistently shown to be a bad idea and yet remains ever-popular amongst policy makers. Economies in remote communities particularly are typically thin and marginal, meaning that when thousands of hours of free labour or the provision of free services by participants of employment services programs are injected into the economy, they are unable to survive. This is obviously counter-productive to the long term aim of allowing indigenous communities to provide economic opportunities for their own residents and yet it happens time and time again.

There are also a number of programs which are currently operating effectively and achieving positive outcomes, but which are limited to particular states or to small numbers of participants. Examples of programs/projects that should be expanded are:

- Teaching Aboriginal Language in schools (NSW State)¹⁸
- Indigenous Rangers program, though needs to be recognised as employment as argued above.¹⁹
- Yellow shirts program (NT based)²⁰

Rethinking indigenous economic participation.

It must be acknowledged that there are fundamental cultural differences between indigenous and non-indigenous Australians which have an impact on perceptions of work and economic development. Enforcing non-indigenous standards and attitudes on indigenous communities is a recipe for failure but this does not mean that employment and economic development cannot take place. Taking the lead from Francis Markham and Jon Altman's submission to the Our North, Our Future white paper,²¹ we need to fundamentally rethink what indigenous economic participation looks like and how 'work' might be defined in these communities. Issues that should be considered are:

¹⁸ <https://education.nsw.gov.au/teaching-and-learning/aec/language-culture-and-communities/aboriginal-language-programs-in-public-schools-nsw>

¹⁹ https://www.countryneedspeople.org.au/what_are_indigenous_rangers

²⁰ <https://www.indigenous.gov.au/news-and-media/stories/yellow-shirts-helping-kids-get-school>

²¹ AIHW, Op. Cit. <https://www.aph.gov.au/DocumentStore.ashx?id=d56add0a-d3b0-4636-8e10-2d1870c6994c&subId=206623>

- *Differing ideas of ‘development’ of land* – government and corporate concepts of development of indigenous land tend to have an ‘extractive’ focus which seeks to extract value from the environment with limited regard for the environmental or communal impacts. An ‘ecological economics’ approach, which “distinguishes between economic growth that depletes non-renewable resources irrespective of environmental harm, and forms of development that focus on human well-being, cultural and environmental values”²² is more likely to more closely reflect the attitudes of Indigenous Australians. There are also significant opportunities for eco and zero-emission infrastructure development on indigenous-controlled land all over Australia, including renewable energy or carbon sequestration projects which could be undertaken in partnership with traditional owners.
- *What work looks like* - there are a number of cultural and ecological practices, such as wildlife food harvesting or pest species control, undertaken by indigenous communities across Australia which have significant value to the environment or which could provide diverse forms of cultural production for income.²³

In Summary

There is a vast amount of work to be done, both in terms of developing new, appropriate and effective programs to enhance opportunities for Indigenous Australians to participate in the economy and in addressing and reducing the barriers to that participation. In order to do this work, government needs to fundamentally rethink its approach to this issue and move beyond its history of ineffective, paternalistic make-work programs and undertake a genuine program of consultation and co-design with indigenous communities. We can only hope that a new commitment to undertake this work is the result of this inquiry.

²² Altman, Jon, *Remote Indigenous Australia’s ecological economies give us something to build on*, The Conversation, 08/11/2019 <https://theconversation.com/remote-indigenous-australias-ecological-economies-give-us-something-to-build-on-123917>

²³ Ibid

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05/2020