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Increasing Indigenous employment rates

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Matthew Gray, Boyd Hunter and Shaun Lohar, March 2012

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Summary

What we know

- Indigenous Australians have much lower employment rates than other Australians.
- Reasons for the lower employment rates include lower levels of education, training and skill levels (human capital), poorer health, living in areas with fewer labour market opportunities, higher levels of arrest and interactions with the criminal justice system, discrimination, and lower levels of job retention.
- There has been a substantial increase in Indigenous employment over the period 1994 to 2008, especially in the private sector. It is important to have policies that both increase the demand for Indigenous workers and increase the number of Indigenous people who want paid employment and have the necessary skills to fill available vacancies.

What works

- Increasing the skill levels of Indigenous Australians via formal education and training.
- Pre-employment assessment and customised training for individuals in order to get Indigenous job seekers employment-ready.
- Non-standard recruitment strategies that give Indigenous people who would be screened out from conventional selection processes the opportunity to win jobs.
- The provision of cross-cultural training by employers.



- Multiple and complementary support mechanisms to improve the retention of Indigenous employees is crucial. These may include:
 - ongoing mentoring and support
 - flexible work arrangements to allow Indigenous employees to meet their work, family and/or community obligations
 - provision of family support
 - dealing with racism in the workplace via initiatives such as the provision of cross-cultural training.
- Wage subsidy and other labour market programs can be effective for Indigenous job seekers.
- A strong macro-economy, which creates a range of new jobs.
- Having explicit Indigenous employment goals for government programs that deliver goods or environmental or personal services.

What we don't know

There is only a limited understanding of the causes of Indigenous labour market disadvantage. In particular, relatively little is known about the following:

- what influences whether Indigenous people seek paid employment and whether these influences are different from the non-Indigenous population
- the effects on Indigenous Australians of changes to the income support system designed to encourage work force participation
- the role played by employer practices and policies
- the effectiveness of labour market programs that are not specifically aimed at Indigenous job seekers at increasing employment rates of Indigenous Australians
- why more Indigenous Australians are not moving to areas with better employment opportunities
- the extent of labour market discrimination against Indigenous Australians and how to reduce the levels of discrimination
- whether, for some Indigenous people, there is a tension between cultural practices and maintaining paid employment.

So, what should governments do to continue to increase Indigenous employment rates? While the macro-economic conditions remain strong and there is employment growth, increasing the skill levels of as many Indigenous Australians as possible so that they can find employment should remain the priority. During a time of economic recession, the task will be much harder. A serious economic downturn is likely to have a bigger negative impact on the employment of Indigenous Australians. During such times, it will be important for governments to do whatever they can to help Indigenous Australians who lose their jobs to remain connected to the labour market, to become re-employed and to increase their skill levels via training and education.

Introduction

The low employment rate of Indigenous Australians contributes to economic deprivation and a range of social problems. Increasing employment rates is key to reducing Indigenous disadvantage (e.g., COAG 2009). Employment is central to the Closing the Gap targets that directly refer to engagement with the mainstream economy. Paid employment can provide the economic independence and autonomy that allow Indigenous people to explore their own aspirations.

This paper provides an overview of the research-based evidence on why Indigenous Australians have much lower employment rates than non-Indigenous Australians, and which policies and programs have been most successful in increasing Indigenous employment. Relevant research has been identified through searching a number of databases and via the authors' knowledge of research in this area.

The research drawn upon in developing this paper has been published in a variety of outlets including: peer-reviewed journal articles; books; university-based discussion paper series; and significant government research and evaluation reports. All research referred to in this paper is in the public domain. There are several other reviews of research on the determinants of Indigenous employment (Stephens 2010) and the effectiveness of labour market programs for Indigenous Australians (Dockery and Milson 2007), which readers may also find useful.

The focus of this paper is on articles published from 1993 onwards. This year is chosen because it is the first year in which research based on the 1991 Census was published. Research published before 1993 was generally based on data from the 1986 Census (or earlier censuses). Given the major changes to the Australian labour market since that time, much of the earlier research is of limited relevance to informing contemporary Indigenous employment policies and programs (Altman et al. 2009).

The remainder of the paper is structured as follows. The second section provides an overview of trends in Indigenous employment since 1994. The third section outlines the history of Indigenous employment policies in Australia and describes the current government policies and programs that are most relevant to Indigenous employment. The fourth section identifies the factors that the existing research has found to be important determinants of whether Indigenous Australians are in paid employment. The fifth section provides evaluations of the effectiveness of government policies and programs aimed at increasing employment rates of Indigenous Australians. The sixth section is a summary of several programs run by employers that have resulted in the employment of Indigenous Australians. The final section provides a summary of the evidence on the policies and programs that are most effective in increasing Indigenous employment rates.



Trends in Indigenous labour force status since 1994

There is a large employment gap between Indigenous and other Australians. In 2008, the employment rate of Indigenous men of working age was 59%, compared with 85% for all Australian men. For Indigenous females, the employment rate was 42% compared with 69% for all Australian women.

However, there is evidence that there was a large and substantial improvement in Indigenous employment outcomes between 1994 and 2008 (Gray & Hunter 2011). Increase in non-CDEP scheme (see Box 1) employment was in the order of 15 to 20 percentage points for most

groups of Indigenous Australians (i.e. irrespective of age or region of residence). The increases in Indigenous employment rates were greater than for those for the rest of the Australian population, leading to some narrowing of the employment gap (See Appendix A, Tables A1 and A2).

Given that 1994 was at the end of a recessionary period, and that economic growth was exceptionally strong through to 2008, it is probable that the number of new jobs generated by the Australian economy will be smaller in future and thus active labour market programs and other policies designed to reduce Indigenous disadvantage are likely to be relatively more important in ongoing attempts to close the paid employment gap.

Appendix A provides information from Gray & Hunter (2011) and also extends this analysis by replicating the findings using independent data sources.

Box 1: The Community Development Employment Projects (CDEP) Scheme

An important Indigenous-specific feature of the labour market has been the CDEP scheme. The scheme was first introduced in May 1977 in a small number of *Remote* Aboriginal communities in response to concerns that the introduction of unemployment payments would result in social problems. The scheme underwent a number of expansionary phases, but remained fundamentally unchanged until 1997 when the Spicer Report recommended important changes that obliged all participants to be engaged in CDEP work. For the majority of its history, funding for the scheme was allocated to CDEP organisations for wages for CDEP participants at a level similar to, or a little higher than, income support payments, enhanced with administrative and capital support, and used as a means to provide employment, training, activity, enterprise support, or income support to Indigenous participants. A history of the CDEP scheme is provided by Altman et al. (2005).

Substantial changes to the CDEP scheme have been made since the mid-2000s. Funding was progressively ceased for CDEP schemes in *Non-remote* Regional areas from 1 July 2007, with CDEPs in areas with 'established economies' ceasing operation in mid-2009. Job Services Australia has become the

main provider of employment services for Indigenous people. In *Remote* Indigenous communities, the focus of the CDEP was changed from directly providing employment to building skills in order to help participants to find non-CDEP employment. Requirements were introduced for CDEP and Job Services Australia providers to work in partnership to help Indigenous people find employment.

See: <www.centrelink.gov.au/internet/internet.nsf/services/cdep.htm>.

The number of CDEP participants has declined from a peak of 35,182 participants in 2002–03 to 10,321 participants as at 30 June 2010 (numbers of CDEP participants provided by the Department of Families, Housing, Community Services and Indigenous Affairs [FaHCSIA]).

In general, this paper treats CDEP participants as being not employed. Although there is debate about the extent to which CDEP 'employed' should be classified as being in employment, unemployment or a distinct form of labour force status, this paper focuses on evaluations of the extent to which participation in the CDEP scheme increases the probability of moving to non-CDEP employment.



Government policies aimed at increasing Indigenous employment

Recent history of Indigenous labour market policies and other major policies that impacted on Indigenous job seekers

Since 1969, there has been a series of Indigenous employment policies and programs. Table 1 provides a summary of some of the key policies and their objectives. An important policy development was the establishment of the CDEP scheme in 1977 (see Box 1). Following a major review of Indigenous employment policy in the mid-1980s (Miller 1985), in 1987, the Aboriginal Employment Development Policy (AEDP) was launched. The objectives of the AEDP included increasing Indigenous employment and reducing Indigenous welfare dependency. The AEDP differentiated between Indigenous people who lived in or near towns with a population of 1,000 or more and those in smaller communities. In the towns, the focus was on mainstream employment and the development of mainstream Indigenous enterprises. In the smaller communities, the focus was on community-based employment.

The major components of the AEDP were the Training for Aboriginals Program (TAP) and an expansion of the CDEP scheme, including into more settled areas of Australia. TAP was designed to increase vocational skills and employment opportunities and provide employment placement, formal training programs, placement assistance and career advice and development. Self-determination and cultural preservation were important objectives of the AEDP.

During the early 1990s, Australia experienced a serious recession with unemployment increasing sharply and a substantial growth in long-term unemployment. The centrepiece of the policy response to the recession was the Working Nation initiative, which involved an expansion in labour market programs. Following the change of government at the 1996 Federal election, expenditure on labour market programs was reduced. However, expenditure on Indigenous-specific labour market programs continued to rise after 1996.

In 1999, the Indigenous Employment Policy (IEP) replaced the AEDP. Although the IEP maintains many elements of the AEDP, it emphasises integration and employment in the mainstream economy, and particularly in the private sector, much more than the AEDP did. Under the IEP, there have been further increases in funding for Indigenous-specific labour market programs. Although there have been changes to the IEP since 1999, the core elements have remained largely unchanged. The current IEP is discussed below. (The Indigenous Employment Policy was subsequently renamed the Indigenous Employment Program. Both are referred to as the IEP in this paper.)

Table 1: Time line of Indigenous employment policies and policy reviews

Timeline	Key policies and changes	Notes
1967–69	Amendment to the race power in the constitution from the 1967 referendum and subsequent jurisdictional shifts	In 1969, the Commonwealth employment portfolio developed a program of special measures to help Aboriginal people in employment for the first time
1977	National Employment Strategy for Aborigines	The Miller Report (1985:181-2) found that this strategy was not implemented as a cohesive strategy and provided, at best, marginal benefit because of: a failure to identify barriers to employment, including the compatibility of working conditions with Aboriginal lifestyles; and the lack of a significant Aboriginal involvement in the decision-making process at all levels
1977	Establishment of CDEP (as a major component of the National Employment Strategy for Aborigines)	Arose out of concerns about the effects of 'sit-down money' in the form of social security payments on Indigenous communities

Continued on next page



Table I (continued): **Time line of Indigenous employment policies and policy reviews**

Timeline	Key policies and changes	Notes
1987–99	<p>Aboriginal Employment Development Policy</p> <p>Major components were the Training for Aboriginals Program and an expansion of the CDEP scheme, including into more settled areas of Australia</p>	Introduced in response to the review of Aboriginal Employment and Training Programs (the 1985 Miller Report)
1994–96	<p>Working Nation initiative</p> <p>The main features were an expansion in labour market programs, case management of the unemployed, a Youth Training Initiative, training wages for all trainees (including adults), New Work Opportunities (a direct job creation program), the Job Compact, and changes to the social security system</p>	Introduced in response to the rise of long-term unemployment following the recession ‘we-had-to-have’ in the early 1990s. The Working Nation initiative resulted in a large number of additional program placements, particularly among disadvantaged job seekers such as the Indigenous unemployed
1998	<p>Job Network introduced</p> <p>This was a new model of employment services based on competitive tendering</p>	Previous model based on services provided usually by a government agency, the Commonwealth Employment Service
1999–current	<p>Indigenous Employment Policy/Program (IEP)</p> <p>Major components were</p> <ul style="list-style-type: none"> • wage assistance • Structured Training and Employment Program • CDEP Placement Incentive • National Indigenous Cadetships Projects • Indigenous Employment Centres <p>Other components included: Corporate Leaders for Indigenous Employment Project; Indigenous Small Business Fund; and Voluntary Services to Indigenous Communities</p>	IEP actively attempted to encourage private sector employment
2009	<p>Job Services Australia replaced the Job Network</p> <p>Job Services Australia replaced the Job Network as the primary employment program throughout Australia in 2009. The changes are designed to improve the links between labour market assistance and apprenticeships, vocational education and training and state and territory government employment and training programs. It is also designed to focus on more disadvantaged job seekers than the Job Network. Funding will be provided from 1 July 2012 to provide culturally appropriate mentoring support for Indigenous workers for up to 26 weeks after they begin work. Source: DEEWR (2009)</p>	<p>Although not an Indigenous-specific employment policy, Job Services Australia is the primary provider of job search assistance to the Indigenous population</p> <p>Because a relatively high proportion of Indigenous job seekers are classified as being disadvantaged, the increased targeting of assistance to disadvantaged job seekers has a disproportionate impact on the Indigenous population</p>
2009	<p>Changes to the Indigenous Employment Policy</p> <p>A range of changes were made to the Indigenous Employment Policy including: voluntary mobility assistance (although there has long been some funding available for voluntary mobility assistance, examples of which are the Mobility Assistance Scheme and the Jobsearch Relocation Assistance programs of the 1990s); language and literacy training; provision of more support for small and medium-sized employers, including pre-employment training and mentoring; further targeting of <i>Regional</i> areas and industries that are experiencing labour shortage</p> <p>There were also significant changes made to the CDEP Scheme.</p>	CDEPs ceased operating in areas with ‘established economies’. In <i>Remote</i> Indigenous communities, the focus of the CDEP program was changed from directly providing employment to building skills in order to help participants to find non-CDEP employment



Overview of current Commonwealth government policies

There is a range of existing government policies aimed at increasing the employment rates of Indigenous Australians. These include policies that apply to all Australians (general policies) and those that are directed specifically to the Indigenous population (Indigenous-specific policies).

General policies and programs that aim to increase employment rates include:

- Policies designed to improve the compatibility of income support payments and taxation systems with financial incentives to be in paid employment (i.e. 'make work pay').
- Making it a condition of payment of government benefits that benefit recipients seek paid employment or participate in education (this was strengthened with the introduction of Work for the Dole in 1998 and emphasis being placed upon 'mutual obligation').
- Policies that help people with multiple and overlapping problems that have negative effects on their lives including not being able to find or sustain paid employment.
- Conventional labour market programs such as wage subsidies, educational and training programs, which aim to increase productivity, and job search assistance.

Indigenous-specific policies and programs include, at the Commonwealth level, the Indigenous Employment Program (IEP), with some \$991 million committed to the IEP over the period 2009–10 to 2014–15 (DEEWR 2011) The key components of the IEP are outlined below:

- Indigenous Wage Subsidy—available to employers who employ eligible Indigenous job seekers.
- CDEP work experience wage subsidy—available to employers who offer paid work experience to new CDEP participants who are on income support.
- Indigenous Cadetship Support—links full-time students undertaking a diploma, advanced diploma or their first undergraduate degree with employers who can give them work placements and ongoing employment once they finish their studies.
- Tailored assistance to employers to help them provide more employment opportunities to Indigenous Australians.
- Access to accredited language, literacy and numeracy training under the Workplace English Language and Literacy (WELL) program.

- Support for business and economic development including: to start a business; obtain financial literacy training; conduct feasibility studies; develop and implement business plans and risk management plans; support the development and implementation of community or regional development plans and other strategic initiatives.
- The Indigenous Capital Assistance Scheme—offers Indigenous businesses access to commercial finance, and appropriate professional and mentoring support services.

There is also a range of government policies and programs that are not primarily employment focused but that have as one of their objectives employing Indigenous Australians. These include:

- The Strategic Indigenous Housing and Infrastructure Program – it has set a target of 20% Indigenous employment across the program and local companies are to be subcontracted wherever possible (Northern Territory Government).
- The Working on Country program—it employs Indigenous people to do 'caring for country' (DSEWPC) (Box 2).
- The Australian Government's Indigenous Opportunities Policy (IOP) – it requires government officials responsible for projects involving expenditure of over \$5 million (\$6 million for construction) to ensure tenders include a plan for providing training and employment opportunities to local Indigenous communities and for the use of Indigenous suppliers that are small and medium enterprises (DEEWRa).
- Government support for the Australian Employment Covenant (AEC) (DEEWRb). The AEC is a national industry-led initiative that involves employers making a commitment to formally guarantee job-ready or training-ready Indigenous Australians employment and to provide job-specific training, post-placement and mentor support. The Australian Government contributes to the AEC by facilitating and coordinating training, referral, placement and support processes, involving the take up of AEC jobs, and facilitating post-placement and mentor support for eligible Indigenous Australians through universal employment services, the IEP and the CDEP Program. The AEC aims to place 50,000 Indigenous job seekers into employment. Although the AEC is showing some promising signs, it is too early to assess how effective it will be in increasing Indigenous employment rates (Jordan 2011).



Box 2: Working on Country

The Working on Country program is a Commonwealth Government program that funds environmental activities that support the work of some Indigenous people (i.e. caring for their country). It also helps the Australian Government to meet its responsibility to protect and conserve the environment. This responsibility includes looking after nationally important environment matters and protecting land and inland waters, coasts, oceans and heritage.

The Australian Government Department of Sustainability, Environment, Water, Population and Communities, which administers the program, reports that there over 600 Indigenous rangers employed under the program. The Department expects that around 680 rangers will be trained and employed through Working on Country by June 2013.

Two examples of Working on Country programs are described below.

Djelk Land Management Extension

- In the north central region of Arnhem Land in the Northern Territory, the Bawinanga Aboriginal Corporation established the Djelk Rangers. These rangers represent the various language groups of the region and help traditional owners with their land management needs and concerns. The rangers' work covers 10,000 square kilometres of land, including 180 kilometres of coastline. The Djelk Rangers' project will extend the current work of rangers to include: further fire management; weed

management; feral animal control; and cultural heritage work. Twelve Indigenous rangers will be employed on these activities.

- According to the *Djelk Rangers 2009–10 Annual Report*, there were 34 positions with the Djelk Rangers, of which 23 were salaried and 11 CDEP positions.

Gidarjil Working on Country

- The Granite Creek area near Bundaberg in Queensland is the ancestral home of the Gurang clan. Part of the area is listed on the Directory of Important Wetlands for Australia. The area also has a history of timber harvesting and cattle grazing and the traditional owners, through the Gidarjil Development Corporation, are planning to shift away from agricultural and forestry activities in the area towards restoration and protection of natural habitats and cultural heritage. Through the Working on Country contract, the Corporation will employ Indigenous people to undertake environmental activities in the target area. These activities will include: eradicating weeds and pests and specifically focusing on the wetland; testing and improving water quality; recovering an endangered eucalypt ecosystem; re-establishing and expanding a protection corridor between two national parks; and setting up a traditional knowledge database.

See: <www.environment.gov.au/indigenous/workingoncountry/index.htm>, viewed 1 August 2011, May et al. (2010).

What do we know about the reasons for the low employment rate of Indigenous Australians?

Overview, methodological issues and studies examined

The likelihood that a person is in paid employment depends upon whether they want, and are available, to be in paid employment (supply-side factors) and

whether they can find employment (demand-side factors). Understanding the roles of both supply-side and demand-side factors is important when designing policies and programs to increase employment rates of Indigenous Australians.

Research into the determinants of Indigenous employment has been limited by the available data. The main large-scale social surveys that provide labour market data for a large sample of Indigenous Australians living in all areas of Australia are the Census and the National Aboriginal and Torres Strait Islander Survey (NATSIS) 1994, the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) 2002 and NATSISS 2008, and thus the majority of empirical research has used data from these surveys.



A range of other surveys that contain a sufficient sample of Indigenous Australians have been used. These include the longitudinal Household, Income and Labour Dynamics in Australia (HILDA) survey and the Australian Workplace Industrial Relations Survey (AWIRS), which is a linked employee-employer data set collected in 1995. Although such surveys can be useful, they contain relatively small Indigenous samples and often do not collect data in *Very remote* areas of Australia.

There has also been some analysis based upon administrative program data. There appear to have been few qualitative studies that focus explicitly on Indigenous employment.

There are almost no large-scale longitudinal labour market (or general social) surveys of Indigenous Australians with a

large enough Indigenous sample to allow robust longitudinal analysis of Indigenous employment. The only possible exception is the Indigenous Job Seeker Survey (IJSS), which collected data in three waves of 2,503 interviews conducted over an approximately 18-month period from March 1996 – a period that is too short to enable a truly dynamic analysis of Indigenous labour force status (Gray & Hunter 2005b). This means that we have only a very limited understanding of the causes of Indigenous labour market disadvantage or what policy will be most successful in increasing Indigenous employment rates.

Table 2 lists the large-scale quantitative studies, and several relevant qualitative studies, of the determinants of Indigenous employment that have been considered in preparing this Issues paper.

Table 2: Selected studies of the determinants of Indigenous employment

Study	Data source(s)	Overview
Statistical modelling of labour force status		
Biddle (2010)	2006 Census	Analyses spatial mismatch and job accessibility of Indigenous people using journey to work data
Biddle (2006)	NATSISS 2002	Predicts the employment and income returns from high school education by remoteness and CDEP status
Biddle et al. (2009)	2001 and 2006 Censuses	Analyses changes in Indigenous employment rates by broad age groups across Australian regions
Biddle and Yap (2010)	2006 Census	Analyses outcomes across the life course
Borland and Hunter (2000)	NATSIS 1994	Focuses on impact of arrest on Indigenous employment. Also presents some international comparisons of Indigenous labour force status
Daly (1993)	1986 and 1991 Censuses	Describes contemporary Indigenous labour market experiences
Daly and Hunter (1999)	NATSIS 1994	Analyses incentives to look for work by comparing wages with income support payments
Gray and Hunter (2002)	1981, 1986, 1991 and 1996 Censuses	Examines Indigenous employment using a cohort (pseudo panel) analysis
Gray and Hunter (2005a) and Hunter and Gray (2006)	Longitudinal survey of Aboriginal and Torres Strait Islander Job Seekers	Analyses job search methods of Indigenous Australians
Gray and Hunter (2011)	NATSIS 1994 and NATSISS 2008	Documents trends in Indigenous employment
Hunter (1997)	NATSIS 1994 and 1991 Census	Establishes importance of educational endowments for closing the employment gap
Hunter (2004)	2001 Census	Extends Daly (1995) with some analysis of the role of labour demand/supply and scope for discrimination
Hunter (2006)	NATSISS 2002	Replicates findings of Borland & Hunter (2000)

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Table 2 (continued): **Selected studies of the determinations of Indigenous employment**

Study	Data source(s)	Overview
Statistical modelling of labour force status		
Hunter and Gray (1998)	1986, 1991 and 1996 Censuses	Examines the structure of Indigenous employment using cohort and other analysis
Hunter and Gray (2001) and Hunter and Gray (2002)	NATSIS 1994	Analyses labour force status, including discouraged workers
Junankar and Liu (2003)	1991 Census	Analyses impact of education on employment and income if employed
Ross (1993)	Author collected own survey data	Examines Indigenous employment in <i>Regional New South Wales</i> during the 1980s
Ross (2006)	NATSISS 2002	Analyses the effects of self-assessed health status and long-term disabilities on employment
Stephens (2010)	NATSISS 2002	Provides an overview of the determinants of Indigenous labour force status
Ethnographic/anthropological studies		
Arthur and David-Petero (2000)	Qualitative study of 105 Torres Strait Islanders aged 15 to 24	Investigates the views young Torres Strait Islanders hold about their careers and assesses their orientation or approach to work
Austin-Broos (2006)	Ethnographic study of Western Arrernte community	Analyses relationship between traditional activities and values and paid employment
Musharbash (2001)	Ethnographic study of Yuendumu	Explores Warlpiri ideas about the workplace
Öther-Gee (1999)	Employment case studies from 25 Indigenous youth in urban and regional areas	Emphasises the role of non-quantifiable institutional and cultural background issues
From the workplace perspective		
Gray and Hunter (2005b)	Longitudinal survey of Aboriginal and Torres Strait Islander Job Seekers	Explores the dynamics of Indigenous employment
Booth et al. (2010)	Data from a discrimination experiment (audit study) conducted by the authors	Presents the results of a study on discrimination against Indigenous Australians
Hunter and Hawke (2001)	AWIRS 1995 data on workplaces that employ Indigenous Australians	Analyses the effects workplace conditions may have on ongoing employment disadvantage
Hunter and Hawke (2002)	AWIRS 1995 data linking employee and workplace levels of data	Analyses Indigenous workers and the characteristics of their workplaces
Sammartino et al. (2003)	1999 survey of senior managers in private sector companies	Provides data on attitudes towards Indigenous employees and the extent to which their companies have Indigenous employment policies and strategies

The Henderson Commission of Inquiry into Poverty undertook some research into Indigenous employment and found that many Indigenous people faced multiple difficulties in finding employment, including being located in areas with few jobs, competing with better trained and more experienced non-Indigenous workers and dealing with prejudice among some employers (Commission of Inquiry into Poverty 1975). These factors have all been found to remain important in subsequent empirical studies and more recent studies have extended our understanding in important ways. Overall, the literature highlights the role of:

- human capital (that is, education and skill level)
- health
- locational disadvantage and access to services
- arrest and interactions with the criminal justice system
- discrimination
- job retention and labour demand
- job search behaviour and labour supply.



Human capital

Indigenous Australians have much lower levels of educational attainment than other Australians and this is an important explanation for their relatively low level of employment. For example, according to the 2006 Census, only 26% of Indigenous Australians have a highest level of school completion of Year 12, compared with 50% of non-Indigenous Australians.

There is strong evidence that the lower levels of educational attainment of Indigenous, relative to non-Indigenous, Australians are an important factor in explaining the relatively low rates of employment of Indigenous Australians (Daly 1993, 1995; Gray & Hunter 2002; Junankar & Liu 2003; Hunter 2004; Biddle 2006; Biddle & Yap 2010; Stephens 2010). Both secondary and post-secondary education have been found to have a positive effect on the likelihood of being employed. The employment returns to education have been found across geographic regions (Biddle 2006; Stephens 2010). It should be noted that Hunter (2004) got the opposite result using data from the 2001 Census to what Biddle (2006) and Stephens (2010) found using the NATSISS data. However, both Biddle and Stephens focus on a more refined analysis of non-CDEP employment data (using a broader range of explanatory factors measured at a more disaggregated level) than was possible using the Census data, and hence more weight should be given to the NATSISS analysis.

There are several papers that estimate the extent to which the employment returns to education differ between *Remote* and *Non-remote* areas. On balance, this research suggests that the effects of education on the probability of employment are greater for Indigenous people in *Non-remote* areas than in *Remote* areas (Biddle 2006; Stephens 2010).

It has also been found that the positive effects of education on the likelihood of being employed are substantially larger for Indigenous Australians than they are for non-Indigenous Australians (Hunter 1997; Gray & Hunter 2002; Biddle & Yap 2010).

Educational attainment for Indigenous people has increased appreciably since the mid-1990s. For example, there have been substantial increases in the proportion of Indigenous Australians with a post-secondary qualification. The increases for the Indigenous population have been greater than for the non-Indigenous population, with the education gap narrowing (Altman et al. 2009). Although there is no direct evidence on the effects of the increases in Indigenous educational attainment (both in absolute terms and compared

with non-Indigenous Australians), it is highly probable that this explains some of the increases in Indigenous employment rates. In the longer term, increasing educational attainment is likely to be one of the most important ways in which the difference in employment rates of Indigenous and non-Indigenous Australians can be narrowed.

Ill-health and disability

Health problems can make it difficult or impossible to work, or make it more difficult to find work by lowering productivity or restricting the range of jobs a person can manage. The main source of data that has been used to estimate the associations between health and employment for Indigenous Australians are the National Aboriginal and Torres Strait Islander Social Surveys. Studies of these data have consistently found a negative relationship (Borland & Hunter 2000; Hunter & Gray 2001; Ross 2006; Biddle & Yap 2010; Stephens 2010). Given the higher rates of ill-health and disability among the Indigenous population compared with the non-Indigenous population, this is likely to be an important factor in explaining the lower rates of employment of Indigenous Australians.

Reductions in rates of work-limiting ill-health and disability are likely to improve employment rates of Indigenous Australians. We are not aware of any empirical research into the effectiveness of labour market programs that aim to increase employment rates of Indigenous Australians with a disability.

Taylor & Scambary (2005) used data for the Pilbara, which they compiled from a range of sources. They estimated that the number of Indigenous people in the Pilbara likely to be excluded from employment due to poor health is likely to be almost as large as the number of Indigenous people who are employed.

The variables in the NATSISS on health status are measured in fairly broad self-assessed categories and this has restricted the research findings on this issue. The National Aboriginal and Torres Strait Islander Health Survey (NATSIHS) may provide a more useful source of data, given its large samples, detailed measures of health and labour force status and the availability of comparable non-Indigenous surveys. We are not aware of the NATSIHS being used for this purpose.



Location

Indigenous Australians are more likely to be living in *Remote* or *Very remote* areas of Australia than non-Indigenous Australians. In June 2006, 32% of Indigenous people lived in *Major cities*, 21% in *Inner regional areas*, 21% in *Outer regional areas*, 10% in *Remote areas* and 16% in *Very remote areas* (ABS 2006). For the non-Indigenous population, 69% live in *Major cities*, 20% in *Inner regional areas*, 9% in *Outer regional areas*, 1% in *Remote areas* and 0.4% in *Very remote areas* (ABS 2006). Indigenous Australians in *Remote areas* have lower employment rates than Indigenous people living in other areas of Australia (see Appendix A, Figure A1).

Part of the reason for the lower employment rates of Indigenous people living in *Remote areas* than those in *Non-remote areas* are the characteristics of Indigenous Australians living in *Remote areas*. For example, Indigenous adults in *Remote areas* are about three times less likely to have a bachelor degree or above than Indigenous adults in *Major cities* – 3% and 9%, respectively (ABS 2011). Notwithstanding, living in a *Remote area* affects the likelihood of being employed after taking into account these differences (Hunter & Gray 2001).

Although the employment rate of Indigenous people in *Remote* and *Very remote areas* is much lower than that in *Non-remote areas* (see Figure A1), there were substantial increases in Indigenous non-CDEP employment between 1994 and 2008. This suggests that government policies combined with strong labour demand in some areas can result in substantial increases in Indigenous employment rates in these areas. As Taylor (2006) demonstrated, there are significant numbers of jobs in *Remote Australia*, but many Indigenous people in these areas are disengaged from the labour market. Nonetheless, some Indigenous Australians live in *Remote areas* in which there are insufficient jobs in the immediate vicinity (Taylor 2006), although there is sometimes the possibility of arrangements such as fly-in-fly-out, bus-in-bus-out and drive-in-drive-out to travel from *Remote communities* to where work is available.

An important policy question is whether Indigenous people move from *Remote areas* to areas with more employment opportunities and whether encouraging this would increase rates of employment. The evidence is that Indigenous Australians do not move to geographic areas with greater employment opportunities (Taylor 2006; Biddle 2010). It is unclear whether this pattern of Indigenous mobility reflects culture or a lack of human capital.

Arrest

There have been several studies that have estimated the impact of being arrested on the employment rates of Indigenous Australians. The most convincing study is by Borland & Hunter (2000), who used statistical techniques to try and identify the causal impact of being arrested on employment. They found that having been arrested reduces the probability of being employed by about 18% for Indigenous males and 13% for Indigenous females. Borland and Hunter, on the basis of their estimates of the effects of arrest on employment and the higher arrest rate of Indigenous Australians, calculate that about 15% of the difference in employment–population rates between Indigenous and non-Indigenous Australians was explained by the differences in arrest rates.

Discrimination

There is little direct evidence about the extent to which Indigenous Australians face discrimination in the labour market. Booth et al. (2010), conducted a ‘randomised trial’ using an experimental methodology that mailed identical resumes with different ethnic names (Indigenous, Anglo Saxon, Italian, Chinese and Middle Eastern sounding names) to potential employers and then measured the call-back rate to test for evidence of discrimination. Applicants with Indigenous sounding names were found to need 35% more applications to get the same call-back rate as applicants with Anglo Saxon names. This, however, was less discrimination in relation to call-back compared with those applicants with Chinese sounding names (65% more applications) and those with Middle Eastern sounding names (64% more applications). There may have been a different result if Indigenous Australians were to turn up for face-to-face interviews.

Hunter & Hawke (2002), using linked employee-employer data from the mid-1990s, found that workplaces with Indigenous employees were more likely to have a written policy on racial harassment and a formal grievance procedure to resolve disputes that arise on either racial or sexual harassment grounds. These workplaces have managers trained in Equal Employment Opportunity (EEO), affirmative action and anti-sexual harassment procedures, and Occupational Health and Safety and EEO issues were more prominent in the workplace culture than in workplaces that did not have Indigenous employees.



Sammartino et al. (2003) report the results of a survey of Chief Executive officers (CEOs) and senior managers of Australian-based businesses conducted in 1999. The CEOs, on average, perceived that Indigenous workers have lower levels of skill and commitment to the job and higher rates of absenteeism. They also reported greater levels of difficulty with retaining Indigenous employees than people from non-English speaking backgrounds. They were also much less likely to have developed diversity management and Indigenous employment policies than equal opportunity policies. Little evidence was found of businesses allocating resources to developing employment relationships with Indigenous workers. Where this has happened, it has tended to be in the mining industry (Tiplady & Barclay 2007).

Although there is some evidence that discrimination by employers and those making employment decisions is a contributing factor to the low levels of employment of Indigenous Australians, it is unclear to what extent policies can reduce the level of discrimination and which policies will be most effective.

Job retention

Analysis of the Indigenous Job Seeker Survey data collected in 1996 and 1997 suggests that Indigenous job seekers had lower rates of transitions from unemployment to employment and lower rates of job retention than non-Indigenous Australians (Gray & Hunter 2005b). These are both likely to be important reasons for the relatively low employment rate of Indigenous Australians. Because of the lack of longitudinal data from quantitative surveys, or even qualitative interviews, the existing research does not resolve why Indigenous workers are more likely to leave jobs than other workers. Notwithstanding the paucity of data, one likely explanation is that Indigenous Australians are more likely to be employed in casual jobs and seasonal work than other employees (Campbell & Burgess 2001). Given the systematic differences in the industrial relations practices in workplaces that employ Indigenous workers from those of other workplaces (Hunter & Hawke 2001), optimal data collection for examining job retention issues would need to link employee and employer characteristics explicitly. Another possible explanation is that some Indigenous workers leave jobs (when the jobs do not provide the necessary flexibility) in order to meet cultural obligations.

How Indigenous people find employment

Gray & Hunter (2005a) found that compared with non-Indigenous Australians, Indigenous Australians rely disproportionately on friends and relatives as a source of information about jobs. However, because their networks tend to have fewer employed members, they are less effective than non-Indigenous networks in securing employment. For example, 71% of Indigenous unemployed job seekers relied on friends and relatives when looking for work, as opposed to 47% of other unemployed job seekers. This finding is potentially important if Indigenous social networks have less information about job opportunities.

At the same time, Hunter & Gray (2006) found that job search methods were not generally related to the probability of finding and retaining employment when a range of other personal and regional factors are taken into account. This study also confirmed that increases in job search intensity are associated with an increased probability of finding employment, but that search intensity was unrelated to job retention. Although policies focused on job search may have some small impact on Indigenous employment, this impact is likely to be smaller than the effects of increasing the human capital of Indigenous job seekers or the stimulus created by macroeconomic effects.

In effect, because Indigenous Australians are less likely to have family and social networks consisting of people who are in a position to help them find employment, formal job search methods and institutional structures such as Job Services Australia are likely to continue to be relatively more important for Indigenous job seekers.

A consistent finding in the analysis of 1994 NATSIS, and the subsequent NATSISS collections, is that an Indigenous person living in a household that has non-Indigenous members has a higher probability of being employed (Borland & Hunter 2000). This may be related, in part, to differences in the nature of social networks, which can help in finding paid employment.



Desire to work and attitudes to work

A number of ethnographic studies directly seek to provide insights into the cultural attitudes to paid employment among particular groups of Indigenous Australians, particularly those living in *Remote* areas of Australia (Arthur & David-Petero 2000; Musharbash 2001; Austin-Broos 2006). These studies identify a range of cultural beliefs and practices that can be inconsistent with the behaviours and practices generally required for paid employment. These include the time commitments associated with maintaining family relationships and cultural obligations. These practices are also associated with geographic mobility, which is often inconsistent with paid employment.

There has been little research into the extent to which cultural beliefs and practices of Indigenous people living in *Regional* centres and *Major cities* affect their desire to be in paid employment or their ability to retain employment.

Multiple barriers to finding and sustaining paid employment

Many Indigenous Australians face a number of the barriers to finding and sustaining paid employment, which are discussed in this section (Hunter 1999, 2000; Taylor & Scambary 2005; Productivity Commission 2011: Chapter 13). These can include having been arrested or incarcerated, intergenerational effects of past child removal policies, alcohol and other drug addiction, mental health problems, poor physical health, family violence and a lack of literacy and numeracy. In order for people experiencing multiple barriers to employment to find and sustain paid employment, it is often necessary for a number of the problems and challenges they face to be addressed.

The term social exclusion has gained some currency in recent years as policy makers and researchers acknowledge that the multiple causes of disadvantage are driven by the exclusion of particular groups from full engagement in the social, political and economic life of the nation, rather than by a single factor (Spicker 2007). Explicit discrimination is one process whereby Indigenous Australians are actively excluded, but there may be other more passive forms of exclusion that need to be dealt with in social, political and economic institutions.

Acknowledging the role of multiple disadvantage and social exclusion is simply another way of raising the possibility that multiple causal pathways underlie employment disadvantage. It is intrinsically difficult to measure social exclusion, which is a cluster of processes and relationships rather than a single well-defined outcome (Hunter & Jordan 2010). More importantly, it is even harder to construct workable policy that simultaneously addresses all the aspects of social exclusion. However, the first essential step towards effective policy outcomes is to identify the specific social and other processes that exclude Indigenous people.

Effectiveness of labour market programs in increasing Indigenous employment rates

Overview, methodological issues and studies examined

There has been relatively little formal evaluation of the effectiveness of labour market programs at increasing the employment rates of Indigenous Australians. An excellent review of this literature is provided by Dockery & Milson (2007). Key evaluations published in 1994 or later are listed in Table 3.

Labour market programs can be evaluated from the perspective of the effect on the individual job seeker or the overall effect on the economy or a group of individuals. In order to evaluate the effect on individual outcomes, research needs to estimate whether the participant would have got the job or training position anyway (i.e. the deadweight loss of the program). Even when labour market programs have improved the job prospects of the selected individuals, 'macro' studies of groups should identify whether this improvement has been primarily at the expense of another person (i.e. substitution effects of the program). Job displacement can also affect outcomes where subsidised employees expand at the expense of non-subsidised employees.

Most of the studies focus on the immediate effects on individuals. However, a more complete evaluation would explicitly estimate the deadweight loss and substitution effects of particular programs. Notwithstanding the



partial nature of most evaluations, substitution effects are likely to be a key explanation of how Indigenous employment outside the CDEP scheme improved relative to non-Indigenous employment, because major labour market programs are now only available to Indigenous job seekers (i.e. wage subsidies).

There is relatively little evidence available on the effectiveness of labour market programs that are not specifically aimed at Indigenous job seekers at increasing employment rates of Indigenous Australians.

Evaluations of the Job Network (a general employment program) shortly after its introduction in 1998 identified Indigenous job seekers as one of the groups with the

lowest participation rates as a proportion of the eligible population of all target groups (DEWRSB 2001). Changes were subsequently made to the Job Network that were designed to increase participation among Indigenous job seekers and to result in better employment outcomes. Evaluations by the Department of Employment, Workplace Relations and Small Business found that active 'case-management' and access to Indigenous staff and culturally sensitive services were important in improving outcomes for Indigenous job seekers (DEWRSB 2001). A summary of the findings of evaluations of the effectiveness of the Working Nation Initiative for Indigenous job seekers is provided below.

Table 3: Evaluations of the effectiveness of labour market programs on Indigenous Australians

Study	Policy or program being evaluated	Evaluation method
ATSIC (1994)	AEDP (including TAP)	TAP evaluated using post-program monitoring (gross outcomes)
ATSIC (1997)	CDEP	Likely effects of the CDEP scheme imputed from the 1996-97 Ex-Participant Survey
Spicer (1997)	CDEP	Analysis of Aboriginal and Torres Strait Islander Commission (1997) to compare ex-participants from urban CDEPs with a comparison group of mainly non-Indigenous people registered with the Commonwealth Employment Service (CES)
Altman et al. (2000)	CDEP (1996)	Compares outcomes in communities with and without CDEP scheme using the 1996 Census
Hunter et al. (2000)	Evaluation of programs provided on the Working Nation Initiative and the AEDP (employment support, training, job creation, wage subsidy, apprenticeships/ traineeships, job search training) (1996-1997)	Compares outcomes of people who completed labour market programs with those who participated in, but did not complete, labour market programs (quasi-control method)
DEWR (2002)	IEP (STEP, Wage Assistance (1999-2002))	Overview of early IEP implementation and outcomes
DEWR (2003)	IEP (1999-2003)	Post-program monitoring (gross impacts) and matched comparison group
Office of Evaluation and Audit (2009)	CDEP (2004-2008)	Document review and analysis of administrative data
DEEWR (2010)	STEP and Wage Assistance (2006-2007)	Matched comparison group



Aboriginal Employment Development Policy (AEDP)

There was only one program evaluation of the AEDP, which was conducted by the Aboriginal and Torres Strait Islander Commission (ATSIC 1994). This evaluation did not use a methodology that would allow the net impacts of the policy on Indigenous employment to be estimated. There were, however, evaluations of the Training for Aboriginals Program (TAP) and the CDEP scheme.

The outcome evaluation of TAP was based on data on employment rates collected some period after completion of the program (ATSIC 1994). This type of data does not allow the net employment effect of the program to be identified because it does not provide information on what the employment rate would have been in the absence of the program. The post-program monitoring data for TAP estimates a gross employment rate for participants of 40%-50% 3 months after ceasing program assistances. This rate compares favourably with the rates achieved by the most effective mainstream labour market programs (see Dockery & Milson 1997: Table 1).

Working Nation and AEDP

An evaluation of the impact of the Working Nation labour market programs and the AEDP on Indigenous job seekers using data collected over the period 1996-97 was undertaken by Hunter et al. (2000). This evaluation examines the impacts of six types of labour market program assistance (employment support, training, job creation, wage subsidy, apprenticeships/traineeships and job search training) on employment outcomes for Indigenous job seekers. Job seekers could receive more than one type of assistance (i.e. they were not mutually exclusive). The evaluation found that wage subsidies were the most effective type of assistance, with employment estimated to be increased by 19 percentage points. Direct job creation was estimated to increase the probability of being employed by six percentage points, with minimal employment effects being found for training and job search training programs.

Indigenous Employment Policy/Program (IEP)

Structured Training and Employment Projects (STEP) and Wage Assistance

The evaluations of the IEP have been comprehensive and of a higher quality than the earlier evaluations.

A two-stage evaluation of the IEP was undertaken in 2002 (Stage 1) and 2003 (Stage 2) by the then Department of Employment and Work Place Relations (DEWR 2002, 2003). The STEP and Wage Assistance programs were found to show high gross positive outcomes, with post-program monitoring finding that 60%-70% of Wage Assistance participants were in unsubsidised employment after 3 months. For STEP, 50%-60% were in unsubsidised employment after 3 months. Net employment effects were estimated for Wage Assistance using matched comparison groups. Using this methodology, it is estimated that a year after assistance the net effect of Wage Assistance was to increase unsubsidised employment by 11 percentage points.

STEP and Wage Assistance were evaluated again in 2007 by the relevant department. This evaluation took a net impact approach to estimating the impact of the STEP model of assistance and Wage Assistance on the proportion of participants who had moved completely off income support after 1-24 months. A matched comparison group was used to provide a counterfactual against which the effects of STEP could be estimated. This evaluation found that STEP and Wage Assistance achieved high net impacts and that these effects were sustained. For example, it is estimated that, after 12 months, those who had STEP or Wage Assistance were 12%-13% more likely to be off income support payments than if they had they not participated in these labour market programs.

The CDEP Scheme

For most of its life, the CDEP scheme had two objectives: community development and employment activity. Increasingly employment outcomes have been emphasised. In this paper, the focus is upon evaluations of the extent to which CDEP participants find non-CDEP employment and what role CDEP plays in achieving this.

There do not appear to have been any evaluations of CDEP that use methodologies that allow the impact of participation in the CDEP scheme on the likelihood of participants to move to non-CDEP employment to be estimated. However, there have been evaluations that have provided some data on the employment outcomes of participants leaving the scheme.



A 1996–97 survey of ex-participants of urban CDEP schemes provided some evidence that such people were five percentage points more likely to be in a job than a comparison group of mainly non-Indigenous people registered with the former CES (reported in Spicer 1997). An evaluation by the Aboriginal and Torres Strait Islander Commission (1997) found that two-thirds of CDEP participants wanted a non-CDEP job within a year. Gray and Thacker (2001) found a similar pattern for a CDEP based in Port Augusta.

More recently, the Office of Evaluation and Audit (2009) found that, in 2007–08, 11% of CDEP participants were placed into non-CDEP employment and 3% remained employed in that job after 26 weeks. There is also evidence that employment outcomes were lower than those achieved by wage subsidy and some other labour market programs.

Summary of labour market program effectiveness

The overall conclusion to draw from the evaluations is that Indigenous labour market programs have been quite effective in moving Indigenous people into employment. Taken as a whole, the available evidence suggests that wage subsidy and structured training programs are effective for Indigenous job seekers. Although the evidence about the effectiveness of wage subsidies and structured training is quite strong, it is unclear how the employment outcomes for those who find work as a result of these labour market programs will fare in the long term.

There is little research evidence on the extent to which policies that are not Indigenous-specific impact differentially on Indigenous and non-Indigenous people.

Examples of employer programs aimed at increasing Indigenous employment

There have been significant increases in private sector employment since the mid-1990s (Altman et al. 2009; Biddle et al. 2009). A number of employers have had large increases in the proportion of their workforce that is Indigenous, which suggests that, taken as a whole, the employer initiatives are having a positive impact. However, few of the employer programs have been independently evaluated or, if they have been evaluated, the evaluations are not in the public domain. (One notable exception is the work done by the University of Queensland's Centre for Social Responsibility in Mining.) This means that the evidence base of what works in this area is limited. Many of the available case studies of Indigenous employment programs run by employers are for the mining industry (Box 3).



Box 3: Rio Tinto's Indigenous Employment Program

Rio Tinto, a large mining company with major mining operations in Australia, has increased Indigenous employment from about 0.5% of its workforce in the mid-1990s to 7% in 2008 (around 850 employees).

Rio Tinto has had an active Indigenous employment program that includes:

- job readiness training and recruitment
- literacy and numeracy support
- skills development – traineeships and apprenticeships
- retention and career development.

Employees and contractors at Rio Tinto operations undertake cross-cultural education and there are two-way learning and cultural competencies programs, which are facilitated by local Aboriginal traditional owners.

Rio Tinto has a focus on retention rates for new Indigenous employees and reports a 26-week retention rate in excess of 80%. It assesses the high retention rate as being attributable to:

- family and community support programs that help Indigenous employees and their families to settle into both the working environment and residential mining towns
- pre-vocational training and support in developing workplace communication and life skills
- mentoring of Indigenous employees, usually conducted by Indigenous employees who provide advice and support during the critical first year of employment
- cross-cultural education programs and effective workplace communication.

Rio Tinto also aims to recruit Indigenous employees to professional roles and uses the National Indigenous Cadet Program (NICP). NICP aims to generate professional employment following tertiary study. Since 1999, Rio Tinto has supported 34 Indigenous

tertiary students, with 12 being employed in professional roles with Rio Tinto businesses and contractors. The NICP provides financial assistance and employment support to Indigenous tertiary students (financial support to cover living expenses and paid vacation work designed to provide practical industry experience).

Rio Tinto also uses alternative recruitment methods. For example, Argyle Diamonds in the Kimberley region of Western Australia uses what Rio Tinto describes as a 'hands-on' approach to recruitment in recognition of the fact that traditional recruitment practices such as psychometric testing, questionnaires and formal panel interviews may alienate potential Indigenous candidates. The approach used at Argyle involves Indigenous job seekers attending 4-day workshops at the mine site, where they are involved in a series of practical problem-solving activities alongside supervisors and other relevant Argyle employees. An individualised assessment of what would be needed for each job seeker to become employment ready is made and then job seekers are provided with the required pre-employment training. Argyle report that the proportion of its workforce that is Indigenous increased from 4.5% to 25% over a 3-year period.

An example of a program used by Rio Tinto to get Indigenous job seekers work ready is the 'Workstart Program', which is a collaboration between the Western Australian Department of Commerce and Rio Tinto Iron Ore. This program focuses on a range of basic skills required for paid employment, including literacy, drivers' licences, alcohol and drug training, fitness for work, safety training, self-development and personal financial management. Successful completion of the Workstart program leads to a job with Rio Tinto or one of their contractors.

Information sourced from Rio Tinto (2008) and Productivity Commission (2009).

There are several guides for employers that provide information on strategies found to be effective in increasing employment opportunities and the retention of Indigenous employees:

- The Centre for Social Responsibility in Mining (CSRSM) based at the University of Queensland has undertaken major projects into Indigenous employment in the

mining industry. The results of this program of research have been reported in several publications, including *Indigenous employment in the Australian minerals industry* (CSRSM 2007). This guide identifies a number of factors characteristic of mining companies successful at employing Indigenous Australians. These are summarised in Table 4.



Table 4: Successful strategies identified in employer case studies

People factors	<p>An executive leadership team that has publicly committed to improving Indigenous employment outcomes and backs this commitment by providing adequate financial and human resources</p> <p>A commitment to the development of honest and transparent relationships with Indigenous communities</p> <p>Corporate champions who 'go the extra mile' in supporting Indigenous employees and who have influence with the operation's management team to ensure that Indigenous employment issues remain on the corporate agenda</p> <p>Suitably qualified, skilled, informed and committed personnel in training and liaison positions, who are respected by the local Indigenous community</p>
Recruitment strategies	<p>Provision of ongoing mentoring and support</p> <p>More flexible work rosters</p> <p>Provision of career development opportunities</p> <p>Provision of family support</p> <p>Addressing racism in the workforce</p>

Source: Tiplady & Barclay (2007).

Taylor & Scambary (2005:49) note similar strategic action areas (capacity building, training and direct employment, improving retention and business development) have assisted at increasing Indigenous employment in the Pilbara.

The Australian Chamber of Commerce and Industry (ACCI) has had several initiatives that attempt to promote the benefits of employing Indigenous Australians and

to increase employment opportunities for Indigenous Australians. One ACCI initiative is the Indigenous Employment and Training Project, which involved ACCI working with its member organisations (private sector employers) and the Commonwealth Government to increase the number of training and employment opportunities for Indigenous Australians (see Box 4).

Box 4: The ACCI Indigenous Employment and Training Project

This project emphasises a range of strategies including:

- having staff complete training in cross-cultural awareness (especially potential mentors)
- using alternative approaches to recruitment including:
 - developing relationships with organisations specialising in Indigenous employment
 - advertising on Indigenous radio and television
 - using word of mouth (Indigenous social networks)
 - talking with school career advisors
- offering work experience placements for Indigenous job seekers
- providing clear induction programs
- having strategies for retaining Indigenous employees, which could include:
 - developing connections with local communities and Indigenous support structures
 - use of outside service providers
 - trying to employ a number of Indigenous staff (to facilitate informal support networks)
 - establishing mentors within the workplace
- assisting in the development of employment and training strategies
- supporting Indigenous Employment Centres that have been established to help CDEP participants take up ongoing employment outside of CDEP
- promoting private sector employment opportunities to Indigenous communities and organisations
- promoting the IEP, including Wage Assistance and other Indigenous employment initiatives, to employers, Indigenous communities, Indigenous students and job seekers.

Source: ACCI (2005).



Recent years has also seen the growth of 'Indigenous contracting businesses'. Taylor & Scambary (2005) estimated that, in the Pilbara region, Indigenous business enterprises (generally 'Indigenous contracting businesses') account for around 15% of Indigenous

employment. Although there is not comprehensive national data on the extent of employment in Indigenous contracting businesses, there are a number of examples of these types of companies emerging and they employ significant numbers of Indigenous people (Box 5).

Box 5: Ngarda Civil & Mining: an example of an Indigenous contracting business

Ngarda Civil & Mining is a mining contractor with around 350 employees, of whom about half are Indigenous. Ngarda aims to maintain and exceed 50% Indigenous employment. Ngarda claim that they are the largest Indigenous owned and operated contracting company in Australia and retain their traditional links through their shareholders, such as the Pilbara-based community foundation, Ngarda Ngarli Yarndu Foundation and Indigenous Business Australia. Leighton Contractors are also a shareholder in Ngarda. In 2008-09, Ngarda's turnover was just over \$150 million. Ngarda provides a range of services including:

- surface mining
- road construction and maintenance
- tailings dam construction
- bulk earthworks

- environmental rehabilitation
- licensed stevedores
- building and construction services
- work readiness programs and heavy plant operator training.

Ngarda's training initiatives include:

- Purarrka Indigenous Mining Academy
- cross-cultural awareness training
- heavy plant operator programs
- secondary education partnerships
- traineeships and apprenticeships
- scholarships.

See: <www.ngarda.com.au/People/default.aspx>

A recent initiative has been the development of Reconciliation Action Plans (RAPs) by organisations (many of whom are employers) as a tool to help the organisation build positive relationships between Indigenous and non-Indigenous people. The RAP program started in July 2006 as a 'forward looking aspect of the 40th anniversary of the 1967 referendum, the most successful in Australia's history, in which more than 90% of voters said 'YES' to equality for Aboriginal and Torres Strait Islander fellow citizens.'

See: <www.reconciliation.org.au/home/reconciliation-action-plans/what-is-a-rap->. Viewed 29 July 2011).

A wide range of actions and strategies are included in RAPs, but they generally involve greater awareness of cultural issues and often the setting of employment targets. Although the impact on RAPs in increasing Indigenous employment and retention has not been evaluated, they are a potentially important tool in efforts to increase Indigenous employment.

Which policies and programs are most effective in increasing Indigenous employment rates?

This paper has highlighted a fact that is too often ignored in Indigenous policy—there has been a large increase in the non-CDEP employment rate (in the order of 15 to 20 percentage points) of the Indigenous population over the period 1994 to 2008. Reasons for this increase in employment remain to be established. However, it is clear that the consistently strong macro-economic conditions between 1994 and 2008 generated substantial numbers of jobs and this has been important in increasing the demand for labour, including for Indigenous employees. At the same time, there have been changes to the income support system, which have been designed to encourage



income support recipients to find paid employment and this has increased Indigenous labour supply. For example, people receiving parenting payments must seek paid work once their youngest child reaches the age of six (a policy that disproportionately affects Indigenous Australians, but that is not aimed at Indigenous people).

Indigenous labour market policies have increasingly emphasised unsubsidised paid employment. For example, the IEP has a stronger focus on unsubsidised employment outcomes than did the AEDP, which it replaced in 1999.

There have been increases in educational participation and attainment among Indigenous people relative to non-Indigenous people that likely explains some of the increases in Indigenous employment rates. In the longer term, increasing educational attainment is likely to be one of the most important ways in which the difference in employment rates of Indigenous and non-Indigenous Australians can be narrowed.

Although labour market programs have been wound back as the unemployment rate has come down following the early 1990s recession, labour market policies and programs specifically aimed to Indigenous job seekers have continued. For example, wage subsidies that were widely available under the Working Nation Initiative are now only available for Indigenous job seekers and a small minority of other Australians (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, even though job displacement effects may reduce the net employment effects of these types of programs.

A serious economic downturn is likely to have a bigger negative impact on the employment of Indigenous Australians than for some other groups, given that Indigenous Australians have lower levels of human capital and are employed in lower status occupations and are often more tenuously connected to the labour market (Appendix B). During economic downturns, it will be important for the government to do whatever it can to help Indigenous Australians who lose their jobs to remain connected to the labour market, to become re-employed and to increase their level of human capital via training and education.

Overall, the existing research has focused on identifying and quantifying the reasons for Indigenous Australians having much lower rates of employment than the Australian population as a whole. With a few notable exceptions, there has been little rigorous research into what works in increasing Indigenous employment rates, with much of the evidence being either anecdotal or case-study based.

The available evidence suggests that the following approaches are likely to be most effective at increasing Indigenous employment and closing the employment gap:

- increasing the human capital of Indigenous Australians via formal education and training
- pre-employment assessment and customised training for individuals in order to get Indigenous job seekers employment-ready
- for job seekers who experience multiple barriers to finding employment (for example, drug and alcohol issues, mental and physical health issues, family violence and a lack of literacy and numeracy), policies and programs involving intensive assistance in overcoming multiple barriers may be needed
- non-standard recruitment strategies to increase the likelihood of Indigenous people who would be screened out from conventional selection processes having the opportunity to win jobs
- reducing discrimination against Indigenous Australians, including through the provision of cross-cultural training
- multiple and complementary support mechanisms to improve the retention of Indigenous employees is crucial. These may include:
 - on-going mentoring and support
 - flexible work arrangements to allow Indigenous employees to meet their work, family and/or community obligations
 - provision of family support
 - tackling racism in the workplace via initiatives such as the provision of cross-cultural training
- wage subsidy and other labour market programs
- a strong macro-economy, which creates a range of new jobs
- government programs that deliver goods, environmental or personal services having explicit Indigenous employment goals.

Although there is a substantial body of high-quality research that provides strong evidence on the factors associated with the relatively low employment rates of Indigenous Australians, much less is known about what will be most effective in increasing employment rates and this needs to be the focus of the next stage for research. Although it is clear that continuing efforts to increase the demand by employers for Indigenous employees will be important, it is also clear that addressing labour supply factors such as education, work readiness and whether people want paid employment will become increasingly important elements of efforts to increase Indigenous employment rates.



Box 6: Other relevant Closing the Gap Clearinghouse resource sheets and issues papers

- *Pathways for Indigenous school leavers to undertake training or gain employment*, Resource sheet No. 2, 2010, by Boyd Hunter.
- *Closing the school completion gap for Indigenous students*, Resource sheet No. 6, 2011, by Sue Helme and Stephen Lamb.
- *School attendance and retention of Indigenous Australian students*, Issues paper No 1, 2010, by Nola Purdie and Sarah Buckley.

List of abbreviations

ABS	Australian Bureau of Statistics
ACCI	Australian Chamber of Commerce and Industry
AEC	Australian Employment Covenant
AEDP	Aboriginal Employment Development Policy
ATSIC	Aboriginal and Torres Strait Islander Commission
AWIRS	Australian Workplace Industrial Relations Survey
CDEP	Community Development Employment Projects
CEO	Chief Executive Officer
CES	Commonwealth Employment Service
CSRM	Centre for Social Responsibility in Mining, University of Queensland
DEWR	Department of Employment and Work Place Relations
DEEWR	Department of Education, Employment and Workplace Relations
DEWRSB	Department of Employment, Workplace Relations and Small Business
DSEWPC	Department of Sustainability, Environment, Water, Population and Communities
IEP	Indigenous Employment Policy/Program
HILDA	Household, Income and Labour Dynamics in Australia survey
EEO	Equal Employment Opportunity
IJSS	Indigenous Job Seeker Survey
NATSIS	National Aboriginal and Torres Strait Islander Survey
NATSIHS	National Aboriginal and Torres Strait Islander Health Survey
NATSISS	National Aboriginal and Torres Strait Islander Social Survey

NICP	National Indigenous Cadet Program
RAP	Reconciliation Action Plan
STEP	Structured Training and Employment Projects
TAP	Training for Aboriginals Program
WELL	Workplace English Language and Literacy program

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Appendix A: Analysis of recent trends in Indigenous employment

This appendix provides an assessment of how Indigenous labour force status has changed since 1994. The year 1994 has been chosen as the starting year because this is the year in which the first National Aboriginal and Torres Strait Islander Survey (NATSIS 1994) was conducted. The NATSIS 1994 and the subsequent National Aboriginal and Torres Strait Islander Social Surveys conducted in 2002 and 2008 (NATSISS 2002 and NATSISS 2008) provide the best source of data for estimating changes in Indigenous labour force status.

The labour force status of the Australian population in 2008–09 is also presented in this appendix 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 Australian Bureau of Statistics (ABS) as a supplement to the Labour Force Survey (LFS).

The three labour force states examined are: employment (excluding CDEP employment); unemployment plus CDEP employed; and not-in-the labour force. All data in this appendix are weighted and refer to the working age population aged between 18 and 64. One exception is for the historical LFS data for all Australians, which are provided for the population aged between 15 and 64.



Over the period 1994–2008, 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 A1). These increases are 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.

The increases in employment were bigger between 2002 and 2008 than between 1994 and 2002. For example, for Indigenous males the non-CDEP employment rate increased by 4.3 percentage points between 1994 and 2002 and by 16.6 percentage points between 2002 and 2008.

For Indigenous women, the large increase in non-CDEP employment has been accompanied by substantial decreases in the proportion of those not-in-the labour force. The decrease in the proportion of Indigenous

women unemployed or in the CDEP scheme 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 slight decrease in the proportion not-in-the labour force.

Although 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 and 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 with the Indigenous rate of 58.8%. The employment rate for all Australian females in 2008 was 69.4% compared with 42.9% for Indigenous females.

Table A1: Labour force status by sex, 1994, 2002 and 2008, Indigenous status, 18–64 years

Employment status	Indigenous males			All Australian males	Indigenous females			All Australian females
	Per cent							
	1994	2002	2008	2008	1994	2002	2008	2008
Employed	37.9	42.2	58.8	84.8	25.0	32.3	42.9	69.4
Unemployed + CDEP	36.8	34.1	19.8	2.9	16.5	20.3	12.9	3.2
Not-in-the-labour-force	25.3	23.8	21.4	12.2	58.5	47.4	44.2	27.1

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

Source: 1994 NATSIS, 2002 NATSIS, 2008 NATSIS and 2008–09 MPHS.

Table A2 reports the LFS data for all Australians aged 15 to 64 to give a sense of the overall labour market trends as a point of comparison. This age range is used because it is the age range used in the published LFS data and, while it differs slightly to that used for the analysis of the NATSIS data (18–64 years), this difference will not substantially affect the analysis of trends. The employment

rate for all Australian males and females increased over the period 1994 to 2008. However, the increases were much smaller than for the Indigenous population. In summary, these two tables illustrate that Indigenous labour force status improved in both absolute and relative terms compared with estimates for all Australians.



Table A2: Labour force status by sex, 1994, 2002 and 2008, all Australians, 15–64 years

Employment status	Males			Females		
	Per Cent					
	1994	2002	2008	1994	2002	2008
Employed	75.4	76.8	79.7	56.9	62.4	66.9
Unemployed	8.1	5.5	3.3	5.8	4.1	3.1
Not-in-the-labour-force	16.5	17.8	17.1	37.2	33.5	30.0

Notes: Monthly estimates for labour force status closest to the timing of the respective NATSIS and NATSISS surveys are reported.

Source: Seasonally adjusted Labour Force Survey data from 6202.0 – ABS Labour Force, Australia, September 2011.

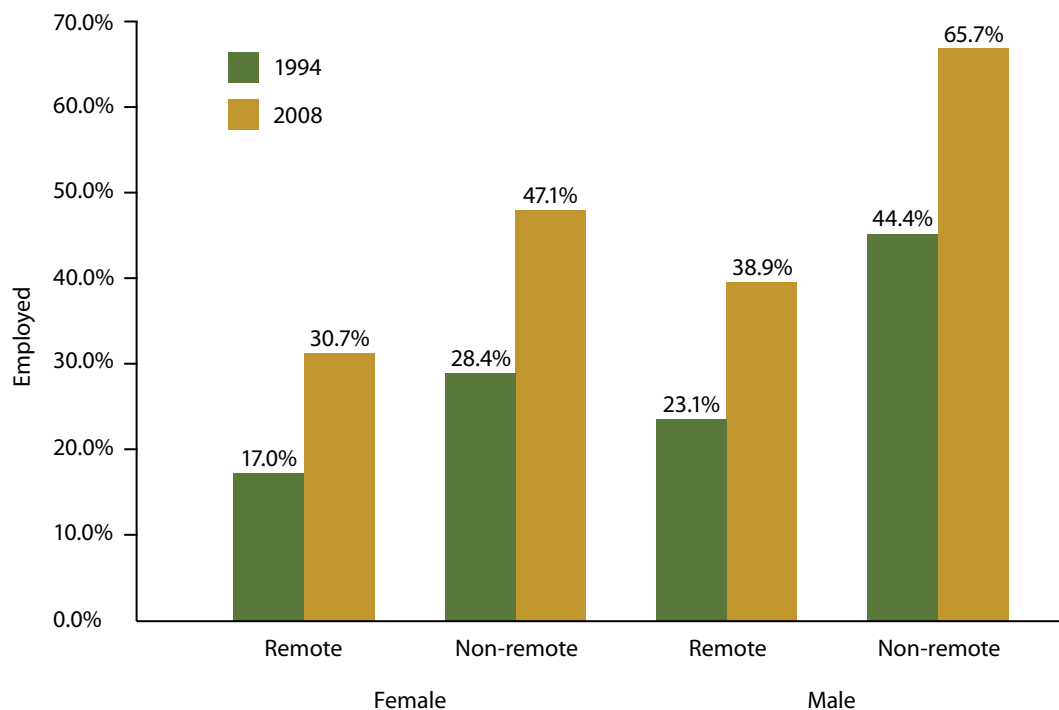
Figure A1 shows the change in employment rates for Indigenous men and women in *Remote* and *Non-remote* areas. Although the increases in employment rates are greater in *Non-remote* than *Remote* areas for both males and females, there have also been substantial increases in the employment rates in *Remote* areas.

Two-thirds of Indigenous men in *Non-remote* areas are employed. For Indigenous men in *Non-remote* areas, employment has, in some sense, become the norm in that more people are employed in non-CDEP scheme work than not. One half of the adult population is a

significant threshold in that social expectation may now reinforce the imperative for active economic engagement of Indigenous people.

The story for *Remote* Australia needs to be slightly qualified in that—although there were still large and significant increases in non-CDEP employment for such areas over the period analysed – well under half of the younger age groups are employed in such jobs (i.e. 29.2%), and hence it may be premature for these areas to talk of non-CDEP employment as the ‘norm’.

Figure A1: Indigenous employment rates by geographic remoteness and sex, 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 Gray and Hunter (2011). The population is based on 18-64 year olds.

Source: 1994 NATSIS and 2008 NATSISS, (Gray and Hunter 2011: Figure 1).

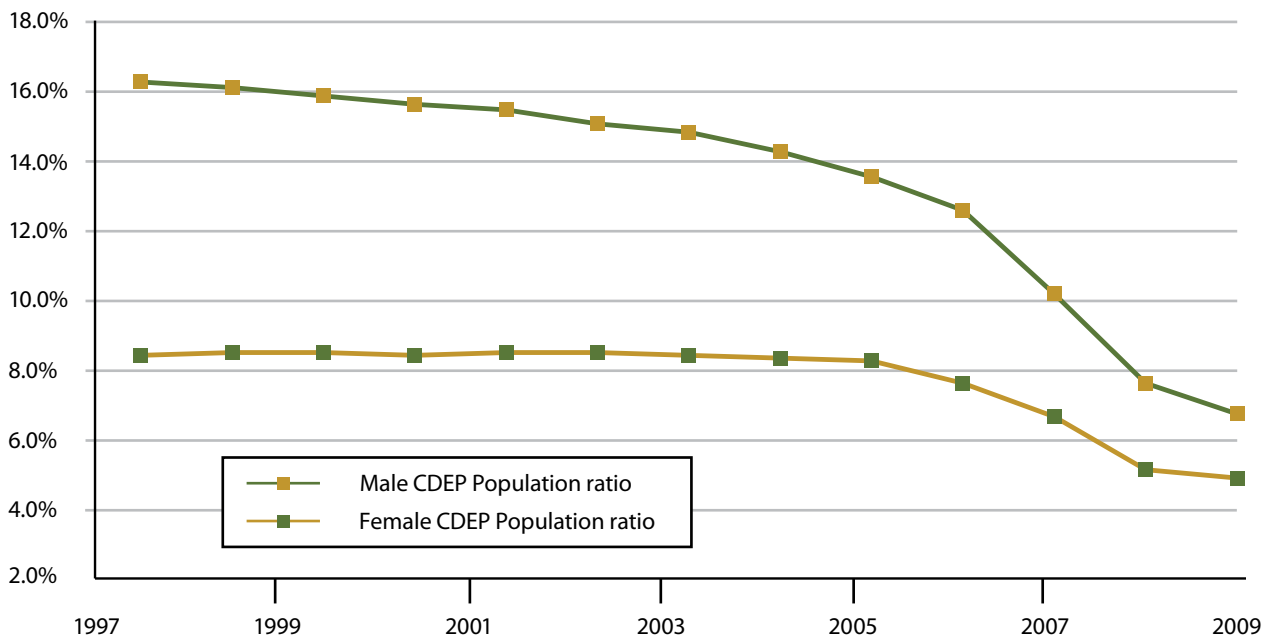


An alternative source of data on trends in Indigenous employment rates is the LFS, which provides total Indigenous employment data from the mid-1990s. The LFS includes CDEP employment as employment. Therefore, in order to compare with our analysis of the NATSIS 1994 and NATSISS 2008, we need to adjust the LFS employment rates for CDEP employment (estimated using administrative data) to produce an estimate of non-CDEP employment. This adjustment can only reliably be made from 1997. Figure A2 shows how the size of the CDEP scheme has been declining since 1997, especially since 2005 (i.e. when expressed as a proportion of the adult Indigenous population).

Figures A3 and A4 show both the non-CDEP employment rates and the labour force participation rates for Indigenous males and females for the period

1997–2010 estimated using the LFS. For Indigenous men, non-CDEP employment increased from 30% in 1997 to 47% in 2008 and, for Indigenous women, non-CDEP employment increased from 23% to 37%. For both men and women, non-CDEP employment gradually increased over the entire period. The increases in non-CDEP employment are substantial and are consistent with the estimated trends made using the NATSIS 1994 and NATSISS 2008 (i.e. not statistically significantly different at the 5% confidence level). Labour force participation rates increased by 10 percentage points for Indigenous female adults and remain relatively stable for Indigenous male adults. Readers can get a sense of the decline in CDEP participation rates from Figure A2 (expressed as a percentage of adults).

Figure A2: CDEP-population ratio, Indigenous adults aged 15 and over, 1997–2009

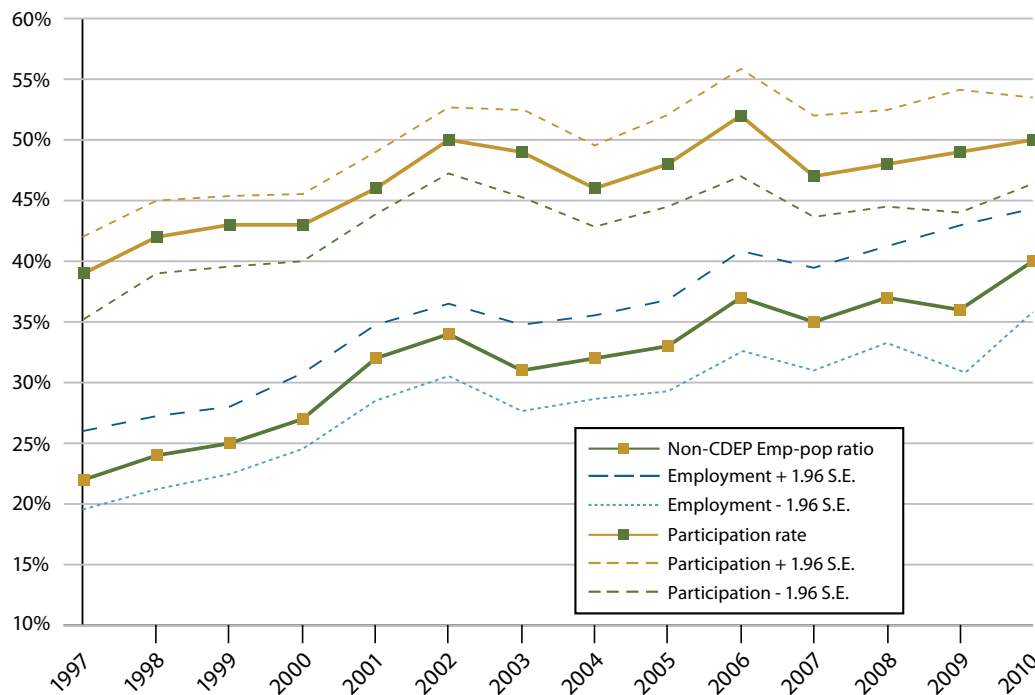


Notes: Before Spicer (1997), not all CDEP participants worked in a job and hence they would not be considered as employed using standard ABS definitions. After the Spicer review, all participants were expected to be employed and hence this chart focuses on the post Spicer data. Given that only total participant numbers were provided, we estimated the proportion of CDEP participants who were female/male using 1994 NATSIS and 2008 NATSISS surveys as being 31.5% and 36.8%, respectively. Given there was some minor difference in the gender adjustment, we applied a linear interpolation to adjust for secular changes in gender composition of the CDEP workforce. Before 2003, CDEP participants were provided by financial years and reported in Sanders (2004) (i.e. data from 1993-94 to 2002-03). After 2003, the CDEP administrative data were provided as at 30 June of the respective year. Given the difference in reference periods, with early data being reported for financial year average data, these early data are assumed to refer to the average data for 1 January in the respective year and a linear interpolation is estimated in order to approximate comparable data for 30 June of the same year. With the exception of the 2006 data, which are derived from the Census, the 2004 to 2009 records are compiled from FaHCSIA (and DEEWR) administrative records and the Overcoming Indigenous Disadvantage reports.

Source: Population data from LFS (ABS Cat.no. 6287.0, various years).



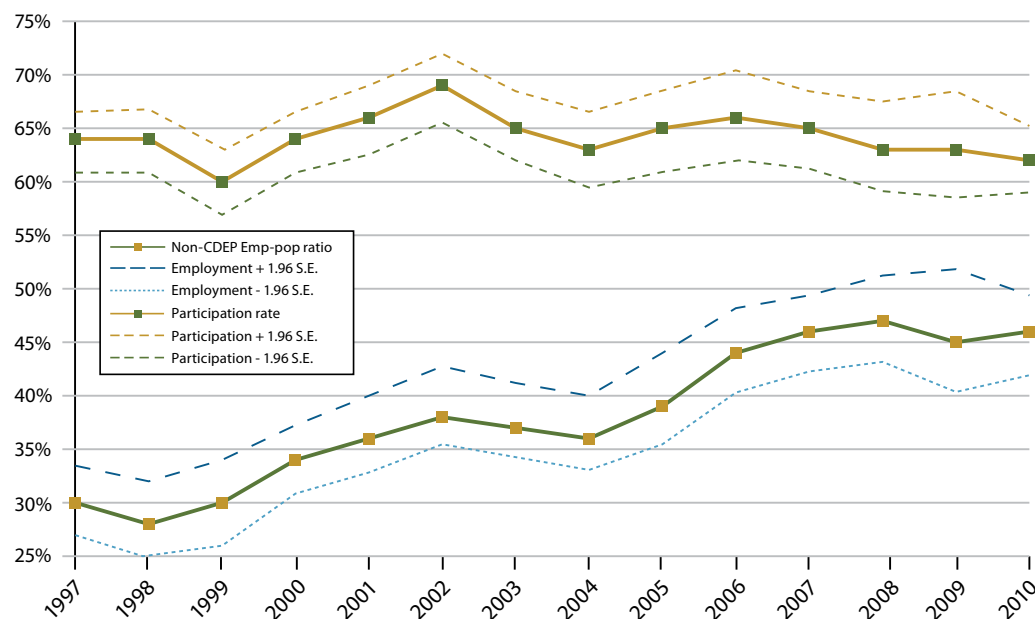
Figure A3: Participation rates and non-CDEP employment to population ratios, Indigenous female adults aged 15 and over, 1997–2010



Notes: The employment data are from the LFS. Data for the period 1997–2000 were taken from the experimental estimates of Indigenous labour force status reported in ABS (2000: 32–34). The LFS classified CDEP as employment. The non-CDEP employment rate has been estimated by reducing the LFS employment numbers by the number of CDEP participants estimated from government administrative data. Further details on how the adjustment to the LFS figures for CDEP employment is provided in the note to Figure A1. The dotted lines around the respective estimates are the 95% confidence intervals (assuming that CDEP estimates are administratively fixed and not measured with error).

Source: LFS data from ABS cat. no. 6287.0 various years. CDEP data reported in Figure A2.

Figure A4: Participation rates and non-CDEP employment to population ratios, Indigenous male adults aged 15 and over, 1997–2010



Notes: The employment data is from the LFS. Data for the period 1997–2000 was taken from the experimental estimates of Indigenous labour force status reported in ABS (2000: 32–34). The LFS classified CDEP as employment. The non-CDEP employment rate has been estimated by reducing the LFS employment numbers by the number of CDEP participants estimated from government administrative data. Further details on how the adjustment to the LFS figures for CDEP employment is provided in the note to Figure A1. The dotted lines around the respective estimates are the 95% confidence intervals (assuming that CDEP estimates are administratively fixed and not measured with error).

Source: LFS data from ABS cat.no. 6287.0 various years. CDEP data reported in Figure A2.



Appendix B: Occupational status

This appendix provides information on the occupations in which Indigenous and non-Indigenous Australians are employed. Table B1 shows the occupation distribution status for females and males by Indigenous status estimated from the 2006 Census.

Indigenous females and males are employed in very different occupations to that of other Australian workers

(Table B1). Indigenous workers are much more likely to be employed in low status occupations. For example, Indigenous females and males are between 2 to 3 times more likely to be labourers than the total Australian workforce and conversely are much less likely to be in high status occupations such as managers and professionals. Although there were substantial increases in the numbers of Indigenous managers and professionals since 1996 (see Taylor et al. 2011), the dissimilarity of the distribution of Indigenous and other Australian employment actually increased somewhat between 2001 and 2006 (cf. segregation indexes reported in Hunter 2004).

Table B1: Occupational status by gender and Indigenous status, workers aged 20–64, 2006

	Indigenous		Non-Indigenous	
	Per cent		Per cent	
	Female	Male	Female	Male
Managers	5.8	6.8	10.5	17.0
Professionals	17.2	9.3	25.0	18.8
Technicians and trades workers	3.9	19.2	4.7	23.2
Community and personal service workers	24.4	9.7	12.9	5.1
Clerical and administrative workers	22.6	5.7	26.5	6.8
Sales workers	7.4	3.1	10.7	6.3
Machinery operators and drivers	1.8	15.8	1.6	11.6
Labourers	16.8	30.2	8.1	11.2
Total employed (per cent)	100.0	100.0	100.0	100.0
Total employed (number)	50,029	57,203	3,744,036	4,380,795

Notes: Based on 2006 Census data for which CDEP employment is not completely enumerated. Hence the occupation data includes some CDEP jobs. The segregation of Indigenous female and male occupations from non-Indigenous counterparts are 0.204 and 0.279, respectively.

Source: Author calculations based on the 2006 Census.

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Matthew Gray is a Professor and Boyd Hunter a Senior Research Fellow at the Centre for Aboriginal Economic Policy Research, The Australian National University. Shaun Lohar is a Senior Research Officer at the Australian Institute of Family Studies.

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Terminology

Indigenous: 'Aboriginal and Torres Strait Islander' and 'Indigenous' are used interchangeably to refer to Australian Aboriginal and/or Torres Strait Islander people. The Closing the Gap Clearinghouse uses the term 'Indigenous Australians' to refer to Australia's first people.



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