

*Overcoming Indigenous Disadvantage: Key Indicators 2005*

**Productivity Commission**  
Canberra, 2005  
ISSN 14489805  
\$25 or www.pc.gov.au

For a reader interested in finding out how many Indigenous people went to prison last year, how many Indigenous children had tooth decay, what the size of the average Indigenous home loan was or how much internet time was surfed up by Indigenous computer users, the Productivity Commission's Report *Overcoming Indigenous Disadvantage: Key Indicators 2005*

is a useful resource.

For those more interested in the causes of and solutions to the squalor experienced in remote and rural Aboriginal communities, however,

this particular report is not only underwhelming, it also dangerously under-represents Indigenous disadvantage.

The Productivity Commission's (PC) report was commissioned by the Council Of Australian Governments (COAG) for two reasons: firstly, as a compilation of data to present an overall picture of the social and economic living conditions of Indigenous Australians, and secondly to assess the success of government policy and programmes.

The report utilises a three-tiered structure to identify areas of indigenous disadvantage and to

suggest focus areas for future policy direction.

The first part of the report deals with 'headline indicators', the major social and economic measures that are used to compare Indigenous outcomes with mainstream Australia. These include life expectancy, post-secondary education, year 10 and 12 schooling retention rates, unemployment, household income and home ownership.

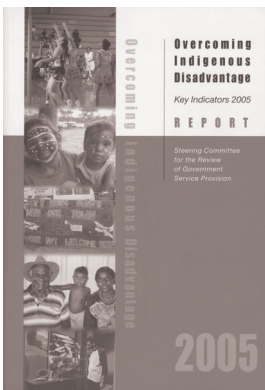
The next tier, 'strategic areas of action', describes where government and community action can improve headline indicators. These include substance use and misuse, effective environmental health systems, and economic participation and development. Improvements in the second tier, 'strategic areas of action', can be sought by 'strategic change indicators', which represent the third tier. These include governance arrangements, infant mortality and alcohol and tobacco consumption. While the report does not directly specify policies that improve outcomes, it does suggest which indicators need urgent addressing—and the list is long, with every conceivable indicator suggesting that Indigenous Australians are worse off than those in the mainstream. From rates of tooth decay to reading and writing benchmarks, Aboriginal disadvantage is evident in each of the report's many pages.

If this sounds bad enough, the real story is even worse. By aggregating the Indigenous population into a single group to provide a picture of Aboriginal living conditions, the report fails to distinguish between the living conditions of Aborigines living in remote and regional areas and those integrated into the mainstream; in

doing so, the report misrepresents the living conditions of both these groups. A recent analysis by the Centre for Independent Studies<sup>1</sup> suggests that the 50% of the 400,000 Aboriginal and Torres Strait Islander population live in remote and rural areas exposed to the worst of Indigenous disadvantage, while the other half, in urban areas, are largely integrated into the mainstream.

A crucial piece of data absent from the report is the distribution of income for Indigenous people, which was published by the CIS and shows that the Indigenous population concentrates around two peaks. One peak reflects a concentration of Indigenous people who depend on welfare for the bulk of their income—those living mostly in remote and very remote communities. The second peak reflects the other 200,000 Aborigines with mainstream levels of income. This latter group enjoys a standard of living similar to most Australians with jobs. By aggregating the Indigenous population into a single group, *Overcoming Indigenous Disadvantage* under-reports the disadvantage of the 200,000 people who live in remote and very remote communities and misrepresents the living standards of those integrated into the mainstream. The value of the report's data is limited by this aggregation error.

The report is more than a mere compilation of statistics. It is also intended as a measure of the success of government policy and as an indication of where future policy attention should be directed. As such, it is of particular importance. The implication drawn from the aggregated Indigenous population is that while the lot of Indigenous people has not improved much, this



can be corrected by more attention being paid to specific problems. In other words, we need to do more of the same, just better.

This is entirely the wrong conclusion.

Had the report disaggregated data, it would have shown that the policies of the last 30 years share much of the blame for current circumstances.

The PC report wants 'a society where Aboriginal and Torres Strait Islander peoples should enjoy a similar standard of living to that of other Australians, without losing their cultural identity'. This implies that Aboriginal culture is static, and must be protected from modernity. However one does not have to be poor in order to preserve culture. In fact, culture can be more effectively pursued given sufficient economic resources and therefore the ability to choose a desired amount of cultural participation.

*Overcoming Indigenous Disadvantage* not only under-reports the extreme deprivation of those living in rural and remote communities, it also fails to acknowledge the success of those who identify in the census as Aborigine and Torres Strait Islander within mainstream Australian life. The divergence between the two groups is a more powerful indictment on the previous 30 years of Indigenous policy than the report suggests.

Reviewed by  
Gaurav Sodhi

**Endnote**

<sup>1</sup> H. Hughes, 'The Economics of Indigenous Deprivation and Proposals for Reform', *Issue Analysis* No. 63, 23 September 2005

*The Intelligent Australian Investor*

By Chris Leithner  
Wrightbooks,  
246pp. ISBN 0 7314 0303  
7, 2005, \$29.95

A mere investment book is not usually the type of work that would be fortunate enough to grace the review pages of *Policy*. In fact, when pushing for its inclusion, I was warned that I'd have to make a case for *The Intelligent Australian Investor*, by occasional CIS contributor Chris Leithner, on 'intellectual grounds as well as a piece of investment advice'. Fortunately, the book makes this task undemanding.

The idea that investment, or more correctly, the speculation that takes place on the Australian stock market on a day-to-day basis, is not 'intellectual' is hardly uncommon. An alarming number of people, many of them finance professionals, treat the market as nothing more than a large sophisticated casino. But Leithner's book is not aimed at these people.

*The Intelligent Australian Investor* is not so much a piece of 'investment advice' as it is an exploration of many of the fallacies surrounding investment in the Australian stock market. It is unlikely Leithner would be fond of the term 'mental framework', and he must forgive me for taking a linguistic mace to his otherwise eloquent investment philosophy, but the point is Leithner's approach is no get-rich-quick scheme—it is in his own words 'a how not to lose money book'.

Leithner is an advocate of the Ben

Graham school of value investing. Graham, regarded as the father of value investing, is renowned for pioneering modern share analysis. Graham's success centred on his acknowledgement that price and value are not synonymous, and that only rigorous and sceptical assessment of company accounts and operations would yield the intrinsic value of a company. Graham's goal was to identify through research, and invest in, companies trading at a sizable discount to their intrinsic worth. This difference between the price of a stock and his assessment of value allowed what Graham called a 'margin of safety' in case his analysis was incomplete or faulty.

It is this conservative and considered investment legacy that Leithner follows and expands upon. Having escaped life as an academic, Dr Leithner is not only an advocate of the Graham school, but also a practitioner and has, for the past five years, run his own

private investment company. So it is with academic and empirical experience that Leithner explores how one might approach investing in the Australian market.

In order to do this, Leithner draws from a number of disciplines, most notably economics, political philosophy, and psychology, to create a mental framework by which intelligent investors might assess the market and avoid the kind of obstacles that prevent successful investment decisions.

Leithner's willingness to draw from non-investment fields to illustrate a point may leave those looking for a strict step-by-step guide to stock selection disappointed. Regardless, those with an enquiring

