

**Indigenous Employment, Unemployment
and Labour Force Participation:**
Facts for Evidence Based Policies

Helen Hughes and Mark Hughes

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Executive Summary

More than 300,000 Aborigines and Torres Strait Islanders—60% of those identifying as Indigenous—are in the labour force, working and living in capital cities and country towns; owning, buying or commercially renting their houses; and living like most other Australians. There is no ‘gap’ between these Aborigines and Torres Strait Islanders and other Australians. Their children attend mainstream public and private schools; most proceed to Year 12; and many go on to TAFE and university education and to rewarding careers. Their health and longevity appear to be the same as those of most Australians.

About 200,000 Aborigines and Torres Strait Islanders are welfare dependent. The majority of these—130,000—live in cities and country towns. Only about 70,000 live in remote areas and, of these, perhaps 10,000 live on small outstations.

The findings of this study are:

- Indigenous unemployment and low labour force participation are not caused by a shortage of jobs. The lowest Indigenous labour force participation is in the areas with the tightest overall labour markets. Aborigines and Torres Strait Islanders, even in remote areas, live within reach of jobs.
- Indigenous unemployment is three times that of other Australians. Almost 40% of Indigenous unemployment is in New South Wales, which has the largest Indigenous population.
- Indigenous non labour force participation is a much greater problem than unemployment. The difference between Indigenous and other Australian participation rates is twice as large as the difference in unemployment rates.
- Unemployment and not in the labour force rates are surprisingly consistent across states and between cities, regions and remote locations. Together, they are the cause of Indigenous disadvantage.

The causes of the low Indigenous labour force participation and high unemployment are well established: the erosion of unskilled jobs with ever higher entry qualifications; a severe decline in Indigenous education in English, literacy and numeracy; excessive welfare income; and high financial flows to Indigenous organisations. These have undermined the private behaviour and social cohesion of welfare dependent Indigenous communities in cities and towns, not just in remote locations. This combination of supply factors has stalled the move of Indigenous people into the labour force.

In urban locations, excessive welfare is the principal cause of Aborigines and Torres Strait Islanders not working. In remote locations, lack of education is the principal constraint.

There is widespread agreement that current policies are not working. Policies must recognise that Aborigines and Torres Strait Islanders are entitled to the same education, welfare and housing as other Australians, and have the same responsibilities. Policy reform is essential:

- Remote schools must work to mainstream standards and have the same high expectations of their children. Students must stay in school at least to Year 10, and young people lacking literacy must attend remedial courses to receive welfare benefits.
- Rigorous welfare and unemployment benefits rules must apply to Indigenous people just as for other recipients to reduce the ‘welfare pedestal.’ This means eliminating CDEP and other pretend jobs.
- The states must follow the Northern Territory in introducing private property rights on Indigenously owned and controlled lands. Home ownership and private sector jobs are essential.

Charts

Chart 1: Indigenous population aged 15 to 64 for Australia, state and territory, by regional location, 2006

Chart 2: Indigenous and other Australian labour force participation by state and territory, 2006

Chart 3: Indigenous and other Australian labour force participation by state, territory and region, 2006

Chart 4: Indigenous and other Australian unemployment by state and territory, 2006

Chart 5: Indigenous and other Australian unemployment by state, territory and region, 2006

Chart 6: Indigenous and other Australian unemployment and not in the labour force by state and territory, 2006

Chart 7: Indigenous and other Australian unemployment and not in the labour force by state, territory and region, 2006

Chart 8: Indigenous and other Australian unemployment, not in the labour force and combined unemployment; and not in the labour force, 1996, 2001 and 2006

Introduction

At the beginning of each parliamentary year, Prime Minister Kevin Rudd reports on progress in reducing Indigenous disadvantage.* While income sequestration, reduced alcohol availability, and increased policing have led to gains in living standards in remote communities, underlying causes of Indigenous disadvantage have not been addressed. The 2009 NAPLAN (literacy and numeracy) results again showed that Indigenous children, notably in remote schools, lagged far behind other Australian children.¹

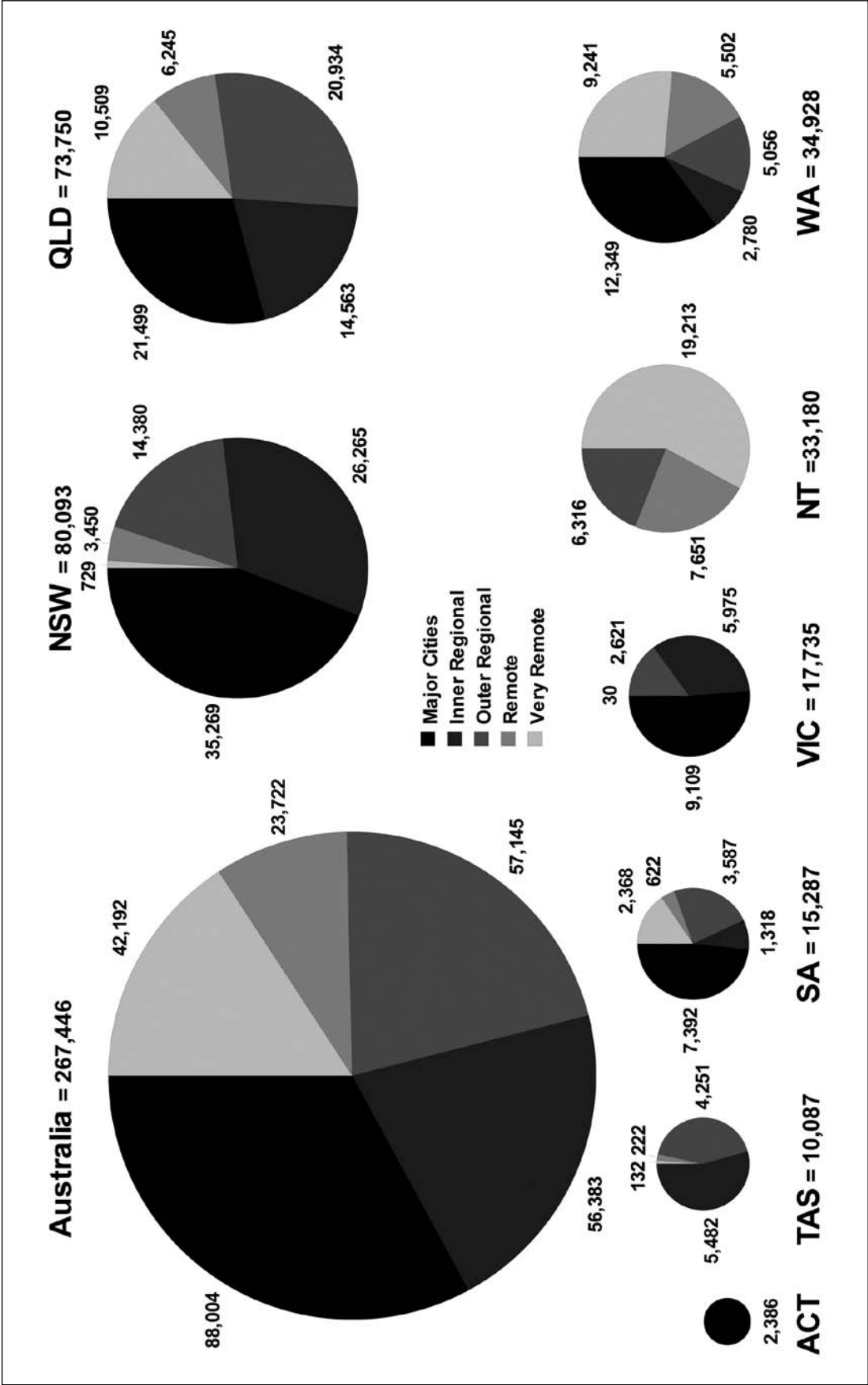
It is becoming widely recognised that the majority of Aborigines and Torres Strait Islanders work and live in cities and country towns in mainstream Australia.² These Indigenous Australians do not lack education; more than 25,000 have university degrees and another 10,000 are attending universities.³ Nor are they characterised by ill health, short life spans, alcoholism, and high crime rates—as implied by the Productivity Commission's 2009 report *Overcoming Indigenous Disadvantage*.⁴ These negative characteristics, on the commission's own evidence, are associated only with welfare dependence and public housing. The past year has also seen widespread acceptance that joblessness and welfare dependence, not 'indigenusness,' are the principal causes of Indigenous disadvantage.

Bob Beadman, the NT Coordinator-General for Remote Services, recognised that the assimilation/integration era to the 1960s sought 'to develop the life skills needed to transition from a nomadic life to a sedentary one'; in contrast, because of 'self determination and self management ... by the 1990s welfare dependency was intergenerational and entrenched.'⁵

This paper compares employment, unemployment, and work participation of Indigenous and other Australians to determine to what extent high Indigenous unemployment and low labour participation are demand or supply caused. First, 2006 Census Indigenous labour participation rates are studied to indicate the size and location of the Indigenous working population. Second, Indigenous and non-Indigenous unemployment are compared Australia wide. Third, combined unemployment and non-labour force participation levels are compared. These comparisons show that low Indigenous labour force participation and high unemployment are determined by labour supply. The paper then examines the principal reasons for low Indigenous labour force participation and high unemployment. The negative effects of 'pretend' jobs are assessed. Evidence based policy recommendations conclude the paper.

* In the interest of simplicity, the word Indigenous, despite its ambiguity, has been used in this paper for Aborigines and Torres Strait Islanders.

Chart 1: Indigenous population aged 15 to 64 for Australia, states and territories, by regional location, 2006

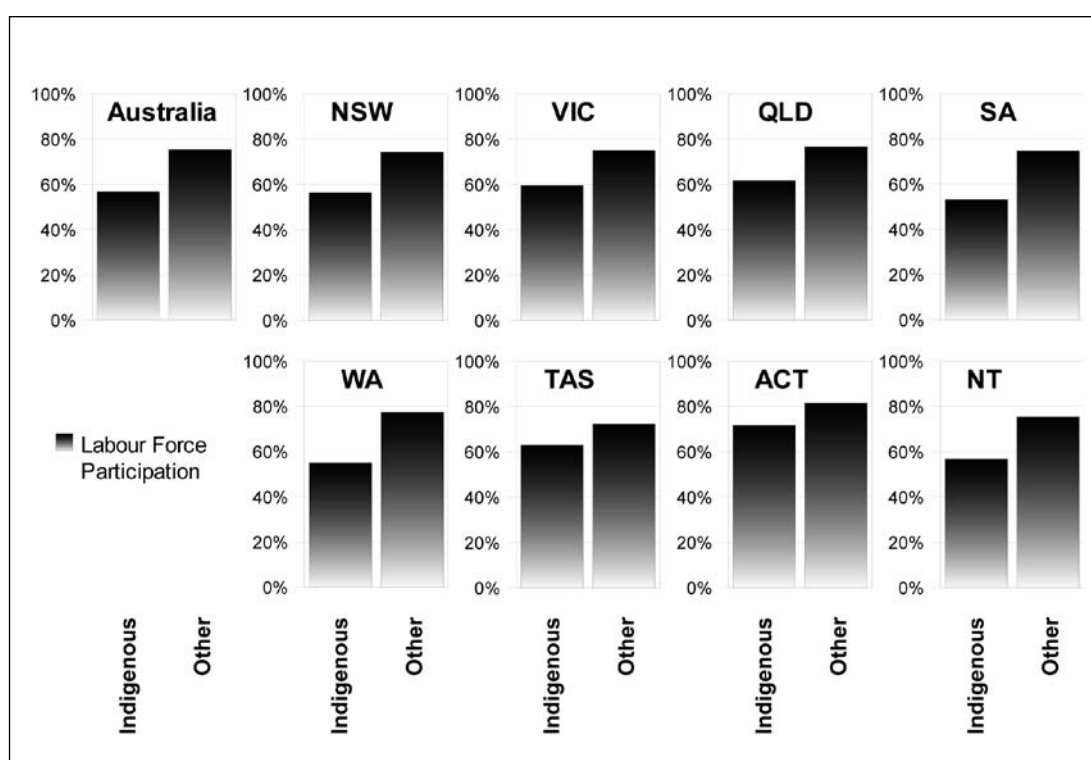


Indigenous Australians are working

The 2006 Census provides the most recent data for Indigenous and non-Indigenous rates of employment, unemployment, and hence their sum, participation in the labour force. In the 2006 Census, 455,000 people identified as Aborigines and Torres Strait Islanders.⁶ Chart 1 shows that 267,446 were aged 15 to 64. New South Wales had the largest Indigenous population, followed by Queensland, Western Australia, and the Northern Territory. An overwhelming Indigenous majority lived in capital cities and regional towns. The Northern Territory, although only fourth in the size of its Indigenous population, was clearly an outlier with a large remote proportion of its Indigenous population.[†]

An overwhelming majority of Indigenous Australians live in capital cities and regional towns; 60% are working.

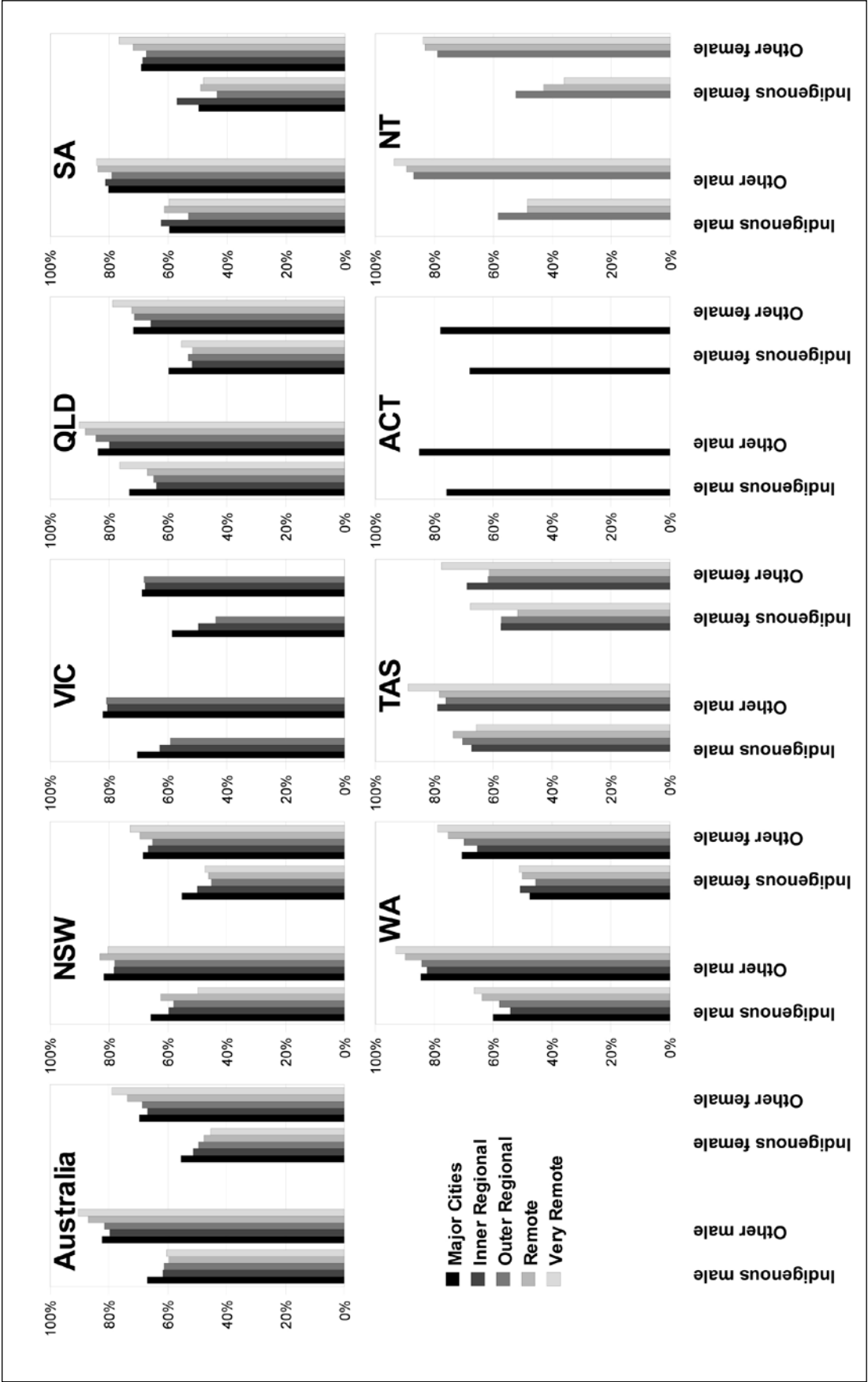
Chart 2: Indigenous and other Australian labour force participation by state and territory, 2006



Charts 2 and 3 show that more than 60% of Indigenous men aged 15 to 64 were working throughout Australia, with the exception of the Northern Territory. Labour force participation for Indigenous women was lower. Participation was also lower for other women, but the difference was larger for Indigenous women.⁷ Indigenous labour participation is overstated by the inclusion of more than 30,000 CDEP (Community Development Employment Projects) participants who were classed as 'employed' and, thus, included in the labour force. Some CDEP positions fulfilled real local government needs, albeit at low productivity, but others including 'home duties' and 'attendance at funerals' were pretend jobs.⁸ Labour force participation is also exaggerated by the inclusion of long-term unemployed (discussed below). Even if the CDEP and long-term unemployed components were subtracted, at least 60% of Indigenous men were working.

[†] Data and charts in this paper use ABS (Australian Bureau of Statistics) 'remote' and 'very remote' classifications. ABS 'remote' and 'very remote' do not mean 'not in the mainstream economy.' Major regional centres such as Alice Springs and Mt Isa are classified as 'remote.' In the text, remote is used as shorthand for both 'remote' and 'very remote.'

Chart 3: Indigenous and other Australian labour force participation by states, territories and regions, 2006



Indigenous Australians, like other Australians, work at a range of jobs from low skill requirements through trades and small business to professional and managerial positions that require graduate or post-graduate qualifications or their equivalents. Because many Indigenous workers have only entered the mainstream labour force recently, their occupational structure—like that of immigrants—is still skewed towards low skill occupations. But levels of skill are rising from generation to generation.

Indigenous labour force participation varies by location. It is highest in cities, falls in regions, and is lowest in very remote locations. Other Australian labour force participation rates move in the opposite direction with the highest participation in the most remote locations. Indigenous labour force participation is, therefore, highest in Victoria, which does not have remote Indigenous communities. The lowest participation by a considerable margin is in the Northern Territory.

Labour force participation data that indicate that most Aborigines and Torres Strait Islanders are working are supported by 2006 Census housing data. The 2006 Census Indigenous household population cohort of 540,000 was larger than the Indigenous labour participation cohort because households were defined as having at least one Indigenous member. Census data indicate that 325,000 Indigenous households, or 60% of total Indigenous households, owned, were buying, or renting their homes commercially,⁹ confirming that the majority of Indigenous Australians were in mainstream Australian society. These Indigenous families send their children to public and independent primary and secondary schools. School leavers learn on the job or pursue further education in TAFE's and universities. These families shop; travel; and participate in clubs, associations, and other civil society organisations just like other mainstream Australians, albeit without 'losing a sense of difference and pride in one's Indigenous background: their ancestors will forever be Indigenous, and their ancestral places will always be Indigenous.'¹⁰

Labour force participation rates provide a base for estimating the current size of the working and welfare dependent components of the Indigenous population. On the basis of fertility rates, and assuming that most children of mixed marriages opt to identify as Indigenous, the current Indigenous population is estimated to be about 540,000. At least 340,000 Aborigines and Torres Strait Islanders live and work in cities and towns. Another 200,000 are permanently on welfare in cities, towns and remote locations. Welfare dependence is undoubtedly higher for the Indigenous population than for Australia as a whole but, despite the growing numbers dependent on welfare, data are scarce and inconsistent so that welfare population estimates can only be approximations. Perhaps 1.1 million Australians are dependent on welfare for their main source of income,¹¹ so that Aborigines and Torres Strait Islanders only represent 16% of welfare dependent Australians. This is higher than their representation in the population but lower than perceptions based on media reports that draw attention to the unacceptable conditions in remote communities.

Forty percent of Indigenous Australians are welfare dependent; only a third of these are in remote locations.

The Indigenous welfare dependent population is divided into two cohorts. Some 130,000 live in cities and regional towns. That is, they live in areas that have mainstream education; health and other social services; and a full range of private businesses and labour markets. Their children go to mainstream primary and high schools and TAFE's. Mainstream towns like Shepparton in Victoria, Dubbo in New South Wales, Mt Isa in Queensland, Port Augusta in South Australia, Broome in Western Australia, and Alice Springs in the Northern Territory have Indigenous welfare dependent communities. Urban welfare dependent Aborigines and Torres Strait Islanders have twice the population of remote Indigenous communities; like the remote communities, they have high unemployment and low labour force participation.

A further 70,000 or so Aborigines and Torres Strait Islanders live in remote settlements, the majority in the 29 townships that have been designated for development in the National Partnership Agreement on Remote Service Delivery. About 10,000 of these 70,000 remote Aborigines and Torres Strait Islanders live permanently on small outstations. Because the remote townships and outstations lack private property rights, even the larger townships only have limited communally owned shops and other businesses. On the outstations, retail and other services are minimal. Schools do not have mainstream standards.

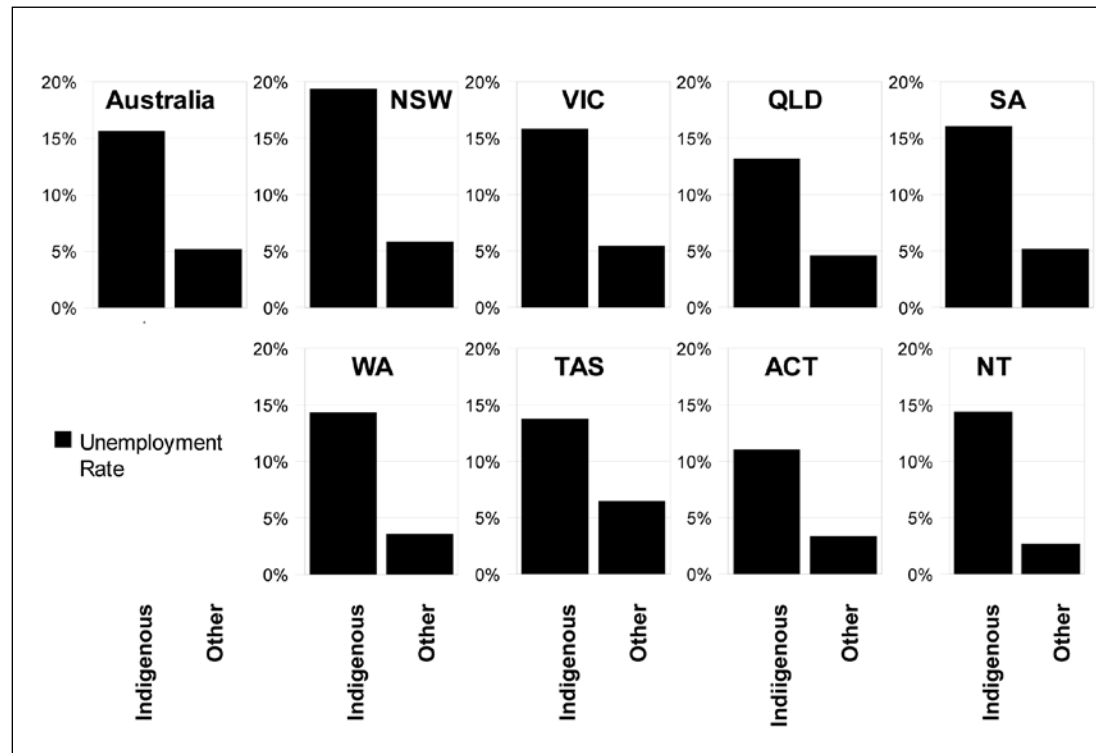
Indigenous Australians, particularly those in remote locations, are highly mobile so that there is considerable movement within and between these communities. Over time, the remote cohort has been shrinking as men and women move to regional centres and then, as a second step, to cities for private and public services and jobs. Some migrants do not succeed in finding work and return to remote communities. A strong one-way movement out of remote locations and into jobs is associated with mixed marriages.

Unemployment

By 2006, national unemployment had fallen to around 5%, so that Australia was close to being a full employment economy. Unemployment fell further to 2008 before trending slightly upward in 2009. In recent years, unemployment has mainly been short-term, largely consisting of men and women changing jobs. The proportion of long-term unemployed, who for one reason or another found it difficult to obtain or remain in jobs, has been falling and was below 20% of total unemployment in 2006.¹²

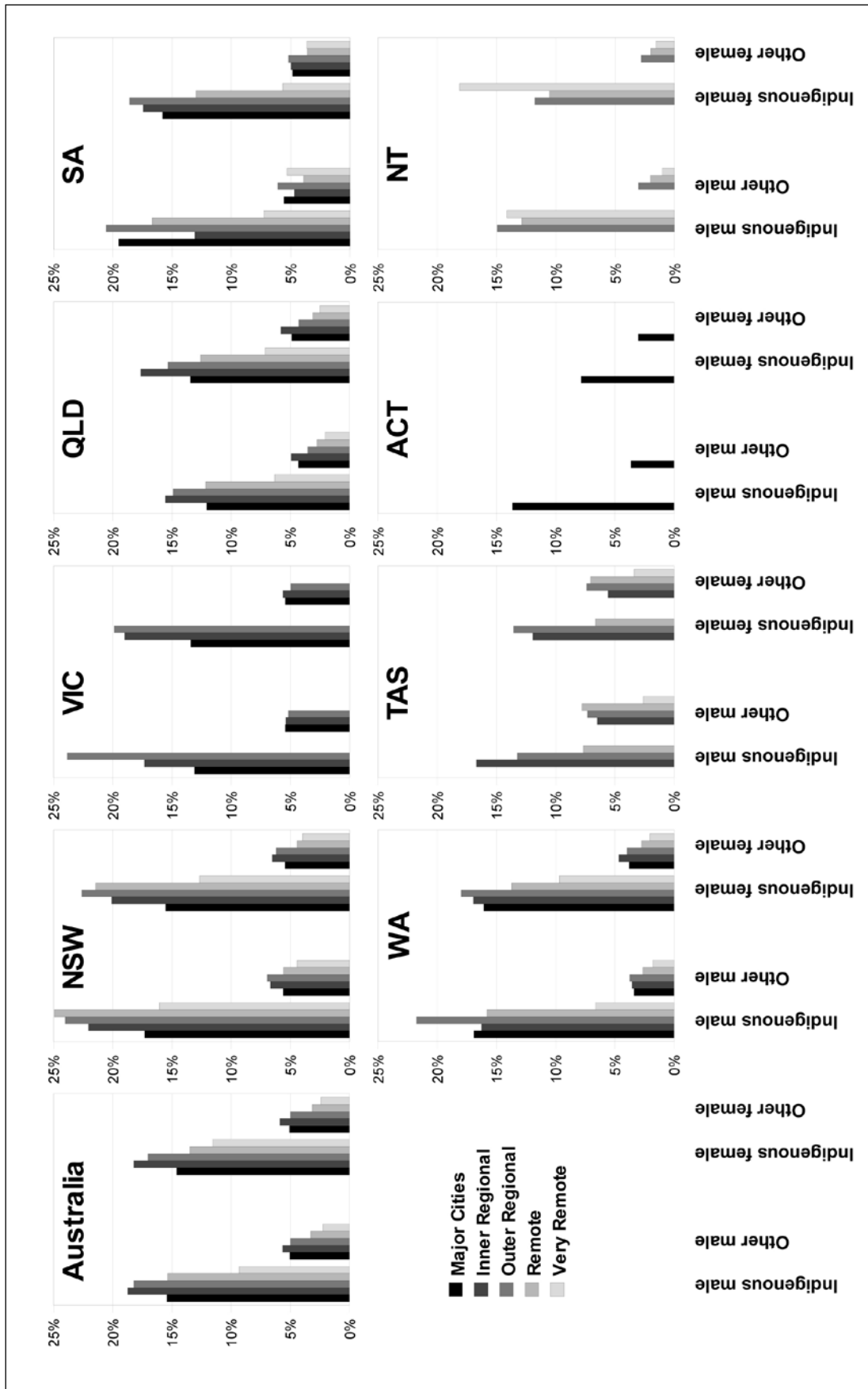
Chart 4 shows that Indigenous unemployment was three times that of other Australians. The unemployment of Indigenous women was higher than that of Indigenous men. It was also higher for other women than for other men. Indigenous unemployment was also understated because CDEP is classified as employment while non-Indigenous work-for-the-dole was classified as unemployment. Long-term unemployment probably accounts for much of the excess of Indigenous over non-Indigenous unemployment. While those working in the mainstream may be unemployed while changing jobs, those in welfare dependent communities, particularly in remote Australia, are likely to be long-term unemployed. The appropriate comparison of excess Indigenous unemployment is, however, not with the rest of the Australian population but with others on welfare. Their long-term unemployment is also above the average.

Chart 4: Indigenous and other Australian unemployment by state and territory, 2006



New South Wales accounted for 38% of total Indigenous unemployment. It had the highest Indigenous unemployment rate—four times the non-Indigenous rate—and the greatest differentials for both men and women. The lowest unemployment levels were in Queensland, which had the second largest Indigenous population. The other states and territories fell between New South Wales and Queensland.

Chart 5: Indigenous and other Australian unemployment by state, territory and region, 2006



The unemployment comparisons between Indigenous and other populations show that high Indigenous unemployment rates are not caused by shortfalls in the demand for labour but by bottlenecks in Indigenous labour supply. In many Australian labour markets, supply was so tight in 2006 that there were serious labour shortages, yet Indigenous unemployment remained much higher than other unemployment.

The conclusion that Aboriginal and Torres Strait Islander unemployment is supply and not demand caused is underlined by Chart 5, which shows unemployment by region. Indigenous

**Indigenous
unemployment is
high although most
Aborigines and Torres
Strait Islanders live
amidst jobs.**

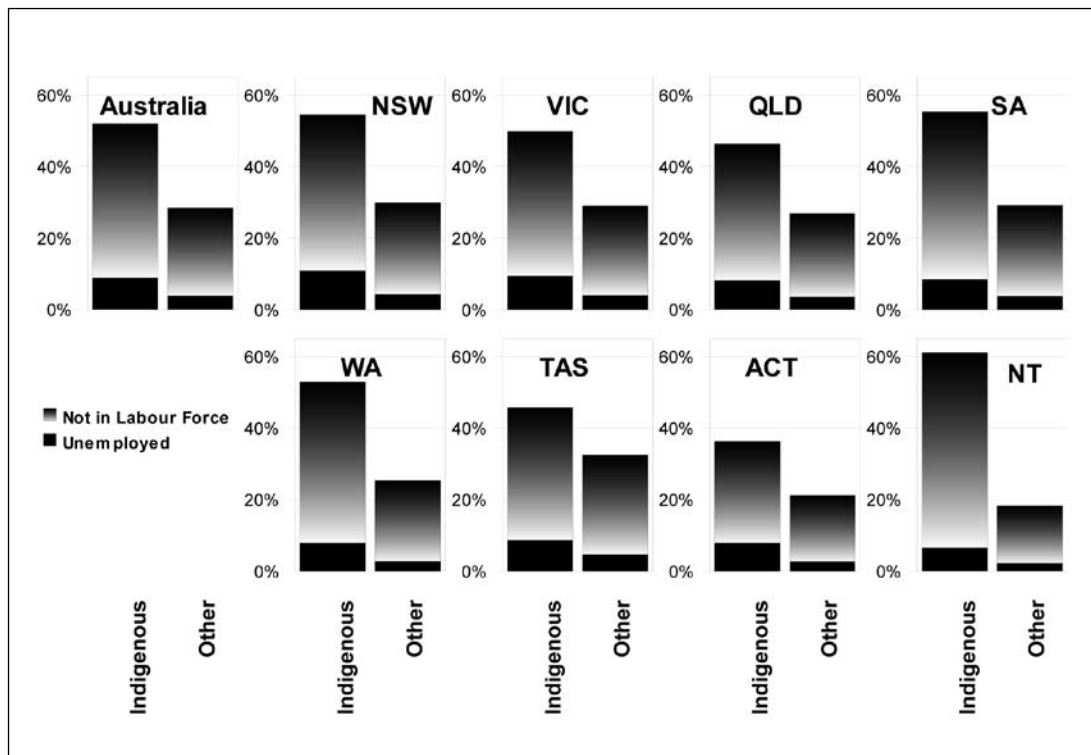
unemployment was lowest in cities; it rose in inner regional locations but fell in remote locations. The Northern Territory was an outlier with unemployment for Indigenous men and women rising sharply in remote locations despite CDEP being classified as employment. Non-Indigenous unemployment had a consistent pattern with the lowest unemployment being in remote locations. The Northern Territory had both the highest Indigenous unemployment and the lowest non-Indigenous unemployment.¹³ High labour turnover and premiums paid to attract miners, teachers and medical staff to remote locations indicate the tightness of remote labour markets.

Large flows of public funds to remote communities have created many public sector jobs.¹⁴ The plans prepared for the local government transition to shires in the Northern Territory identified hundreds of maintenance, clerical, professional, and administrative jobs in roads, water and power supply, and other local government sectors.¹⁵ Many outstations are within commuting distance of the 29 designated towns. Jobs are almost all held by non-Indigenous staff because Indigenous men and women do not have the required literacy, skills or professional qualifications. 'Positions vacant' signs are common in remote towns such as Alice Springs, which has a highly unemployed population of some 1,800 Aborigines rising at times to 3,000 in its 17 camps. Nhulunbuy is similarly short of labour, although it is only a short drive from Indigenous Yirrkala with a population of some 800 with very high unemployment.

Unemployed and not in the labour force

Although Indigenous unemployment results in low earnings and is associated with other harmful socio-economic effects, unemployment is not the principal cause of Indigenous disadvantage. Chart 6 shows unemployment plus those not in the labour force, indicating that non-participation in the labour force is more significant. The unemployment rate discrepancy between Indigenous and other Australians is only half the discrepancy for those not in the labour force. Those not in the labour force are not in the market for jobs. Together with the unemployed, they account for some 45% of Indigenous men and 55% of Indigenous women.

Chart 6: Indigenous and other Australian unemployment and not in the labour force by state and territory, 2006



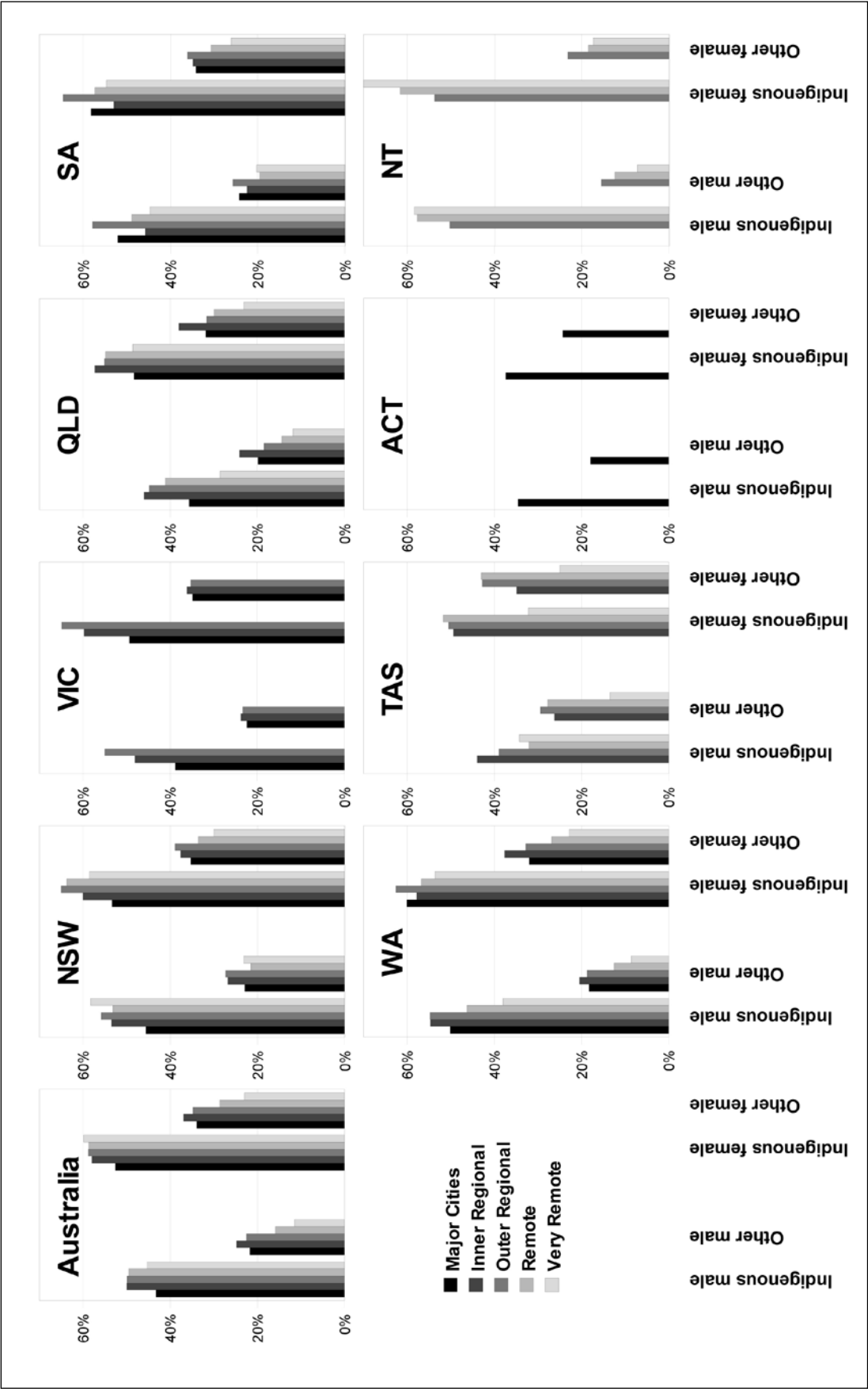
Indigenous unemployment plus not in the labour force has a similar pattern to Indigenous unemployment alone, suggesting that non-participation has the same determinants as unemployment. Queensland again has the lowest combined Indigenous unemployment and non-participation rates, but the difference from other states is less marked. The Northern Territory has by far the highest combined Indigenous unemployment and non-participation rates for men and women. All non-participation rates are higher for women than men because they include women not working during child caring years and some non-working wives, but non-participation is much higher for Indigenous women than for other women for all states and territories. Having a job, a career, and an independent income are the principal determinants of women's equality so that Indigenous women clearly bear the principal costs of not being included in working society.

Not participating in the labour force is three times as great a problem for Indigenous Australians as unemployment.

Chart 7, which combines non-participation plus unemployment by location, shows the same patterns as unemployment alone. Except for South Australia, non-participation plus unemployment is lowest in capital cities. It rises in inner and outer regional locations and falls in remote locations. Lower levels of non-participation in remote and very remote locations are again where jobs are more available.

The problem facing policymakers is clearly not one of finding, let alone creating, jobs for Aborigines and Torres Strait Islanders. Plenty of jobs are available, particularly in remote and very remote areas, which often have severe labour shortages.

Chart 7: Indigenous and other Australian unemployment and not in the labour force by state, territory and region, 2006



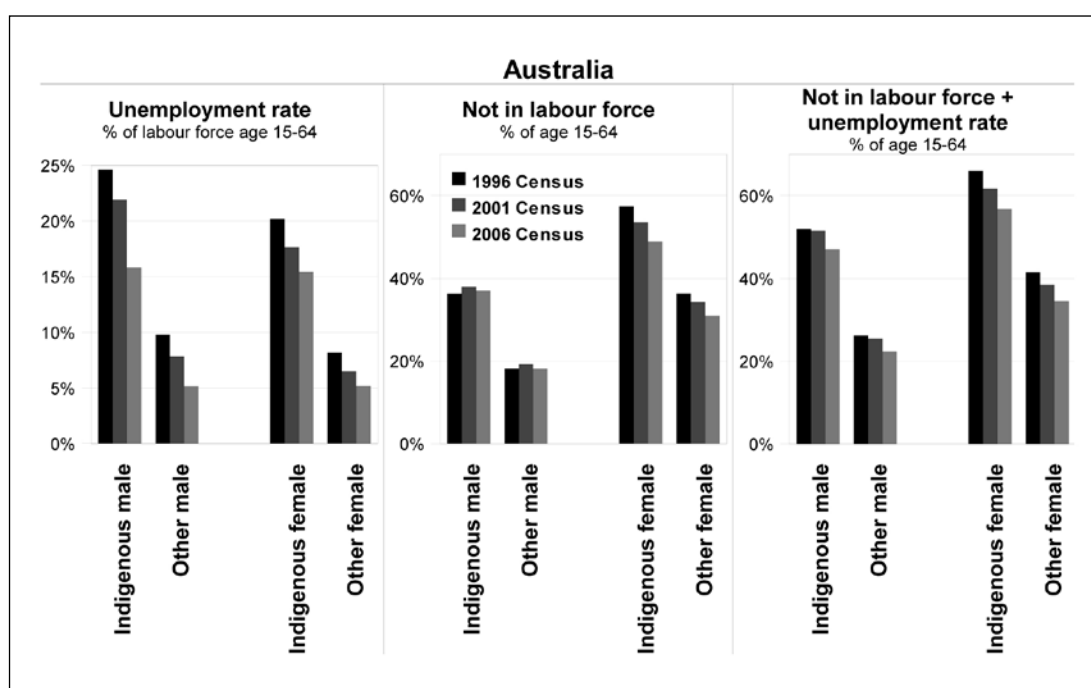
Determinants of labour force participation and unemployment

In discussing the experience of Aborigines moving into the urban labour force before the 1970s, Joseph and Maria Lane commented that ‘the journey from mission to city has been long, often incredibly difficult and certainly not without casualties.’ They graciously did not add that it was often achieved in the face of rampant discrimination. They observed that it had become progressively harder since the beginning of the 1970s for Aborigines and Torres Strait Islanders to move out of welfare dependence into mainstream society.¹⁶ The Lanes saw four principal reasons for increased difficulties in entering the labour force: the number of unskilled jobs declined steeply; Indigenous education sharply deteriorated; welfare and other ‘hand out’ income boomed; and cultural traditions collapsed in urban as well as remote Indigenous communities. The Lanes thus added an urban dimension to Noel Pearson’s analysis of the role of non-education and welfare dependence in social and family dysfunction in remote settlements. Pearson’s conclusion was that Aborigines and Torres Strait Islanders had to get jobs to escape dysfunctional welfare dependent communities. Pearson began to develop this approach in his 2000 Ben Chifley Memorial Lecture ‘The light on the hill.’ Supported by research at the Cape York Institute, he went on to analyse welfare dependence and the failure of education in remote Indigenous settlements in a series of papers, culminating in his 2009 *Radical Hope* Quarterly Essay.¹⁷

**There are plenty of jobs
— government policies
make Aborigines and
Torres Strait Islanders
unemployable.**

Chart 8 shows unemployment and labour force participation over time. Between 1996 and 2006, unemployment fell for Indigenous Australians as it did for other Australians, particularly in the 2000s when the cumulative effects of reforms begun in the 1980s by the Hawke-Keating governments were combined with the Howard government’s strong macroeconomic management. Indigenous unemployment fell more steeply from higher levels. Labour force participation increased for Indigenous and other women, but it barely changed for Indigenous men. These trends in Indigenous male labour participation rates suggest that the Lanes’ hypotheses are substantially correct. It is not clear why women’s participation rates increased, but the determinants appear to be related to women’s employment generally rather than to Indigenous employment.

Chart 8: Indigenous and other Australian unemployment, not in the labour force, and combined unemployment and not in the labour force, 1996, 2001 and 2006



Change in the job market

Since the early days of European settlement, Aborigines and Torres Strait Islanders have moved from traditional communities and later from missions into unskilled, often part-time occupations, as domestic servants, farm and pastoral workers, then to labouring jobs in regional towns and hence into factory and other low skilled jobs in cities. English was the language of missions, so that children became bilingual as they attended primary school classes based on state curriculums. Such primary education, until well after World War II, was sufficient for entry into the labour force for any Australian.

The traditional entry into the workforce - unskilled jobs - has disappeared from the modern economy.

Unskilled jobs have been disappearing as part of a worldwide trend. Factory jobs have migrated to developing countries, and remaining manufacturing and other jobs require literacy and numeracy. In the past, Indigenous men could become construction workers or truck drivers, and Indigenous women could enter domestic service—as Maria Lane did on her journey to university teaching. In the modern economy, occupational health and safety rules alone demand reasonable levels of literacy. Employers cannot afford to hire staff who

cannot read safety notices. Cleaners have to be able to read instructions to dilute chemicals. Truck drivers have to be able to handle computers. Check-out workers in supermarkets have to be able to count the cash drawer and balance it at the end of the day.

In the past, fruit picking was a frequent path into the labour force, introducing Indigenous men and women to work but enabling them to return to their homes in the off-season. Fruit picking remains an entry job requiring minimal literacy and numeracy and has the advantage of time-off between seasons. Despite large numbers of young ‘back packers’ who come to Australia on youth visas for travel and work holidays, fruit and vegetable growers and processors complain about seasonal labour shortages. These include growers in areas such as Shepparton, which has one of the larger Indigenous populations in Victoria, and the Atherton plateau in Queensland, which is located near several large Indigenous communities. The Cape York Institute saw the advantages of finding fruit picking jobs for young Cape York men. To overcome their lack of education and experience, young Aboriginal men who could not use a tape measure, buy a bus ticket, cook a meal or budget their income required considerable support. They had to be mentored on the job, found appropriate accommodation, and helped to settle into it. With such support, the majority of those who participated in fruit picking and meat processing pilot projects in Victoria finished their assignments. Several stayed on. Their employers were happy with their work. The meat processing firm was particularly keen to employ more Aborigines. But at this point, the National Farmers’ Federation’s agitation for seasonal ‘guest workers’ from the Pacific Islands met with success. The Rudd government brought the first 50 Tongan workers to Australia in February 2009. The ‘guest workers’ scheme terminated support for bringing Aborigines from remote communities to fruit picking and meat processing sites. Bureaucrats actively discouraged further similar Indigenous employment.

Failed education

The ‘Homelands’ movement of the 1970s argued that mainstream education, necessary for skill and professional advancement, was not appropriate for remote settlements. Jon Altman wrote that ‘too much emphasis is being placed in the current debate on providing opportunity for indigenous kids in very remote Australia for imagined futures as “lawyers, doctors and plumbers” ... and too little for futures as artists, land managers and hunters living on the land they own.’¹⁸ ‘Homelands’ policies envisaged that Aborigines and Torres Strait Islanders should return to hunting and gathering. The epitome of these policies are the 42 NT Homeland Learning Centres that governments have acknowledged are not real schools.¹⁹ While mainstream children were encouraged to continue their schooling to Year 12 and proceed to post-secondary education, English, literacy and numeracy were abandoned in schools attended mainly by Indigenous children. The expectation of these children’s performance was markedly lower. Attendance, vigorously supervised in missionary schools, was no longer mandatory. Whereas missionary schools had not greatly diverged from mainstream schools, *apartheid* now appeared in education.

NAPLAN (literacy and numeracy) test results for 2008 and 2009 unequivocally show the failure of schools attended mainly by Aboriginal and Torres Strait Islander children. A higher proportion of Indigenous children sat national literacy and numeracy tests in 2009 than in 2008, but there was no significant improvement in results with 30% of Indigenous children (compared to 10% of all children) failing the tests. These results indicate that in many remote schools, Indigenous failure rates are still close to 100%. Children finish school without being able to read *The Cat in the Hat*. Northern Territory schools are clearly the worst performers, but there are also serious problems in remote schools in Queensland, Western Australia, South Australia, and New South Wales.²⁰

Most of the young adults who live in the 29 designated townships lack basic literacy and numeracy. In the Northern Territory alone, there are some 10,000 illiterate teenagers and young adults who are, therefore, barred from labour force participation. These men and women urgently need remedial literacy and numeracy. The failure of education alone would be responsible for the very low Aboriginal and Torres Strait Islander labour force participation in remote settlements if other factors, discussed below, were not also present.

The NT Coordinator-General for Remote Services recognises that a 'second class education produces an underclass,'²¹ but NT programs to improve Indigenous education have been unsuccessful to date. The situation in the states is similar. A 2009 review commissioned by federal and state education ministers found that 'most Indigenous students regardless of their completion year, leave school poorly prepared in relation to their non-Indigenous counterparts.'²² The *Sydney Morning Herald* reported that Peter Buckskin, the chief investigator, found 'the overwhelming evidence is that much remains the same. The gaps are not closing at anywhere near the rates contemplated or required by government.'²³

Indigenous children, like other Australian children, should be in school to Year 10 so they are job-ready or can move on to post-secondary education. At present this is only happening in a few, mostly independent, remote schools. Indigenous youngsters who may have left school at 13 years of age, cannot communicate in English and are not literate or numerate. They are as costly to employ as long-term unemployed. Government departments of education have failed to carry out the task for which they are funded by taxpayers. Companies have to create programs to help Aborigines and Torres Strait Islanders into the work force. The Exodus Foundation has to run remedial literacy programs.

In remote Australia, the lack of literacy and numeracy is the primary constraint on Indigenous employment.

Welfare

Every modern economy confronts the challenge of providing an adequate safety net for the population so that if people become unemployed, ill, disabled, or have not saved for retirement, they and their children will still be able to live a decent life while, at the same time, not making welfare payments so easily accessible that they encourage welfare dependence. Australia's welfare is relatively highly targeted so that it is considered to be efficient, but the increase in welfare dependence in recent decades of low unemployment shows that the welfare system is too lax and, hence, too damaging for many recipients. Aborigines and Torres Strait Islanders are additionally eligible for special conditions and payments. In economic terms such income represents 'economic rents' that add substantially to Indigenous incomes.

Australians unable to work receive a range of welfare payments. In addition to *Newstart* (unemployment) allowances for people looking for work, there are illness and disability, wives and widows, carers, and single and partner parent payments. Widely available children's allowances are intended to lower the costs of raising children. Additional rental, telephone, remote area, and other allowances are available as well as health cards and pharmaceutical benefits. Some of these benefits were intended to be temporary, to tide individuals and families over difficult periods of illness, unemployment, and other misfortunes, but for the long-term unemployed the benefits have become permanent. There are also tax benefits.

As the welfare safety net was expanded it became evident that long-term welfare was harmful. It led to markedly lower education and health outcomes and higher alcohol, tobacco, and drug abuse

and crime rates. Noel Pearson's findings about remote Indigenous communities were replicated in non-Indigenous welfare dependent communities. The Howard government introduced 'mutual obligation' to tighten welfare accessibility. The Rudd government followed with requirements that young people either work or participate in education and training. As in other countries, it was difficult to avoid the welfare-to-work problem, where taking a job results in a loss of tax and welfare benefits, which together lower entry wage incomes below former welfare incomes. Nevertheless, single parents were expected to begin seeking jobs when their children reached school age. As unemployment rates fell, those receiving unemployment benefits were expected to actively seek work. A beginning was made to encourage those with minor disabilities to find at least part-time work.

Aborigines and Torres Strait Islanders receiving welfare access additional 'economic rents,' mainly when welfare programs are re-packaged or re-interpreted. Because of *Remote Area Exemption* rules, 'mutual obligation' does not always apply or is not implemented. Single mothers are not chased

**Excessive welfare benefits
raise Indigenous incomes
above entry level wages.**

to find work or education when their youngest child reaches school age. Disability is even more loosely defined for Indigenous Australians than in the community generally. *Newstart* recipients frequently do not have to apply for jobs or be in education and training. In some remote communities without remedial education or jobs this acknowledges a

dismal reality, but in the 29 designated townships and in cities and regional towns it is misguided paternalism.

CDEP is the largest specifically Indigenous program. CDEP positions were initially intended to replace unemployment relief, but CDEP allowances were soon paid in addition to other welfare.²⁴ Men and women in CDEP positions, moreover, have been excused from seeking normal employment when this became mandatory (CDEP is addressed in more detail below). Annual welfare payments for Indigenous families (including CDEP) range from \$29,900 for a single parent with one child to \$61,100 for a couple with six children.²⁵

All Australian parents in remote communities are eligible for Commonwealth Assistance for Isolated Children, payable if there is no government school in a community to cover their costs of distance education, boarding schools, or maintaining a second house near a school. The scale of payments ranges from \$3,463 to \$9,221 per child. The payment is thus clearly for education expenditures. But in the Northern Territory, where governments recognise that Homeland Learning Centres are not real schools, Indigenous parents receive Isolated Children grants without having any educational expenditure. Parents are being paid in lieu of their children being educated. For a family with six children this would be an additional \$20,778 per annum.

ABSTUDY is a payment to Indigenous children on turning 16 so that they remain at school. It is \$206.30 a fortnight or \$5,364 annually.²⁶ It substitutes for children's allowances. ABSTUDY is available through tertiary education when it parallels payments to other Australian students who, however, have to prove that they have been living away from home. Because it is paid to the teenagers, unlike allowances paid to young teenagers' families, the celebration of the first ABSTUDY payment has become a worrisome rite of passage, spent on lavish alcoholic parties. It becomes discretionary teenage income.²⁷ ABSTUDY is not tied to school attendance, let alone performance.

Although the CDEP program is often referred to as sit-down-money by Aborigines and Torres Strait Islanders to indicate their contempt, the term is also used for welfare as a whole. The Cape York Institute has researched the welfare incomes that make up the 'welfare pedestal.' They were usually higher than entry wages. Wesley Aird, writing of his experience 'striving to get 50,000 jobs for Indigenous Australians' through the Australian Employment Covenant, stated, 'but our team knows the difficulties we face in getting indigenous people into work when the system allows them to choose welfare.'²⁸

Incomes and entry wages

Substantial other 'economic rent' incomes accrue to some Aborigines and Torres Strait Islanders. The largest sums are royalties from mining, pastoral and other economic activities. Most accrue to land councils and other Indigenous organisations. In the Northern Territory, royalties for the

four land councils (Tiwi Islands, Groote Island, the Central, and Northern Land councils) are collected and distributed through the Aboriginals Benefit Account. In 2008–09, this Account received royalties of \$219 million and had a total equity of \$306 million.²⁹ Australia wide, many Indigenous communities receive royalties from mines and other sources. Communities located near tourist sites such as Mutilju and Mossman Gorge receive gate fees. Most royalties are absorbed by land councils and other Indigenous organisations. Board members receive ‘sitting fees’ and travel allowances from land trusts, land councils, housing associations, health associations, school boards, and other associations.

In sum, to enter the labour force at beginners’ wages, Aborigines and Torres Strait Islanders frequently have to accept a substantial income loss. The loss may be particularly high for teenagers faced with low youth wages in apprenticeships and unskilled jobs. Without work experience, the risks of moving off welfare and into a job must appear to be particularly high to job entrants without family experience of working. Entering the labour force entails costs of clothing, travelling to work and lunches, increasing the gap between welfare income and wage income. Where finding an entry job means leaving a small remote community, the high cost of accommodation in a centre like Broome or Nhulunbuy may be insurmountable.

Public housing

The expectation that Aborigines and Torres Strait Islanders are entitled to public housing, combined with the lack of private home ownership rights on Indigenously owned or controlled lands has created another barrier to movement into the labour force. Remote public housing is often of very poor quality, and while some rents are cheap or not collected at all, others charged per occupant are extortionately high. There is no private home alternative. If a job becomes available in a nearby community, it cannot be taken up because there is no housing for the new worker.³⁰

Even if the Strategic Indigenous Housing and Infrastructure Program eventually delivers, albeit at very high cost, the refurbished and new houses promised to the 29 targeted townships, housing will continue to be a problem in these townships and in outstations where no new houses are to be built. Private home ownership has been neglected. The HOIL (Home Ownership on Indigenous Land) scheme was started in 2005 and legislation permitting 99-year leases on native title land was passed for the Northern Territory in 2006. The first HOIL home block sub-lease enabling a private house to be built (on Melville Island in the Tiwi Islands) was not signed until 2009. Ten other Tiwi residents have since applied for sub-leases and ‘negotiations are also taking place with many other families on the Tiwi Islands who want to buy their own home.’³¹ Despite evident demand, Queensland long-term lease schemes have not been effective, and the other states have not made provision for long-term leases on Indigenously owned and controlled land. Until governments recognise that Aborigines and Torres Strait Islanders want to build and finance their own houses like other Australians by facilitating long-term leasing on Indigenously owned and controlled land, housing policies will continue to bar entry into the labour force.

A welfare culture

Noel Pearson identified the high costs of welfare dependence that have destroyed personal and social mores in remote settlements from his experience of Cape York communities. He argues that ‘if we are to survive as a people, we have to get passive welfare out of Aboriginal governance ... We have to get rid of the passive welfare mentality that has taken over our people. Our traditional economy was a real economy and demanded responsibility (you don’t work, you starve). The whitefella market economy is real (you don’t work, you don’t get paid).’³² The degradation of Indigenous culture through welfare dependence must be added to the failure of education and high welfare income in keeping Indigenous people out of the labour market.

‘Our traditional economy was a real economy and demanded responsibility - you don’t work, you starve.’

Joseph and Maria Lane argue that welfare dependent communities of Aborigines and Torres Strait Islanders in cities and regional areas ‘marginalise themselves and make themselves virtually unemployable—and are raising their children in their footsteps.’ Consequently, there is a ‘growing

separation between work-oriented and welfare-oriented people in the cities: different cultures (preoccupations, preferences, behaviours) different goals and aspirations (and notions of how to gain them) have crystallised into different life-style paradigms.³³

The Lanes have highlighted the role of federal and state policies since the Whitlam years in making it difficult to move out of welfare and into the labour force in urban areas. These locations nevertheless received the bulk of 'culturally appropriate' funding for CDEP, Aboriginal community controlled health organisations, and Aboriginal housing organisations. Cost-benefit evaluations of these funding flows are minimal or non-existent. The Lanes noted that these city and regional communities have developed 'patron-client systems ... in which "big men" distribute public funds for the private benefit of themselves, their relations, friends and loyal supporters in which the purpose of the organisation becomes no more than the maintenance of the organisation, and in which loyalty supplants performance and competence.'³⁴

Getting Aborigines and Torres Strait Islanders working

Moving any long-term unemployed, or those not in the labour force, into work is difficult and costly. The costs of bringing Indigenous candidates up to basic education, skill and motivation levels are so high that most companies with Indigenous employment targets recruit Indigenous workers who are already in the labour force (or their children when they leave school, TAFE or university).³⁵ Throughout Australia, however, exceptional firms make the effort to pull Aborigines and Torres Strait Islanders from welfare into jobs, and there are some general initiatives.

Private enterprise and charities are paying the costs of government failure.

The Australian mining industry has taken the lead in seeking Indigenous workers. Given the high cost of its labour, the additional costs of employing poorly educated and inexperienced Indigenous workers can be absorbed by recruiting local staff. Several mines, including the Argyle diamond mine in the Kimberleys, the Granites gold mine in the Tanami desert, and the Century zinc, lead and silver mine in the Gulf of Carpentaria, have a decade long experience of

directly employing up to 20% Indigenous workers. Ngarda Civil and Mining Pty Ltd recruits Indigenous workers for Pilbara mines. Employing Indigenous mine workers involves pre-employment workshops, support for literacy and numeracy, pre-vocational courses, introductory job rotations, and flexible traineeship and apprenticeship on-the-job programs that involve managers in additional responsibilities. Indigenous jobs in mining are still heavily semi-skilled, often in ancillary roles such as land rehabilitation. Most skilled workers and professional cadets come from those already in the labour force and their children, but the industry is investing in reaching Indigenous unemployed and not in the labour force youngsters.

The Australian Defence Force has not been able to find Indigenous recruits to meet its entry standards. Only 1.4% of regular Defence Force personnel are Indigenous. Young Indigenous men and women from remote communities are so keen to volunteer for Norforce that they account for half its Darwin based strength. They thrive in Norforce and enjoy their period of service. These young men and women do not, however, qualify for permanent entry to the Defence Force, which therefore initiated a Defence Indigenous Development Program of seven months in May 2009 to enable 20 young men from remote communities to qualify for entry into the Defence Force.³⁶

Andrew Forrest's Australian Employment Covenant is the major Indigenous employment initiative. It seeks to employ, within the next two years, 50,000 Aborigines and Torres Strait Islanders who are long-term unemployed or not in the labour force. After less than 18 months, it has contacted more than 20 industries. More than 50 firms have signed covenants to employ Indigenous workers and more than 5,000 are in jobs. The Covenant is aware that it does not have to create new jobs. Wisely, it has begun moving Aborigines and Torres Strait Islanders into jobs in cities and regions where most of the long-term unemployed and those not in the labour force live. The Australian Employment Covenant knows that many Aborigines and Torres Strait Islanders in remote areas do not have sufficient literacy to read and sign its simple employment covenant. The Covenant uses public training facilities but is essentially a non-government effort. Additional costs are borne by firms engaging Indigenous workers in training and supervision, including one-on-one mentoring. Employers are made aware that many of the Indigenous recruits will take time

before reaching productivity standards.³⁷ The Covenant is a major program to compensate for the shortfalls of government education and for welfare dependence. Private enterprise and charities are paying the costs of government failure.

Pretend jobs

Pretend jobs are destructive of the self-esteem and confidence essential to entry into the labour force. These jobs are only available to Aborigines and Torres Strait Islanders. They have less stringent qualifications and lower requirements of output and productivity than mainstream jobs. They are not portable into mainstream employment. A barely literate Assistant Teacher frequently in charge of classes in the absence of qualified teachers in the Northern Territory would not be employed as a teacher in mainstream schools. Few people filling CDEP clerical and administrative positions would be employable in a mainstream office. Health aides whose 'work' consists of being gatekeepers to qualified health professionals are filling another pretend job.³⁸ CDEP pretend jobs are part of the public sector that comprises virtually all employment in remote communities in the absence of private property rights.³⁹

Publicly funded educational institutions provide pretend courses leading to pretend certificates in teaching, health, administration, and trades without requiring the candidates to have literacy and numeracy. These institutions and their staff are, of course, also receiving substantial 'economic rents.'

CDEP

Introduced in 1977 in 12 NT remote communities, the CDEP scheme was intended to assist Aborigines and Torres Strait Islanders to enter the labour force. Meeting local government needs from federal funds in the absence of rates on private property was another reason for its introduction.

Because CDEP was not administered by Centrelink (and its predecessors), it became the responsibility of the Aboriginal and Torres Strait Islander Commission and its Indigenous agencies. Allocating the CDEP 'economic rents' became a major role for the Indigenous organisations that took over the \$550 million CDEP funding after the Commission was abolished. 'Double dipping' welfare and CDEP payments became endemic.

CDEP peaked in 2005 at 34,775 positions, mostly in cities and regional mainstream labour markets. The evidence that it was destructive of Indigenous labour force participation, however, was accumulating.⁴⁰ The Howard government tightened CDEP in 2004 and moved to replace it in mainstream labour markets by moving some positions to the relevant state, territory and local governments and by replacing the unemployment component with normal unemployment benefits from July 2008. After some hesitation, the Rudd government continued terminating CDEP in urban Australia and proposes to end it in remote and very remote communities by 2011.⁴¹

A painful process of assessing CDEP positions for real work content is taking place. Jobs such as driving bulldozers and road graders are relatively easy to assign to local governments. But jobs such as 'nightwatch' and 'child care' are also being transferred from CDEP. Beadman considers that 'it will take time, persistence, and hard headedness to turn the mindset developed under decades of the Remote Area Exemption (from mutual obligation for Job Search allowance), and move people out of dependency into the emerging jobs.' He notes, 'many people are declining jobs because of a real or imagined threat to their welfare benefits' and considers that there will

'Many people are declining jobs because of a real or imagined threat to their welfare benefits'.

be no change unless 'the Australian Government applies more vigour in applying the work test to ensure available jobs are filled.'⁴² In Oenpelli, the town coordinator reported that \$16,000 was saved annually by transferring recipients from CDEP because 'more than a third of his workers have left the program and gone bush.'⁴³ In 28 of the remote 29 designated townships, 633 CDEP workers had been transferred.⁴⁴ The Commonwealth government provided \$90 million over three years to transfer CDEP positions to government services. Between July and December 2009, 2,122 jobs had been transferred in the Northern Territory.⁴⁵

Paradoxically, it is because of the high proportion of pretend jobs that remote locations show the lowest Indigenous unemployment, although labour force participation is low. Pretend jobs satisfy paternal attitudes that accept that the preponderance of jobs requiring any skill will be filled by non-Indigenous staff. But pretend jobs are also a major cause of low labour force participation because they do not provide experience of real work. Moving away from CDEP to real jobs will increase Indigenous unemployment and reduce labour force participation on Indigenously owned and controlled lands until private property rights are introduced. The demand for retail shops, hairdressers, dry-cleaning, garages, and take-out food is unsatisfied but will not eventuate without private property rights. 'Economic development will depend on long term secure tenure for private investment for business to establish with confidence, which in turn will provide the catalyst for further job creation opportunities.'⁴⁶

When Indigenous children in remote areas receive a mainstream education, some will undoubtedly move to regional towns and to cities, just as non-Indigenous youngsters move to the city. Some will want to work abroad. Others—Indigenous and non-Indigenous—will move to fill increasing numbers of more varied jobs.

Assistant Teachers

Assistant Teachers form a significant cohort in the Northern Territory, Western Australia, and Queensland. They are not to be confused with teachers' aides—persons employed in mainstream primary schools to assist qualified teachers. In the Northern Territory, the qualification for Assistant Teachers is 'traditional cultural knowledge.' A significant proportion of Assistant Teachers are neither literate nor numerate to normal primary school levels. They are nevertheless in charge of classes on days that qualified teachers do not visit. In the nine NT schools that initially teach in local languages, Assistant Teachers are entirely in charge.

The Assistant Teachers cannot be blamed for the appalling outcomes in remote and very remote NT schools. They have not received support to acquire skills and qualifications. The limited literacy, numeracy and teaching skills that some acquired in pretend courses for Aboriginal teachers have become eroded.

State and territory departments of education were able to transfer their funding liabilities to the federal government by paying many Assistant Teachers through CDEP at low rates. Many Assistant Teachers have been prepared to be silent because they fear losing their jobs. Education unions have not taken up their cause.

Even minor moves toward decent education in remote schools have precipitated crises for Assistant Teachers. The Northern Territory's mandatory move to four hours of teaching in English exposed the lack of qualifications of Assistant Teachers, notably in the nine schools that teach in local languages only in the first three or four years of primary school. The federal grant of \$18.5 million to create 190 jobs in NT schools for former Assistant Teacher CDEP recipients in 2008 has created major difficulties that have not yet been resolved.⁴⁷

Rangers

Farmed, privately owned lands, covering 60% of Australia, have long established pest, weed and other environmental control regimes policed by state, territory and local governments. Farmers

With education and training, Indigenous rangers could become real rangers and work in national parks across Australia.

who fail to eradicate blackberries or serrated tussock are fined and charged for spraying. The Department of Agriculture, Fisheries and Forestry developed the *Landcare* movement to support farmers. *Landcare* projects are principally carried out by volunteers, but the Commonwealth has allocated \$189 million to *Landcare* during the past five years.⁴⁸ State and federal governments have been responsible for environmental standards in national parks since the foundation in 1879 of the Royal National Park south of Sydney. It was the second national park in the world after Yellowstone in the United States.

In contrast, in the outback there are plagues of camels, horses, goats, pigs, buffaloes, dogs, cats, rabbits, foxes, and mice. Cane toads have been spreading. Weeds such as mimosa, lantana, rubber vine, and calotrope have gone unchecked. With the increase of Indigenously owned or controlled

land to some 40% of the Northern Territory and more than 15% of all Australian land,⁴⁹ Aborigines and Torres Strait Islanders inherited years of environmental neglect. Indigenous environmental responsibility was recently increased by the *Blue Mud Bay* decision of the High Court of Australia adding the column of water above the intertidal zone—80% of the NT coastline—to Aboriginal freehold land.⁵⁰

In the 1990s, Indigenous land councils began to struggle with environmental degradation on the lands they owned, but the lack of private property rights meant that there were no farms with incentives to keep down pests and weeds. State and federal environment departments began to pay attention to environmental degradation on these lands. The first *Indigenous Protected Area* in South Australia was accordingly established by the Howard government in 1997. By 2010, there were 33 declared *Indigenous Protected Areas* covering 23 million hectares from Tasmania to the Northern Territory. A broader *Caring for Country* program was added. Both programs sought to revitalise traditional land care skills and integrate them with modern environmental technology and science.⁵¹ The programs range from clearing water holes and monitoring traditional sites to undertaking pest eradication, weed control, and fire management. Technology intensive programs have been developed for ‘management needs for endangered species,’ ‘baseline bio-diversity surveys,’ and for ‘on-going monitoring programs’ for research.⁵² For the three years ending in June 2010, the Commonwealth Department of the Environment, Water, Heritage and the Arts allocated nearly \$90 million to these programs.⁵³ Considerable additional funding has been available from state and territory environment departments and other public and private sources. In contrast to farms where farmers, including Indigenous farmers, bear most of the costs of pest control, weed eradication, and other environmental investment, the NT Aboriginals Benefit Account and other communal land income sources pay for only a small proportion of the cost of environment protection on their lands.

The work of rangers in *Indigenous Protected Area* and *Working on Country* programs should parallel that of *Landcare* officers and national park rangers. The qualifications of these staff stretch from on-the-job training after completing high school, usually combined with TAFE courses, to university undergraduate and post-graduate degrees. Job descriptions, qualifications, performance criteria, and pay scales are clearly defined. Ranger positions on Indigenously owned and controlled lands have thus opened up a potential source of jobs and careers that should be particularly rewarding for Indigenous men and women with strong ties to ‘country’ as well as contributing high social returns to Australia. The programs have expanded rapidly from 100 to about 800 rangers currently, but the voluminous fine words of *Indigenous Protected Areas* and *Working on Country* programs have not been followed up in staffing. Instead, the Assistant Teacher precedent of only requiring ‘traditional knowledge’ as a qualification has been adopted, so that many of the Indigenous rangers are not literate or numerate and cannot acquire qualifications on the job or through further education. They are pretend rangers.

Ranger stations have been built, four wheel drive vehicles, boats and other equipment have been acquired, and the pretend rangers have been issued with uniforms to simulate a real ranger force. But many of the recruits do not have sufficient literacy to pass driving tests, let alone study for the marine qualifications required to operate motor boats. Some pretend rangers have been promised literacy, numeracy or other classes, but little real training has been delivered.

Pretend rangers do not mean that there should not be real ranger jobs. Some Indigenous rangers who started with mission school, or more recently, completed Year 10 education in Darwin have, like national park rangers, learned on the job to identify weeds, use herbicides, read maps, manage fires, control feral animals, and rehabilitate sites, all in conformity with occupation, health and safety standards. Torres Strait Islanders have for years managed marine turtles and dugong. The Mayala Rangers in the Kimberleys found a deserted illegal foreign fishing camp on an off-shore island and burnt it. Jarlmadangah Burru (Mount Anderson, Fitzroy River in the Kimberleys) rangers help scientists tag sawfish. Aboriginal guides have been found useful by the Australian Defence Force, the Australian Quarantine and Inspection Service, Australian Customs and Border Protection Service, the Department of Agriculture, Fisheries and Forestry, and the Department of Immigration.

**Missions trained
Indigenous women and
men to be domestic
servants and boundary
riders - pretend jobs are
the new paternalism.**

The young people who become Indigenous rangers enjoy their uniforms, driving around in four wheel drive vehicles until the fuel allocation runs out, and going for a spin in a power boat, but they spend most of the limited time they are on the job hanging out at ranger stations. The Commonwealth Department of the Environment recognised that it had to 'move five Indigenous workers involved in land and culture management into real jobs' in the Ngaanyatjarra *Working on Country* project, which covers the largest *Indigenous Protected Area* in Australia.⁵⁴ The Jarlmadangah Burru community wants its young men to become real rangers.⁵⁵ Merely moving funding to Indigenous councils and other local government organisations without insisting on mainstream qualifications and evaluations of ranger programs will not change the pretend nature of these jobs. The Indigenous ranger program is mainly funded by CDEP. As CDEP is phased out, the ranger program is in danger of becoming a pretend job substitute. Current expenditure on Indigenous environmental programs only accounts for around \$30 million a year out of the Department of Environment's annual budget of \$2 billion plus, but the cost will rise if Indigenous rangers are to be brought to mainstream standards. Funding and training real, qualified rangers has to be addressed.

The national cost of not dealing with pests and weeds in the outback increase from year to year, but the worst aspect of the pretend ranger program is the damage to the Indigenous men and women it recruits. They are once again being given a substitute for a real job. Missionaries were considered paternalistic because they took it for granted that Aborigines and Torres Strait Islanders should be domestic servants and boundary riders rather than doctors or lawyers. Creating pretend jobs for Indigenous people is just as paternalistic. The claim that the work of *Working on Country* rangers 'is a vital building block in closing the gap of Indigenous disadvantage' is not sustainable.⁵⁶

Policy conclusions

Census data for 2006 emphasise that Aborigines and Torres Strait Islanders live in capital cities and regional towns. Only in the Northern Territory do they mainly live in remote and very remote locations.

More than 60% of Aborigines and Torres Strait Islanders work and live side by side with other Australians. They own, are buying, or commercially renting their homes, send their children to mainstream schools, and participate in mainstream Australian society. They continue to identify as Aborigines and Torres Strait Islanders, but it is insulting to suggest that there is a 'gap' between these Indigenous and other Australians.

High Indigenous unemployment and low labour force participation persists in spite of the ample availability of jobs. Australian unemployment is low, demonstrating that jobs are available. High unemployment added to low labour force participation is the real indicator of Indigenous employment problems.

Four factors explain high unemployment and low Indigenous labour participation: the decline of unskilled jobs, appalling education of Indigenous children in remote and very remote schools, excessive welfare leading to an 'income pedestal' higher than entry wages, and poorly controlled flows of public funds to Indigenous organisations.

The absence of education is the key factor in low Indigenous labour force participation in remote locations, but the highest unemployment and not in the labour force numbers are in urban New South Wales, where low unemployment for other Australians indicates flourishing labour markets. Other urban areas also have high Indigenous unemployment and low labour force participation rates.

More welfare dependent Aborigines and Torres Strait Islanders live in cities and regions than in remote locations. Cities and regions have mainstream education, health and other social services and large, mostly full employment, labour markets. Most Aborigines and Torres Strait Islanders living in cities and regions speak English and have attended mainstream schools to Year 10. Excessive welfare and cultural disintegration are the principal reasons for low labour force participation and high unemployment in such locations.

Current government policies are widely acknowledged as failing to increase Indigenous labour force participation and reduce unemployment to mainstream levels and hence to reduce Indigenous disadvantage. Overwhelming evidence points to the lack of progress despite large and increasing taxpayers' expenditures on Indigenous disadvantage. Clearly, current policies are not evidence based. They do not take into account where Aborigines and Torres Strait Islanders work and where they are not in the labour force or employed. Pronouncements have been substituted for reforms.

- Education reform is the key to labour force participation in remote locations. Remote schools have to be brought to mainstream building, equipment, curriculum, teaching, and administration standards. Expectations of Indigenous students' performance must match those of other students.
- Remedial literacy and numeracy is essential for thousands of Indigenous youngsters who have missed out on education during recent decades. Remedial course attendance should be a condition of welfare for all young men and women not in the labour force.
- Indigenous welfare recipients have to be subject to the same rigorous conditions as other welfare recipients. Additional welfare for 'Aboriginality' is even more destructive than other excessive welfare and should be abolished.
- The states must follow the Northern Territory in introducing private property rights on Indigenously owned and controlled lands. Home ownership and private sector jobs are essential.
- Pretend jobs for Indigenous workers are paternalistic. They have no place in Australia.
- Cost-benefit evaluation of government funding for Indigenous programs and communities is essential. Quantitative performance reports should replace the spin of vaguely worded 'outcomes.'

Endnotes

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- 2 Nicholas Biddle, *Location or Qualifications? Revisiting Indigenous Employment through an Analysis of Census Place-of-Work Data*, Working Paper No. 61 (Canberra: The Centre for Aboriginal Economic Policy Research, Australian National University, 2009).
- 3 Joe Lane, *Indigenous Participation in University Education*, Issue Analysis No. 110 (Sydney: The Centre for Independent Studies, 2009).
- 4 Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2009* (Canberra: Productivity Commission, 2009).
- 5 Bob Beadman, NT Coordinator-General for Remote Services, *Report 1, May to November 2009* (Darwin: January 2010), 5, 6.
- 6 Census post-enumeration raised this count to 517,000 Aborigines and Torres Strait Islanders. The 2006 Census covered more than 1.2 million respondents who did not answer the Aboriginal/Torres Strait Islander question. This is more than twice the number of those who identified themselves as Aborigines or Torres Strait Islanders. Of the 1.2 million unidentified, those aged 15 to 64 are included in 'other' employment and unemployment.
- 7 Although the Steering Committee for the Review of Government Service Provision conceded that the 'extent to which people participate in the economy is closely related to their living standards' and 'many COAG targets and headline indicators reflect the importance of economic participation' (as above, 8.1), the *Overcoming Indigenous Disadvantage* series has not mentioned Indigenous labour force participation.

- 8 Sara Hudson, *CDEP, Help or Hindrance? The Community Development Employment Program and its Impact on Indigenous Australians*, Policy Monograph No. 66 (Sydney: The Centre for Independent Studies, 2008), Table 2, 6. CDEP employment was only partially recorded in the 2006 Census. The normal census Household Form filled out by heads of Indigenous Australian families living in cities and regional towns and by all other heads of households resident in Australia did not have a question about CDEP. Only the special census Interviewer Form, which was filled out by census staff for Indigenous heads of households in remote areas, requested CDEP information.
- 9 Australian Bureau of Statistics, 2006 Census, Cat. No 2069.0, 'Tenure type and landlord type by dwelling structure by Indigenous status of household.' These figures run counter to low home ownership conclusions of the Productivity Commission (as above, 8.38–8.44), which are based on unpublished 2006 Census and 2001 Census data. Although 'home ownership is included ... primarily as an economic indicator of wealth and saving,' the commission does not provide information on commercially rented houses, although families may choose to rent and accumulate other assets instead of buying a dwelling.
- 10 Joseph and Maria Lane, *Hard Grind—The Making of an Urban Indigenous Population* (Bennelong Society Conference, 2008).
- 11 Jeff Harmer, *Pension Review: Background Paper* (Department of Families, Housing, Community Services and Indigenous Affairs, 2008). The report, which includes the most comprehensive set of welfare recipient statistics based on unpublished FaHCSIA data, states that 17% of Australians aged 15 to 64 (some 13 million) receive welfare payments. For possibly half of the 2.2 million working age Australians who are thus estimated to receive welfare payments, welfare may be the principal source of income.
- 12 Australian Bureau of Statistics, Cat. No. 6105.0, *Australian Labour Market Statistics* (January 2006).
- 13 Nicholas Biddle, as above, found similar city and regional employment and unemployment patterns with Indigenous employment generally highest in cities and remote areas.
- 14 Department of Employment and Workplace Relations and Local Government Association of the Northern Territory, *Audit of Employment Opportunities in Remote Communities in the Northern Territory* (2006), 2. The report found that there were 2,955 'real' (non CDEP pretend) jobs in 52 communities of 37,070 persons, of which 2,722 (92%) were non-Indigenous.
- 15 The draft plans of the 11 newly constituted NT shires contain estimates of the numbers of directly employed staff they would require. For example, the East Arnhem Shire Council, *First Draft Business Plan* (December 2007), planned on 106 full-time positions with only 20 at headquarters and the rest in the communities. Additional funding was planned for contractors (as above, 19). Together, the shires were planning on more than 1,000 direct full-time job equivalents.
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- 17 'The light on the hill,' reprinted in Noel Pearson, *Up from the Mission* (Melbourne: Black Inc, 2009); Quarterly Essay, *Radical Hope: Education and Equality in Australia* (Melbourne: Black Inc, 2009).
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- 19 Helen Hughes and Mark Hughes, *Revisiting Indigenous Education*, Policy Monograph No. 94 (Sydney: The Centre for Independent Studies, 2009).
- 20 *NAPLAN 2008 and 2009*, as above.
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- 22 Ministerial Council on Education, Training and Youth Affairs, Australian Education Officials Committee, Senior Officials Working Party on Indigenous Education, *Australian Directions in Indigenous Education 2005 to 2008*, 4.
- 23 Anna Patty, 'Education plan earns poor report,' *The Sydney Morning Herald* (26 November, 2009).
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- 27 Jean Illingworth, 'The Djarragun Story' in Jennifer Buckingham (ed.), *Educating the Disadvantaged*, Issue Analysis No. 116 (Sydney: The Centre for Independent Studies, 2009), 16–17.
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- 33 Joseph and Maria Lane, *Hard Grind—The Making of an Urban Indigenous Population*, as above, 1, 4.
- 34 Joseph and Maria Lane, as above, 7.
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- 37 The Australian Employment Covenant, 50,000 sustainable Indigenous jobs.
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