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Macro-factors and the ability to 'close the gap'

Presentation by
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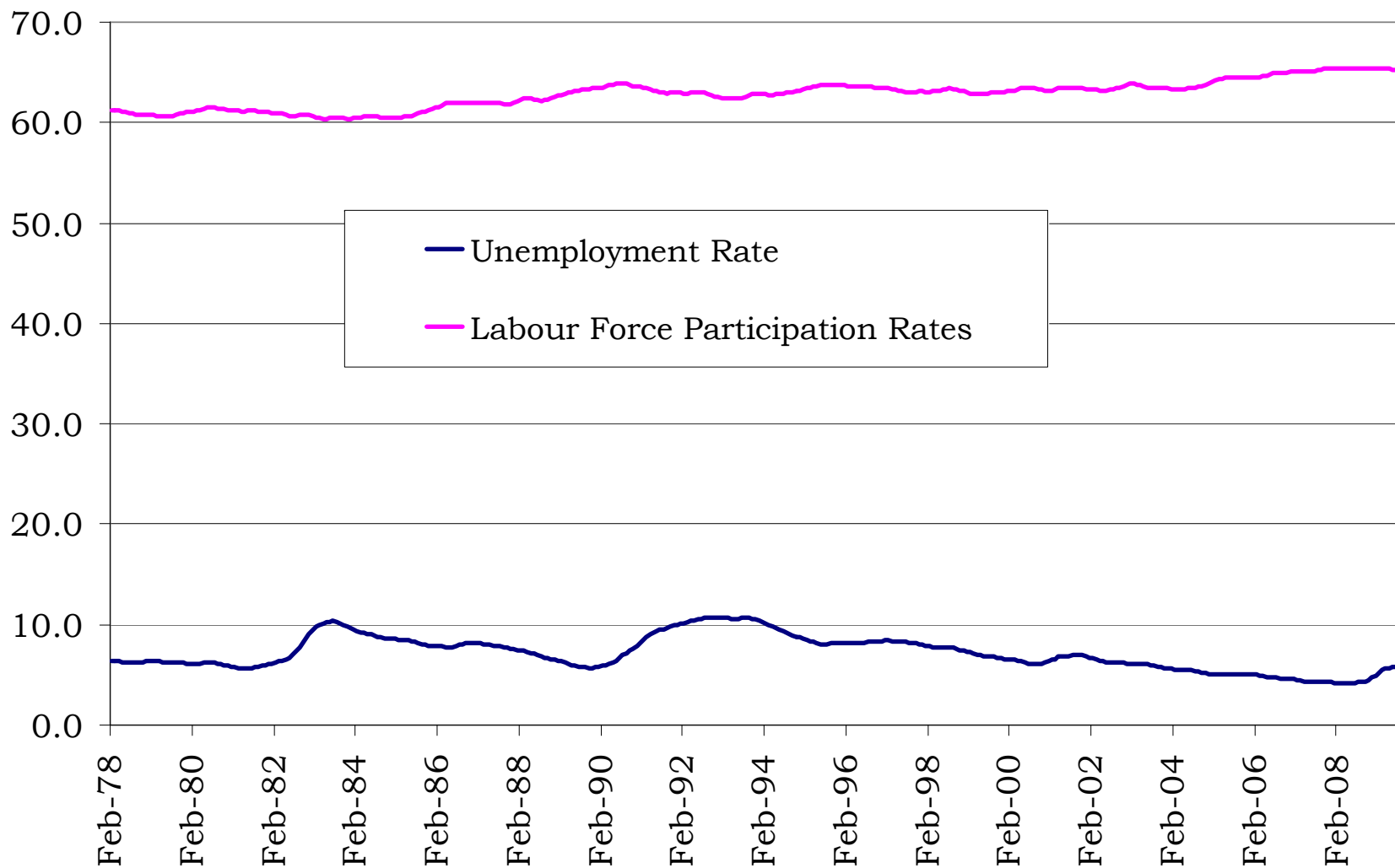
Overview of presentation

- Origins of 'Closing the Gap(s)'
- Observations on the big picture
 - Discouraged worker phenomenon and Indigenous reasons for not looking for work
 - Census trends in employment
- Projected years until gaps closed
- NATSISS trends
- Concluding Remarks
 - Macroeconomic constraints on Closing the Gaps
 - The way forward?: Enhancing indigenous social & political participation

Closing the Gap

- The term has origin in OXFAM campaign (also NZ)
- This is signposted as part of the federal government's social inclusion agenda for Indigenous Australians
- A revamping of practical reconciliation that focuses on outcomes/targets rather than processes?
 - close the life expectancy gap within a generation
 - halve the mortality gap among children under 5 within a decade
 - halve the gap in literacy and numeracy achievement within a decade
 - halve the gap in employment outcomes within a decade
 - at least halve the gap in attainment at Yr 12 schooling by 2020
 - provide all Indigenous four year olds in remote areas with access to preschool within 5 years

Unemployment and Participation rates



Source: Labour Force Survey

Discouraged Workers

| | Indigenous | | Total Australian | |
|--|-------------------|---------------|-------------------------|---------------|
| | Male | Female | Male | Female |
| | Per cent | | | |
| Employed | 45.0 | 27.1 | 67.0 | 49.0 |
| Not employed | 54.9 | 72.9 | 33.0 | 51.0 |
| Do not want to work (oth NILF*) | 16.2 | 31.9 | 21.4 | 35.5 |
| Want to work | 38.8 | 41.0 | 11.6 | 15.4 |
| Discouraged workers* (not actively looking for work) | 15.8 | 29.3 | 4.2 | 10.0 |
| Actively looking for work | 22.9 | 11.6 | 7.4 | 5.4 |
| Marginally attached (NA to start working last week) | 0.9 | 1.1 | 0.4 | 0.5 |
| Unemployed* (available to start working last week) | 22.0 | 10.5 | 7.0 | 4.9 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

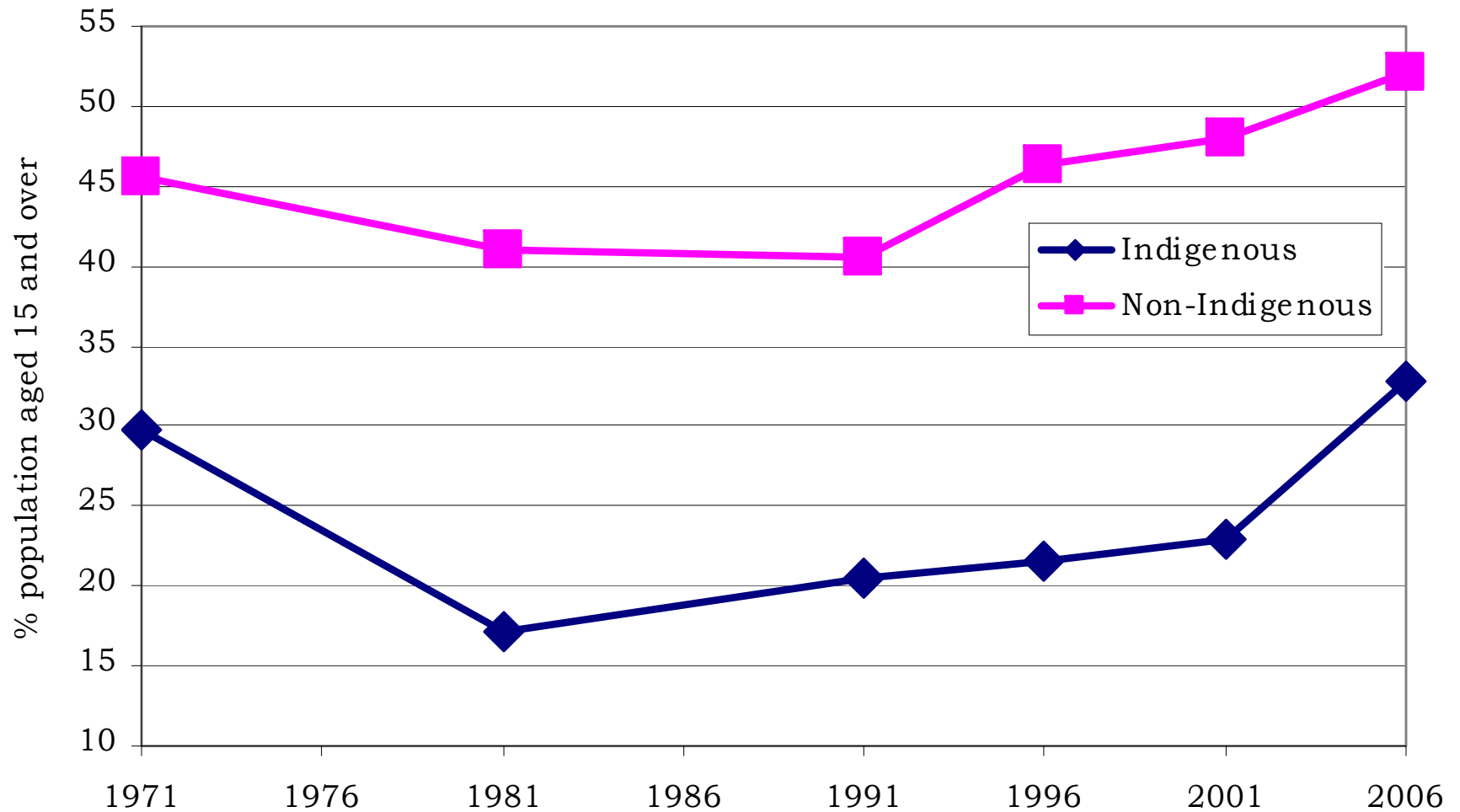
Source: Hunter and Gray (2001) - AJLE

Main reasons Indigenous discouraged workers did not look for work

| | Capital City | Other Urban | Non-Urban | Male | Female |
|---|--------------|-------------|-----------|-------|--------|
| Childcare and other family responsibilities | 34.7 | 37.7 | 25.2 | 4.5 | 46.3 |
| No jobs at all | 2.5 | 6.2 | 15.8 | 10.0 | 7.1 |
| No jobs in local area or line of work | 3.4 | 6.2 | 12.4 | 9.1 | 6.5 |
| Studying/returning to studies | 31.9 | 28.2 | 24.1 | 42.1 | 21.4 |
| Welfare payments/pension may be affected | 2.0 | 7.1 | 3.0 | 7.8 | 3.1 |
| Other | 20.6 | 11.9 | 8.6 | 18.8 | 10.9 |
| No reason/not stated | 4.8 | 2.7 | 10.9 | 7.8 | 4.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

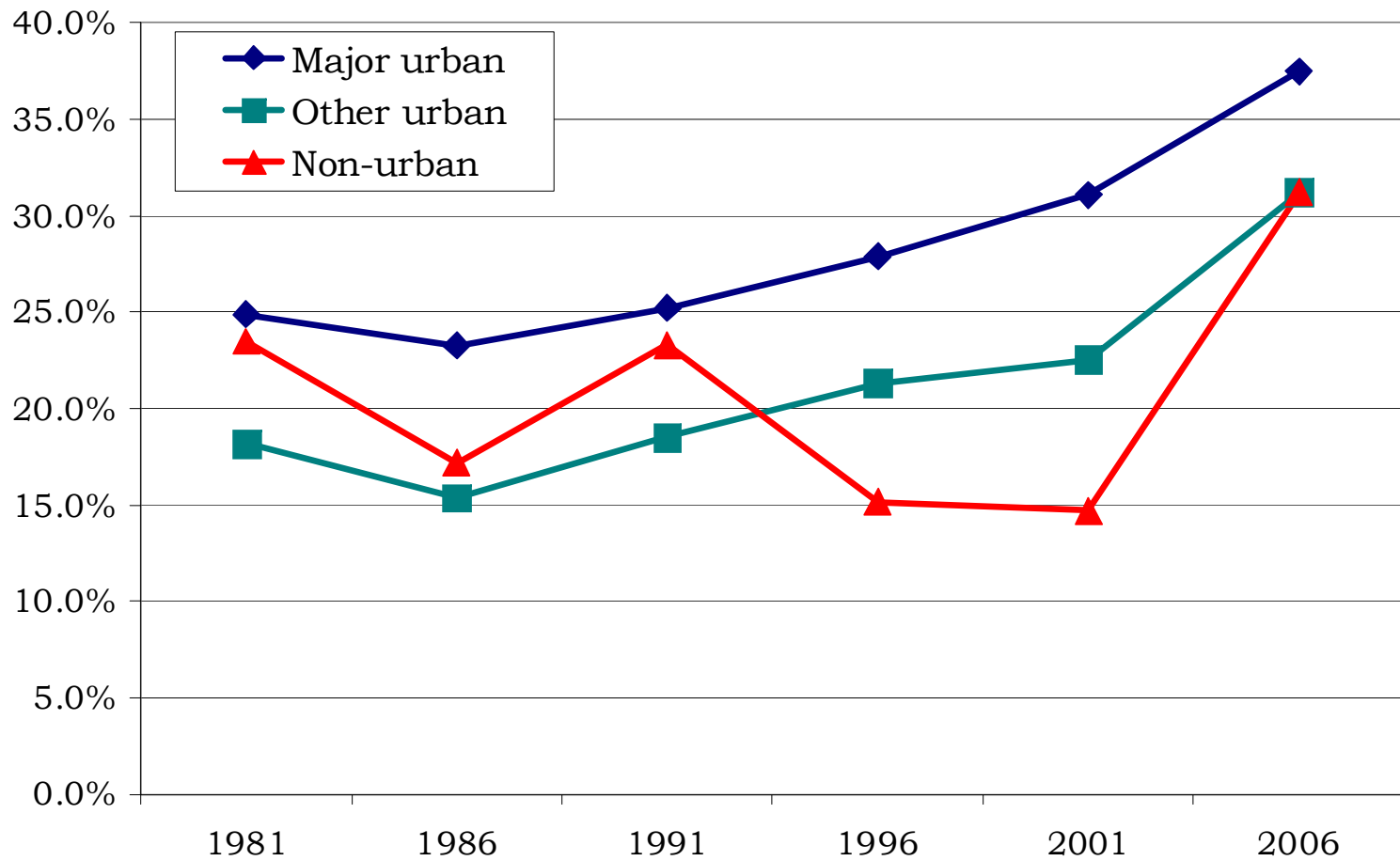
Source: Hunter and Gray (2001) - AJLE

Private sector employment



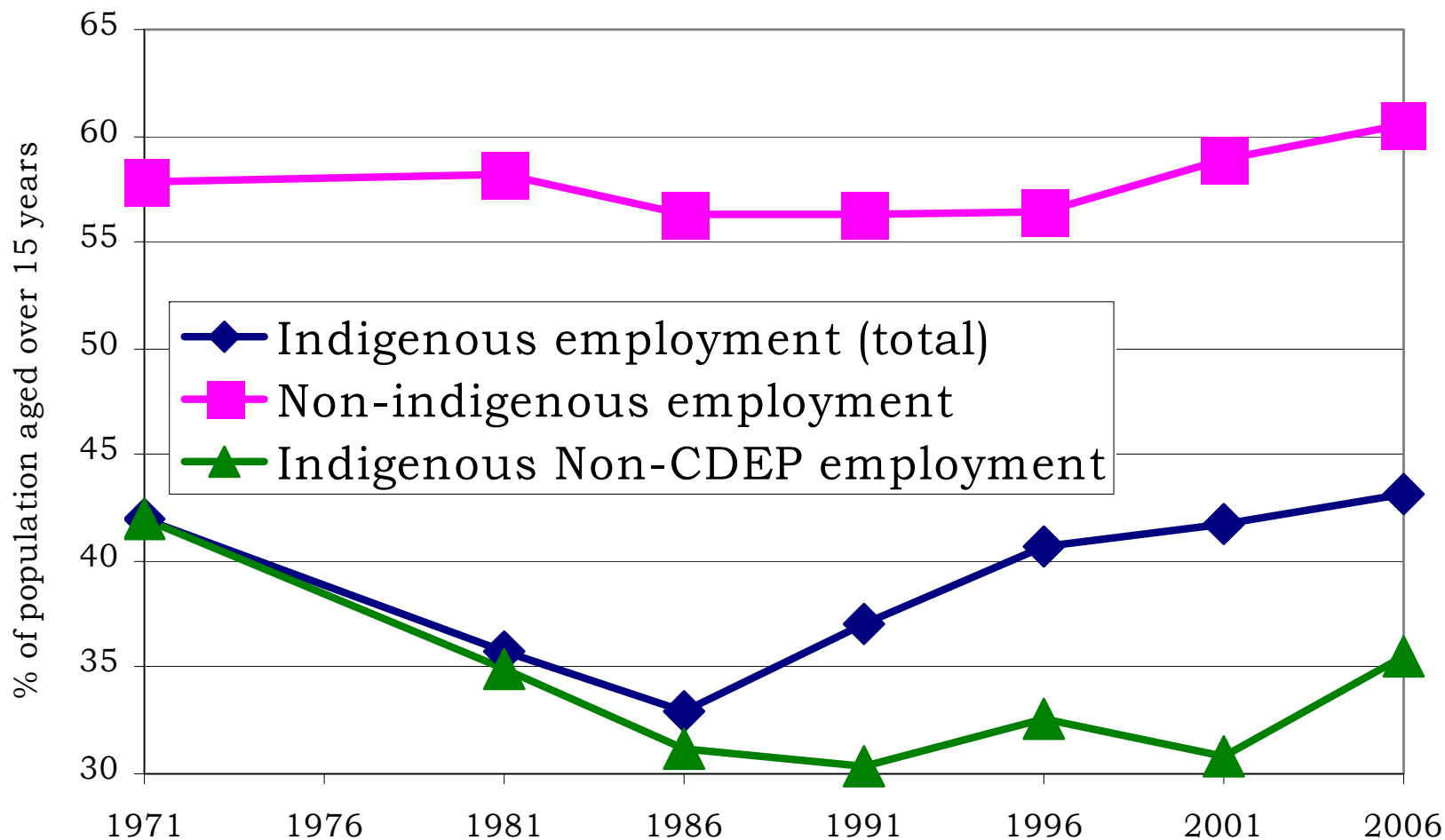
Source: Authors calculations

Indigenous private sector by Section of State



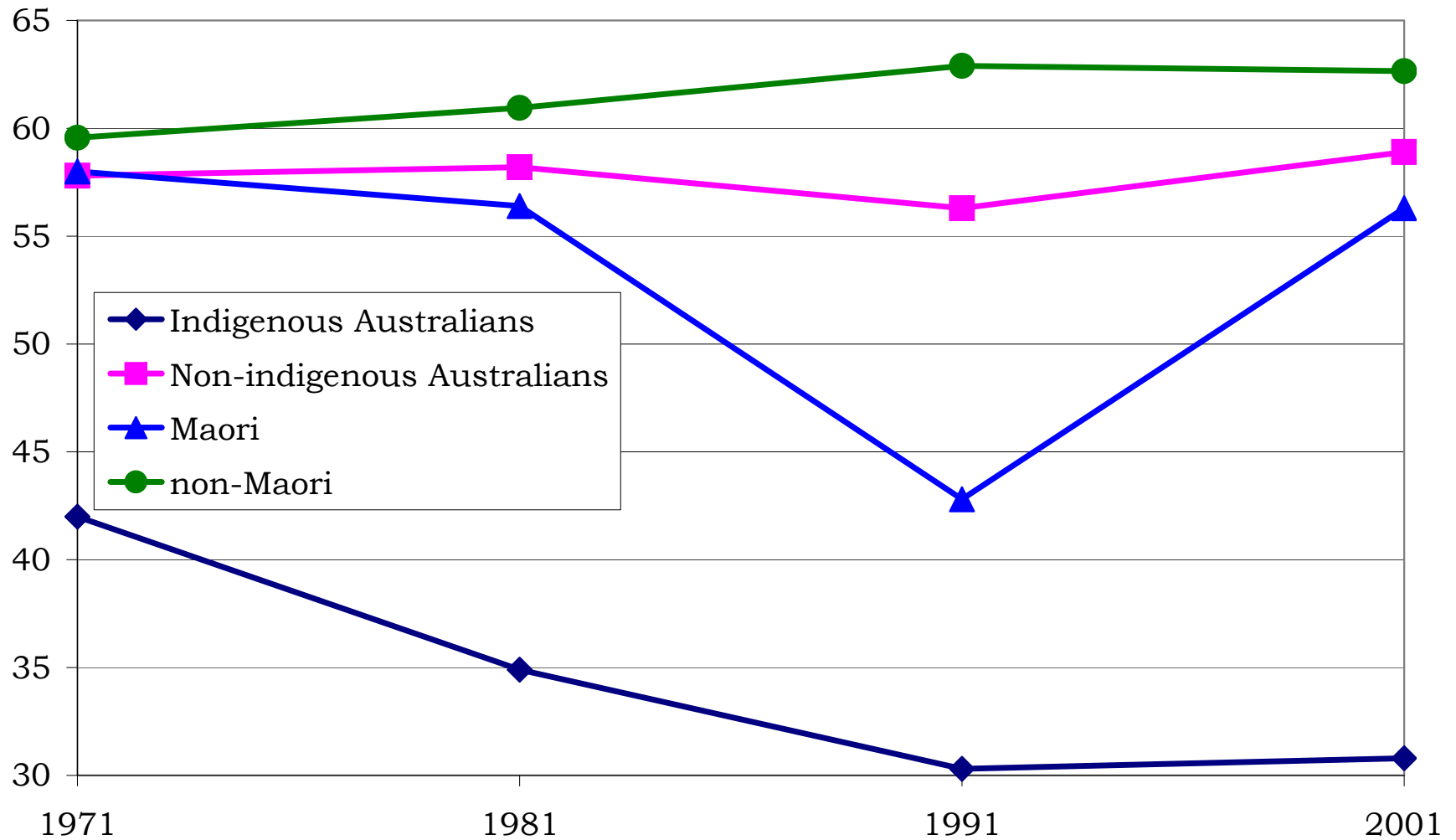
Source: Authors calculations

Long-run trends in non-CDEP employment population rates



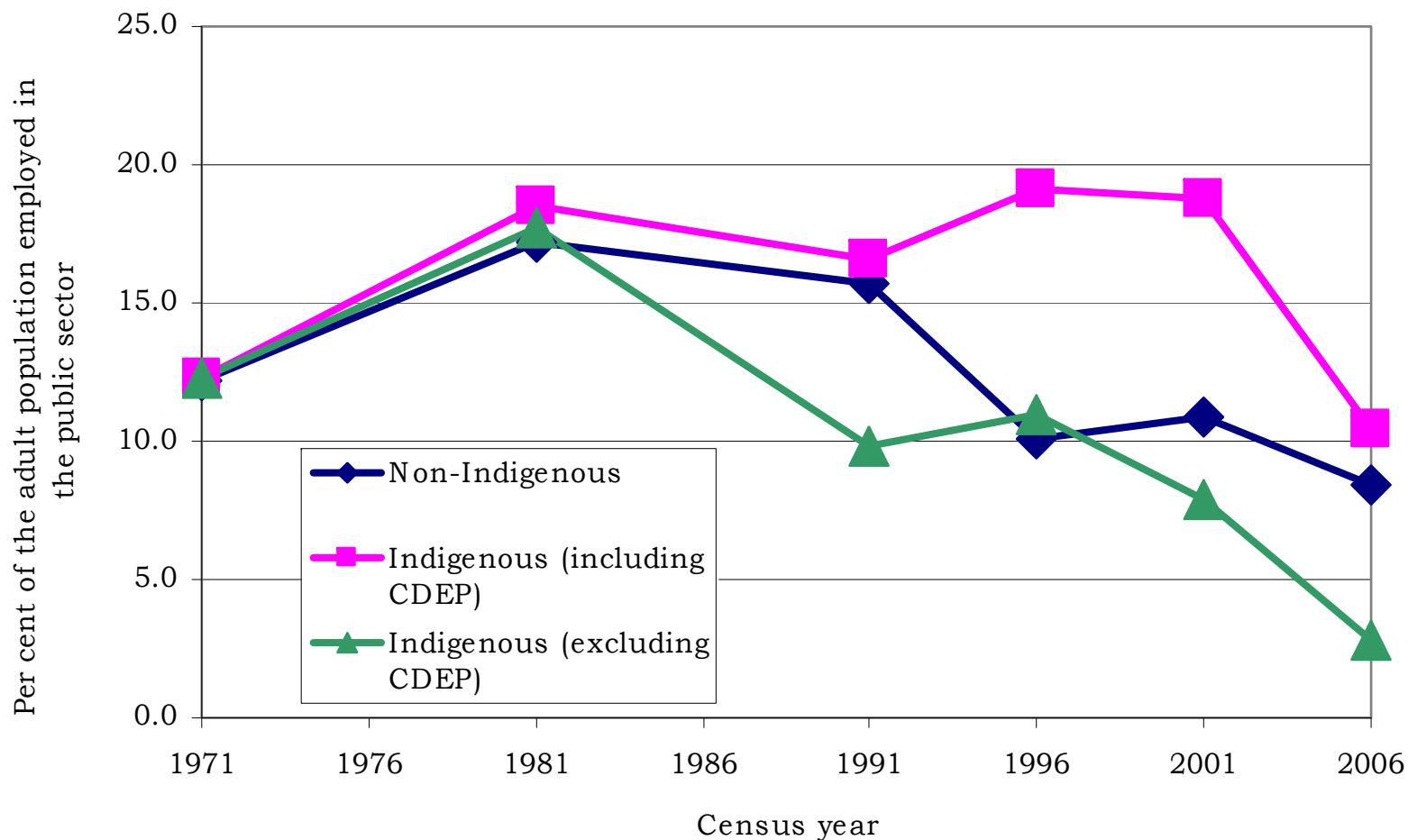
Source: Authors calculations

Long-run Trends in Indigenous employment: NZ & Aust



Source: Hunter (2007) - Economic Papers

Fluctuations in public sector employment



Source: Authors calculations (Note issue with classifying CDEP)

Employment Projections to 'Close the Gap'

| | Status quo | | Halve the gap | |
|--------------------------------|------------|---------|---------------|---------|
| | CDEP kept | No CDEP | CDEP kept | No CDEP |
| Employment rate, 2006 | 43.2 | 43.2 | 43.2 | 43.2 |
| Emp. rate, 2016 target | 43.2 | 43.2 | 51.9 | 51.9 |
| Number emp, 2016 projection | 184,969 | 184,969 | 222,006 | 222,006 |
| Jobs required, 2016 projection | 45,528 | 80,252 | 82,565 | 117,289 |

Source: Biddle Taylor and YAP (2009) – AJLE Forthcoming

Years till 'Gap' is Closed

| | Convergence based on long run trends since 1971 | Convergence based on post-1996 trends |
|--|---|---------------------------------------|
| Unemployment rate (% labour force) | 28 | ** |
| Employment to population ratio (% adults) | ** | ** |
| Labour force participation rate (% adults) | 100+ | ** |
| Private-sector employment (% adults) | ** | 23 |
| Median income in \$2006 - Individual | 100+ | ** |
| Household size | 100+ | 100+ |
| Median income in \$2006 - Household | 94 | 100+ |
| Home owner or purchasing (% Indigenous population) | 100+ | 100+ |
| Never attended school (% adults) | 2 | 14 |
| 15-24 year olds attending educational institution | NA | 63 |
| Post-school qualification (% adults) | 44 | 25 |
| Degree or higher (% adults) | NA | 100+ |
| Male life expectancy at birth (years) | 100+ | ** |
| Female life expectancy at birth (years) | 47 | ** |
| Population aged over 55 years (%) | ** | 100+ |

Source: Altman, Biddle and Hunter (2009) – AEHR

Trends in NATSISS data (%)

| | 1994 | 2002 | 2008 |
|---|------|------|------|
| Labour force status | | | |
| Employment | 36.3 | 46.2 | 51.7 |
| Unemployment | 22.1 | 13.2 | 10.2 |
| Not in the labour force | 41.4 | 40.0 | 38.1 |
| Education | | | |
| Total with non-school qualification | 11.8 | 24.9 | 32.3 |
| Health | | | |
| Self-assessed health excellent/very good | 45.3 | 44.1 | 43.7 |
| Self-assessed health good | 37.1 | 32.4 | 34.0 |
| Self-assessed health fair/poor | 17.5 | 23.3 | 22.2 |
| Currently smokes cigarettes | 51.7 | 50.9 | 46.8 |
| Has not drunk alcohol in last twelve months | 32.4 | 30.6 | 35.1 |
| Family | | | |
| Persons removed from natural family | 8.3 | 8.4 | 8.2 |

NATSISS Trends in remote areas (%)

| | 1994 (%) | 2002 (%) | 2008 (%) |
|---|-------------|-------------|-------------|
| Labour force status | | | |
| Employed | 40.9 | 51.7 | 49.8 |
| Unemployed | 11.5 | 5.5 | 8.6 |
| Not in the labour force | 47.6 | 42.5 | 58.5 |
| Education | | | |
| Total with non-school qualification | 7.8 | 17.2 | 21.3 |
| Health | | | |
| Self-assessed health excellent/very good | 46.5 | 44.2 | 43.9 |
| Self-assessed health good | 42.9 | 35.1 | 37.3 |
| Self-assessed health fair/poor | 10.4 | 20.0 | 18.8 |
| Currently smokes cigarettes | 50.3 | 50.4 | 52.9 |
| Has not drunk alcohol in last twelve months | 44.0 | 46.4 | 46.2 |

Concluding Remarks

- Macroeconomic constraints
 - Two steps forward, and one step back??
 - Indigenous underemployment?
- Ideology and Hyperbole not enough ... need solid evidentiary base
 - Data quality issues
 - Not just the 'COAGulation' of '[K]evidence'
 - Set up evaluation framework before policy starts (at least consistent benchmarks)- cf, NTER
- Social/community factors constrains prospects (alcohol, crime, family disruption)
- Ownership of the issues requires direct Indigenous involvement (Henry 2007)