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Senator the Hon Mark Arbib  
Minister for Employment Participation  
Parliament House, Canberra, ACT 2600

By email

**RE: your undated correspondence re the Crikey article 'Rudd overpromised on Indigenous unemployment'**

Dear Mr Arbib

I was rather surprised to receive your correspondence on Monday 28 June 2010 outlining a raft of activity that the Rudd government had put in place to address Indigenous disadvantage. Of course as someone working in this area for very many years now I am aware of these initiatives and am also a great believer in the need for holistic approaches, preferably at the community or regional levels, to address Indigenous disadvantage. What interests me, and my colleague Dr Nicholas Biddle, is what the net effects of all these activities might be in the area of employment.

The Labour Force Survey (LFS) provides an early opportunity to assess such net effects. While your letter selectively quotes from our opening paragraph, a careful reading of our entire article would have shown that our analysis is more careful and nuanced than your letter suggests. I have discussed your comments with three colleagues at the ANU who are labour market specialists. Dr Biddle and I make the following observations:

- 1 You note that the LFS has small sample sizes ... and very high margins of error'. This is true to a certain extent. Nonetheless, all the comparisons that we make are statistically significant at the 5% level of significance, based on standard error and/or movement standard error as outlined in the ABS publication.
- 2 You suggest that NATSISS and NATSIHS are preferred by the government because they have a larger sample size than the LFS. However, you fail to mention that the NATSISS has no non-Indigenous comparison. If one is to measure gaps it is important to use the same survey instrument as different collection and sampling methodologies mean that different surveys are not necessarily comparable.
- 3 You suggest that the next NATSISS will be released next year, but it will actually only be undertaken in 2014. You may be referring to the NATSIHS but this is a health survey which unlike the LFS is not designed for labour force estimates.
- 4 You note that since 1 July 2009 28,750 Australians have been placed in jobs by Job Services Australia providers. This is at best a measure of bureaucratic efficiency. However, this figure tells us nothing about the number of Indigenous people who may have lost their jobs over the period as well as the number of people entering the workforce. It also tells us little about how many are existing CDEP participants now

required to register with a Job Services Australia provider or how many are still in work.

- 5 You reject the suggestion that the government is outsourcing job creation [in the private sector] to big business through the Australian Employment Covenant suggesting this is just one of a broad range of measures. However, 50,000 jobs initially to be generated in two years is half the government's Closing the Employment Gap target, to be met by 2018, so it hardly a run of the mill measure especially as it is contingent on government training support.

In your haste to criticise our analysis you fail to address our two key points.

The first is whether the Rudd government did enough to protect undeniable growth in Indigenous employment from 2002 to 2007 at the onset of the GFC. This is especially important given the highly dynamic labour force status among Indigenous Australians compared to the rest of the population and the low levels of Indigenous job retention.

The second is the unwillingness to engage with our observation that 'reform' of CDEP in urban and regional Australia might have forced up the unemployment rate and widened the employment gap especially as the reported unemployment rate is highest in major cities and regional areas.

Ultimately, through the Rudd government's leadership COAG has set employment outcomes not inputs as its targets. The COAG publication *National Indigenous Reform Agreement (Closing the Gap)*, at Schedule G 'Progress towards the Closing the Gap Targets' (at paragraph G4 page G-85) provides data on the expected straight line trend in closing the gap between 2008 and 2018 (or 2006 and 2016, census years, on occasions). If the government expected employment to fall in the first few years of the ten year period it should have made that clear. If they did not, then the only available evidence suggests that its policies may need to be reconsidered. One place to start might be to match place-based aspirations with place-based opportunities.

I do not question that the challenge we all face is massive, although I am not sure that setting long-term goals to halve the employment gap in or of itself represents a solution. I sincerely hope that real progress is made, but if the only reasonably reliable official statistics for gauging short-term trends at a national level indicate a statistically significant negative change, it might be sensible for government to take notice.

We would be very happy to discuss our concerns with you further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Cairns', written over a horizontal line.

30 June 2010