Australia’s Aboriginal and Torres Strait Islander peoples now constitute around 2.5 per cent of the national population (ABS 2006). On average, they fare worse than their non-Indigenous counterparts on a range of economic measures including income, employment and education. These are some of the reasons for targeted policy campaigns such as the Council of Australian Governments’ (COAG) efforts to ‘Close the Gap’. However, average statistics can disguise a great diversity in living circumstances and economic aspirations among Aboriginal and Torres Strait Islander peoples. For example, some Indigenous Australians have very high incomes. Others may have low incomes but be satisfied because they prefer lifestyles that include customary economic activities (like hunting, fishing and collecting bush foods) and reliance on communal, rather than private, economic resources. This article briefly discusses the implications of this diversity for economic analysis. It also summarises how Indigenous Australians fare on some standard measures of economic status.

Recognising Diversity

The first thing to note when seeking to understand the economic issues faced by Indigenous Australians is that Aboriginal and Torres Strait Islander peoples are incredibly diverse. So too are their economic circumstances.

Location And Employment Opportunity

For the purposes of policy-making and economic analysis, a distinction is often made between Indigenous people who live in ‘remote’ and ‘urban’ locations. According to the Australian Bureau of Statistics (ABS 2010, p.18) almost three quarters of Indigenous Australians live in major cities or regional areas. Around one quarter live in remote or very remote parts of the country.

Location can have important economic implications. For example, urban areas usually provide more opportunities for employment. This is an important factor in considering socio-economic status because having a job is the primary means by which most people earn an income. Urban and regional areas also provide more opportunities for some forms of private wealth accumulation such as home ownership. For many Aboriginal and Torres Strait Islander peoples in these locations, the major economic issues are much like those faced by other Australians: employment, education, income and access to appropriate housing.

However, the economic issues facing Aboriginal and Torres Strait Islander peoples in remote and very remote Australia can be quite different. Income and employment certainly remain major concerns, with fewer job prospects and a large proportion of the remote-living Indigenous population dependent on social security payments. But the very different colonial history in remote areas raises some additional considerations.

Colonial History And Access To Land

In large parts of the tropical north and inland areas of Australia colonial encroachment came relatively late. Indigenous people in these locations could more easily maintain their connections to ancestral lands and customary activities. This history has allowed significant reclamation of land under land rights and native title legislation, with Indigenous-owned land now accounting for around 20 per cent of Australia’s landmass. More than 99 per cent of this Indigenous-owned land is in remote and very remote regions (Altman et al. 2007, p.14 & 9). For these reasons, the economic potential of Indigenous-owned lands and the rejuvenation of customary economic activities might be more important for some remote-living Indigenous people than finding a job in a major city or purchasing their own home.

The distinction between urban and remote Indigenous populations is somewhat of an artificial one because there is short-term mobility and longer-term migration across these geographic regions. Likewise, land rights are a major concern for some urban Indigenous people, and employment and housing might top the list of economic concerns for many Aboriginal and Torres Strait Islander people in remote regions. It is important to remember, though, that the diversity of the Indigenous population means there is also a great diversity of economic aspirations.
What Can The Statistics Tell Us?

While it is essential to recognise diversity, it is also useful to look at standard measures of socio-economic status to see how Indigenous Australians, on average, fare.

Income

One of the most common ways to measure economic status is personal income. This is fundamental to peoples’ day-to-day living standards, at least to the extent that it allows their basic needs to be met. A useful way to understand income distribution is by looking at median individual incomes.

The data presented in Figure 1 refer to gross (before-tax) weekly incomes. They show that in 2006 the median gross individual income of all Indigenous Australians aged 15 years and over was around $280 per week. This was only 59 per cent of the median gross income received by non-Indigenous Australians aged 15 years or more (roughly $470 per week). The gap between the median incomes of Indigenous and non-Indigenous Australians was highest among people of prime working age.

The low median income of the Indigenous population reflects a relatively high incidence of ‘absolute poverty’ in which people cannot meet all of their basic material needs (such as adequate food and housing). Again, though, it is important to remember the diversity of the Indigenous population. For example, some Aboriginal and Torres Strait Islander people—especially in remote areas—supplement their income with subsistence activities like collecting bush foods, so measures of cash income might not adequately reflect their living standards. In addition, while Indigenous people are overrepresented among low income earners, some Aboriginal and Torres Strait Islander Australians are doing very well financially. In 2006 almost 8 per cent of Indigenous Australians aged 15 years and over (around 20,000 people) were in receipt of relatively high gross weekly incomes of $1,000 or more.

Employment

One of the key factors limiting the median income of the Indigenous population is a relatively low participation in paid work. A useful way to understand this is the ‘employment to population ratio’. This is simply the proportion of the total Indigenous population of working age (15 to 64 years) who are employed. Figure 2 shows that, in 2006, the Indigenous employment to population ratio for the whole of Australia was 48 per cent. This compares to a non-Indigenous ratio of 72 per cent. Halving the gap between these two ratios by 2018 is a key target in COAG’s Closing the Gap commitments.

Figure 2 also shows Indigenous and non-Indigenous employment to population ratios by remoteness. The gap between the two ratios is largest in remote and very remote areas. One reason for this is that non-Indigenous people who live in these areas tend to do so because their jobs require them to live remotely (such as alongside mining operations). If these people cease their employment they usually move back to more urbanised locations.

While some people rely predominantly on the incomes of others or on some form of subsistence production, the usual alternative to income from paid work is a reliance on social security payments. According to the 2006 Census, just under 48 per cent of Indigenous people aged 15 to 64 years relied on welfare payments as their primary source of cash income. The equivalent figure for non-Indigenous people was around 17 per cent (SCRGSP 2009: 8.46). The overrepresentation of Indigenous Australians among social security recipients constrains Indigenous incomes and is one of the enduring economic concerns in Indigenous affairs.

---

**Figure 1:** Median gross weekly individual income, by age, 2006

Note: Weekly individual income is the amount usually received each week from all sources.

[Graph showing median gross weekly individual income by age, with Indigenous and Non-Indigenous data.

Source: SCRGSP 2009, p. 4.110. Derived from 2006 Census data.]
Land Ownership

An additional economic issue faced by many Aboriginal and Torres Strait Islander Australians is land ownership. Land rights legislation exists in most States and Territories, and native title legislation has been introduced at the federal level. As noted earlier, Indigenous-owned land now accounts for around 20 per cent of Australia’s landmass. Indigenous people have used this land to practise customary activities and, in some cases, establish commercial enterprises.

However, significant aspects of land rights and native title legislation have limited their ability to provide greater economic opportunity. For example, they provide only for the Indigenous ownership of land, and not of the most commercially valuable resources—such as the minerals—within it. This is different to comparable laws in other colonial settler states (Canada, the USA and New Zealand) where minerals and other commercially valuable resources like forests and fisheries have been included in land settlements (Altman 2006). For this reason, maximising the economic leverage of land held under native title or land rights legislation can be the principle economic concern of some Aboriginal and Torres Strait Islander people.

STUDENT ACTIVITIES

5. Examine Figure 1 and suggest reasons why the gap between the median incomes of Indigenous and non-Indigenous Australians is highest among people of prime working age.

6. Distinguish absolute poverty from relative poverty and explain why the living standard of some Aboriginal and Torres Strait Islander people is difficult to measure.

7. Why is it important to lift the participation rate of the Indigenous population in paid work? In your answer refer to the proportion of the Indigenous population relying on social security payments.

8. How do existing land rights and native title legislation constrain the economic opportunities of Indigenous landowners?

Economic Systems

The diversity of Indigenous living circumstances can make it difficult to pinpoint the most important economic issues and what is needed to address them, and is one of the reasons why Indigenous policy-making is so contested. For example, if income and employment are seen as most important, then it might make sense to encourage remote-living Indigenous people to move away from their ancestral lands to areas of greater employment opportunity. If, however, connections to land are judged as paramount, a greater emphasis might be put on trying to increase the economic and employment potential of Indigenous-owned land.

In recent years a number of people have tried to develop models of economic systems that can accommodate the diversity of Indigenous aspirations. For example, the ‘hybrid economy’ model has been developed to help conceptualise some Indigenous economies which rely on a combination of government support, market engagement and customary economic activities like hunting and gathering (Altman 2001; see also Russell 2011). The model suggests that, even though access to some economic resources (such as privately-owned assets and income from employment) might be limited, the ability to draw on a wide range of resources—including public and private funds as well as social and cultural assets—can generate some creative and highly productive activities. One commonly cited example is where an artist who relies in part on government payments produces work for sale in the market using customary knowledge and practices.

Similarly to the hybrid economy model, the ‘livelihoods’ approach recognises diverse livelihood strategies that may rely on various combinations of paid work, enterprise, trade, social security payments and subsistence activities (see for example Davies & Maru 2010; Davies et al. 2008). From this perspective, economic analyses that are too narrowly focused on financial concerns overlook the significance of diverse aspirations and cultural and social assets in the sustainability of Indigenous communities (Stafford Smith, Moran & Seemann 2008).

Conclusion

Indigenous socio-economic disadvantage remains one of Australia’s biggest challenges, and the scale of disadvantage requires concerted effort to redress. However, it is important to recognise that average statistics may obscure the diversity of Indigenous living circumstances.
The economic issues canvassed here are only some of those concerning Aboriginal and Torres Strait Islander people across the country. Others include education, housing, restitution for past practices (such as stolen wages) and the effects of current policies like income management. These issues are often intertwined with other concerns such as appropriate governance arrangements and political representation. Effective representation of Aboriginal and Torres Strait Islander Australians in political processes offers the best hope that the diversity of Indigenous economic aspirations will be heard.

**STUDENT ACTIVITIES**

9. Explain why adopting a “hybrid economy” model or ‘livelihoods’ approach might assist in the development of policies to help to close the gap.

10. Critically assess the effects of contemporary government policies on Indigenous socio-economic disadvantage. In your answer refer to factors affecting the distribution of income and wealth and some of the relatively new policies affecting the receipt of social welfare payments and community support in the Northern Territory.

**References and Further Reading**


