



# EXECUTIVE SUMMARY

## The impacts of COVID-19 on the Indigenous Workforce



### Summary

COVID-19 represented the largest economic shock to the Australian economy in nearly a century.

To understand the impact of the COVID-19 pandemic on Australia's Indigenous workforce, Generation One commissioned Deloitte Access Economics to quantify the economic damage.

The findings unveiled an alarming data gap on the Indigenous workforce, and led to the conclusion that the economic participation of Indigenous Australians is not regularly measured. Only through forecasting and modelling from 2016 economic data was Deloitte Access Economics able to estimate the number of Indigenous jobs lost in 2020.

### Key findings of the report included:

- In the first three months of the COVID-19 pandemic, an estimated 14,400 Indigenous workers lost their jobs.
- New South Wales, Queensland and Western Australia experienced the greatest Indigenous job losses.
- Overall employment impacts are expected to set back progress against Australia's **Closing the Gap** employment targets by at least two years.
- Indigenous Australians were less likely to qualify for JobKeeper due to a higher number being employed on a casual basis for less than 12 months.
- COVID-19 exacerbated existing barriers to employment for Indigenous people such as digital inclusion and crowded housing, and poses new employment barriers into the future, including digital exclusion.

# 49%

**of working Indigenous people are employed**

compared to 75% employment rate for non-Indigenous people

# 14,400

**Indigenous Australians are estimated to have lost their jobs between March and June 2020**

**Indigenous Australians are**

# 2.4x

**less likely to work from home**

# 2 YEARS

**of lost progress.**

Estimates suggest that employment may not recover to pre-Covid-19 levels until early 2022

## Where to next?

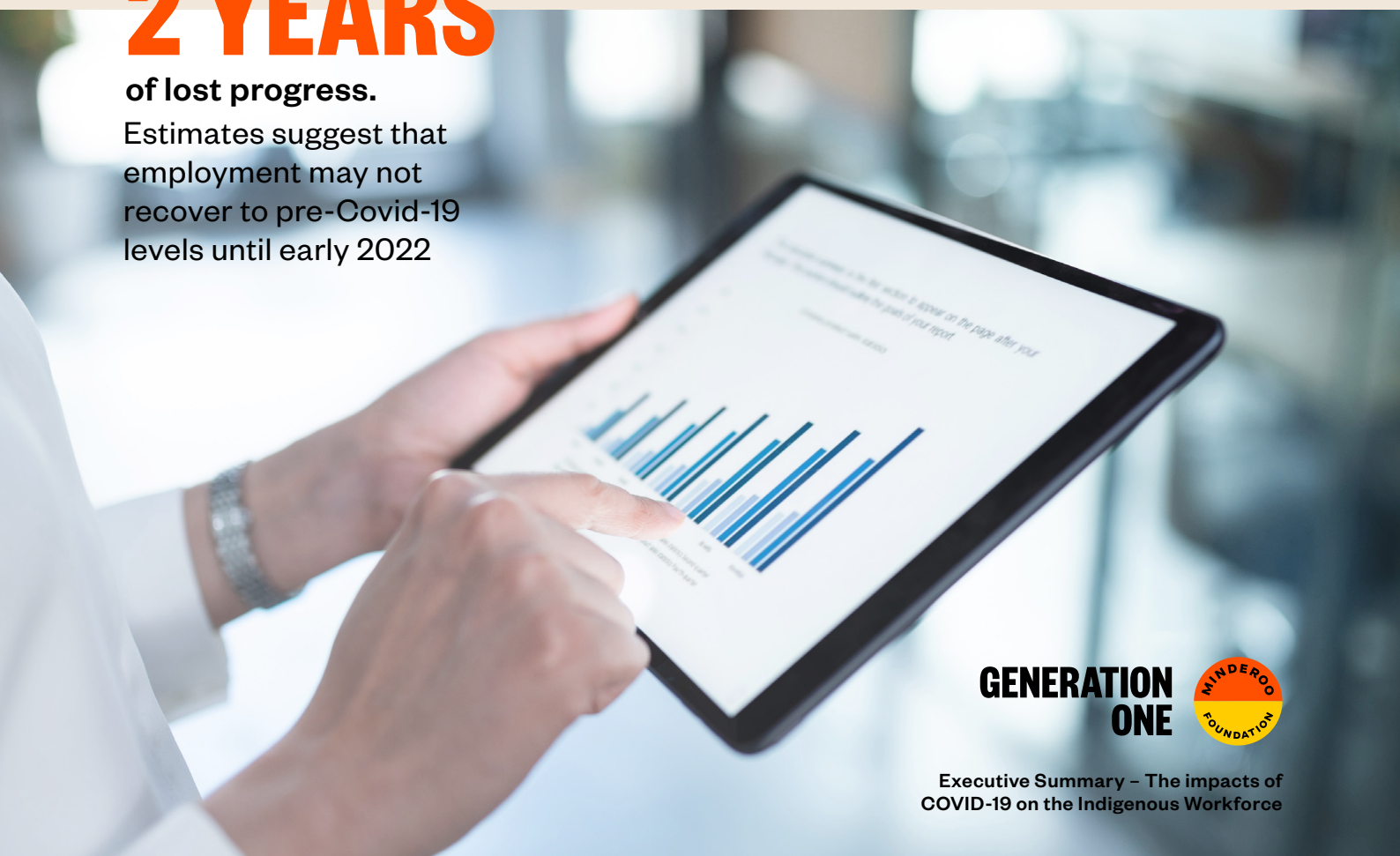
Generation One is advocating for more regular data capture on the Indigenous workforce, including by Australia's 100 largest workplaces, by governments, and through national legislative change to shine a spotlight on the invisible recent experiences of Indigenous Australians in the labour force.

## Call to action

To help close the data gap, we are calling on every Australian workplace to understand and report on the state of Indigenous employment in their own organisations.

To support organisations on their journey, Generation One is embarking on a major research project amongst the 100 largest Australian workplaces to examine what works when it comes to achieving Indigenous employment parity.

**To learn more, or register your organisation's interest to help close the Indigenous employment data gap, contact Generation One at [generation-one@minderoo.org](mailto:generation-one@minderoo.org)**



**GENERATION  
ONE**



Executive Summary – The impacts of COVID-19 on the Indigenous Workforce





## **The impacts of COVID-19 on the Indigenous Workforce**

Minderoo Foundation | Generation One

February 2021

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# Executive summary

## **There is reason to expect that economic impacts of COVID-19 have been worse for Indigenous workers.**

The outbreak of COVID-19 in early 2020 and the subsequent restrictions on gatherings and business activity led to the Australian economy entering its first official recession in nearly three decades. From March to June 2020, the seasonally adjusted unemployment rate rose from 5.2 per cent to 7.4 per cent nationally.<sup>1</sup> Since then, data suggests that employment has been recovering towards pre-COVID levels, though there remain risks to the future economic and health outlook.

**Local and international research suggest that Indigenous populations are more sensitive to economic shocks.** Indigenous populations have been shown in studies to be less likely to benefit from government stimulus measures, and tend to be slower to re-enter the workforce following economic downturns, compared to non-Indigenous populations.

Economic downturns are also known to widen existing inequalities by having a disproportionate effect on vulnerable cohorts. In Australia, economic participation of Indigenous people is of particular concern given the disparities between employment rates of Indigenous (49 per cent in 2018) and non-Indigenous Australians (75 per cent in 2018).<sup>2</sup>

**Indigenous Australians are more likely to be employed on a casual and short-term basis.** Research shows that 35 per cent of Indigenous workers were casually employed in 2014-15, compared to 20 per cent of non-Indigenous workers.<sup>3</sup> Casual employment, without access to paid leave, makes Indigenous workers particularly vulnerable during an economic crisis.

In the current context, high rates of casualisation mean that many Indigenous workers may not have benefited from the JobKeeper scheme, which excludes short-term casual employees. In 2014-15, 46 per cent of Indigenous casual workers reported that they were in their current job for less than 12 months.<sup>4</sup>

JobKeeper applications and Census data also show that locations with a high proportion of Indigenous workers have had significantly lower application rates for this scheme. The average JobKeeper application rate was 87 per 1,000 employed people nation-wide, in contrast, the average application rate across the ten locations with the highest concentration of Indigenous workers was 52 per 1,000 employed people.

**Indigenous workers also tend to be younger and have on average lower educational attainment.** Younger and lower skilled workers have been shown to be disproportionately impacted during economic downturns. For example, they are more likely to face difficulty transitioning from school into work, or be crowded out of the workforce by older and more skilled workers. Furthermore, the COVID-19 shutdowns had a severe impact on relatively low-skilled industries like tourism, retail and hospitality, suggesting that workers with less education may be particularly impacted.

Indigenous workers are more likely to work in low-skill and low-pay occupations. For instance, the Year 12 or equivalent attainment rate for Indigenous Australians was 24 percentage points lower than for non-Indigenous Australians in 2016 (66% as compared to 91%).<sup>5</sup> In addition, the Indigenous workforce is relatively young with 37 per cent of Indigenous workers between 15-29 years of age, compared to 25 per cent of non-Indigenous workers. In 2016, the median age of Indigenous Australians was 15 years younger than non-Indigenous Australians.<sup>6</sup>

### Sources:

1 Australian Bureau of Statistics, Seasonally adjusted unemployment (2020) <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>>.

2 National Indigenous Australians Agency, Closing The Gap Report (2020) <<https://ctgreport.niaa.gov.au/employment>>.

3 Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23 (2) Australian Journal of Labour Economics 189.

4 Australian Bureau of Statistics, National Aboriginal and Torres Strait Islander Social Survey (2014-15) <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/4714.0>>.

5 Australian Government, Closing the Gap (2020) <<https://www.ctgreport.niaa.gov.au/sites/default/files/closing-the-gap-report-2020.pdf>>.

6 Australian Bureau of Statistics, Census data median age (2016) <<https://www.abs.gov.au/ausstats/abs@.nsf/MediaReleasesByCatalogue/02D50FAA9987D6B7CA25814800087E03>>.

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**Indigenous-owned businesses – which are also more likely to employ Indigenous workers – are concentrated in small and medium-sized enterprises.** Smaller businesses are typically harder hit by recessions because they lack the resources to withstand periods of reduced cashflow.

According to 2016 Census data, Indigenous business owners are 5% more likely to be sole traders and significantly more likely to employ fewer than twenty employees across Australia.<sup>1</sup> Majority-owned Indigenous businesses are nearly 100 times more likely to employ Indigenous workers than other Australian businesses.<sup>2</sup>

**Indigenous Australians experience lower rates of digital inclusion, particularly in remote locations.** One of the biggest work culture shifts during this pandemic related to the normalisation of working from home. However, high levels of digital exclusion as well as less suitable housing conditions mean that for a lot of Indigenous workers that may have not been feasible.

In 2020, the Australian Digital Inclusion Index (ADII) measure for Indigenous Australians living in regional and urban areas was 7.9 points below the national average.<sup>3</sup> According to the 2016 Census, Indigenous workers were also 2.4 times less likely than non-Indigenous workers to be working from home (2.2 per cent as opposed to 5.3 per cent).<sup>4</sup>

This divide is likely to reflect factors like the prevalence of mobile-only connectivity among Indigenous people in remote communities, and unsuitable housing conditions for remote work. This may be one of the driving forces of longer-term inequalities given the changing work culture in the COVID-19 pandemic.

**But, we are unable to know the actual impacts of COVID-19 on Indigenous workers due to a lack of accurate and timely data.**

**An understanding of the magnitude of the impact of this crisis on Indigenous Australians is critical.** It is crucial that the economic impacts of the COVID-19 crisis on Indigenous Australians are well understood in order to inform policy and private sector strategies that would support the recovery in Indigenous employment – to mitigate the potential risks specific to Indigenous Australians and to ensure an equitable economic recovery.

**However, the lack of representative, meaningful and timely data on Indigenous Australians' employment status and experience is a material barrier to undertaking the required analysis.** The available evidence on the impacts of COVID-19 on employment and economic growth rarely includes cohort-specific breakdowns that allow for an analysis focusing on Indigenous Australians. More generally, the existing data sources, such as the ABS Labour Force Survey, Household Income and Labour Dynamics in Australia (HILDA) survey, or Census, suffer from either a lack of timeliness, no information on Indigenous background, or very low sample sizes for Indigenous individuals.

In the absence of a more suitable data source, it is however possible to develop methods, such as relying on proxy characteristics and circumstances, to arrive at estimates of impact. While useful, these need to be treated as indicative, and if used to inform policy, should be triangulated with the views of employers and Indigenous Australians themselves.

## Sources:

1 Australian Bureau of Statistics, Census (2016)

2 Boyd Hunter, 'Whose business is it to employ Indigenous workers?' (2015) 46(4) *The Economic and Labour Relations Review* 631.

3 Thomas Barraket et al. 'Measuring Australia's Digital Divide' (2020) RMIT and Swinburne University, Melbourne (report commissioned by Telstra, February 2020) <[https://digitalinclusionindex.org.au/wp-content/uploads/2020/10/TLS\\_ADII\\_Report-2020\\_WebU.pdf](https://digitalinclusionindex.org.au/wp-content/uploads/2020/10/TLS_ADII_Report-2020_WebU.pdf)>.

4 Australian Bureau of Statistics, Census (2016)

# Executive summary

**Based on the data that is available, modelling suggests that a significant number of Indigenous Australians lost their jobs between March and June 2020 as a result of the COVID-19 related economic downturn.**

**Modelling suggests that 14,400 Indigenous Australians lost their jobs between March and June 2020.** The modelling, using data on the location and industry representation of Indigenous Australians, indicates that this corresponded to a 6.8% employment hit to Indigenous employment, greater than the 6.5% impact on non-Indigenous Australians at the time.

Not all industries were adversely impacted by the economic consequences of COVID-19, for instance, health care and public administration experienced growth in employment. These two industries also employed relatively large numbers of Indigenous workers (approx. 46,200 people in 2016; 27% of the total Indigenous workforce).

The immediate economic impact of COVID-19 on other industries was negative, with the administrative, transport, construction and accommodation industries being the hardest hit. These four industries have also historically employed a significant number of Indigenous workers, particularly in the construction and accommodation services industries (approx. 44,300 people in 2016; 26% of the total Indigenous workforce).

**The gains that might have been achieved if not for the COVID-19 pandemic – for example towards Closing the Gap – are likely to have been delayed by at least two years.**

**Macro-economic forecasts suggest that employment may not recover to pre-COVID-19 levels until early 2022.** Recent macroeconomic data indicates that 9 in every 10 Australian jobs lost in the early months of the crisis have now been recovered, showing a faster and stronger employment recovery than had previously been expected. Deloitte Access Economics' macroeconomic forecasts suggest that employment will recover to pre-COVID levels by early 2022.<sup>1</sup>

If the experience of Indigenous workers were to mirror that of the overall labour market - with employment recover to pre-COVID levels by early 2022 - this would still imply roughly two years of foregone progress towards more equitable employment outcomes for Indigenous Australians, and there are reasons to expect there are risks of a more delayed recovery.

**The effects of bias and historical social exclusion may mean that Indigenous Australians are left behind in the recovery phase.** Unconscious bias towards Indigenous Australians may make it more difficult for them to attain a new job. This type of discrimination may also cause Indigenous Australians to doubt their ability to secure employment in poor labour conditions, become discouraged and leave the labour market.<sup>2</sup> This type of bias can reduce workplace outcomes for Indigenous Australians, so non-traditional methods may be required to engage, recruit, train and retain Indigenous workers.

This impact may be compounded in circumstances where Indigenous workers prioritize commitments to family and Country over paid work, increasing the chances of exiting employment, and weakening job search prospects.<sup>3</sup>

## Sources:

1 Deloitte Access Economics, Business Outlook, December 2020

2 Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23 (2) Australian Journal of Labour Economics 189.

3 Boyd Hunter & Matthew Gray, 'Dynamics of Indigenous and Non-Indigenous Labour Markets' (2017) 20(1) Australian Journal of Labour Economics 207.

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**Although the faster than expected economic recovery is a positive sign for the labour market, it is important to recognise that the true impacts of the pandemic on Indigenous employment are still not known.** Significant differences in the nature of the Indigenous workforce as compared to non-Indigenous workforce are likely to have affected the scale of the impact of the pandemic, but we simply do not know.

**Despite the current challenges in understanding employment outcomes for Indigenous Australians, there is a way forward.**

**In the context of the current crisis, and over the longer term, better data is critical.** A lack of reliable, meaningful and timely data not only obscures the understanding of specific impacts of the pandemic on Indigenous communities, it risks undermining general policy considerations about Indigenous employment and rendering Closing the Gap initiatives or any specific intervention unmeasurable.

**Over the medium term, a balanced employment scorecard could enable a more holistic monitoring of the health of the Indigenous labour force.** Given the presence of a number of risk factors and significant data limitations, it is important not to limit any assessments of the health of the Indigenous labour market to a single metric. Dimensions covered by the scorecard may include:

- Inclusive and culturally sensitive workplaces
- Type and length of employment
- Matching of education and skills
- Business size and ownership
- Digital inclusion practices.

**In the near-term, Indigenous groups, Governments and corporate Australia should work together to devise regular collection and reporting of the state of the Indigenous labour market.** Over time, building on quantitative indicators, on an understanding of the data gaps, and on the qualitative insights from stakeholders, a more complete view of the health of the Indigenous labour market can be developed.

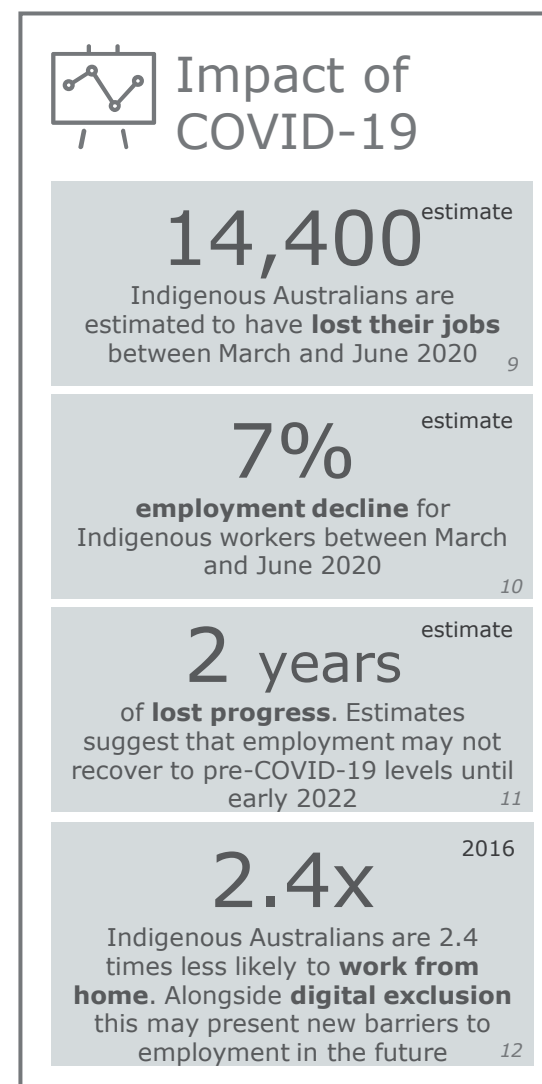
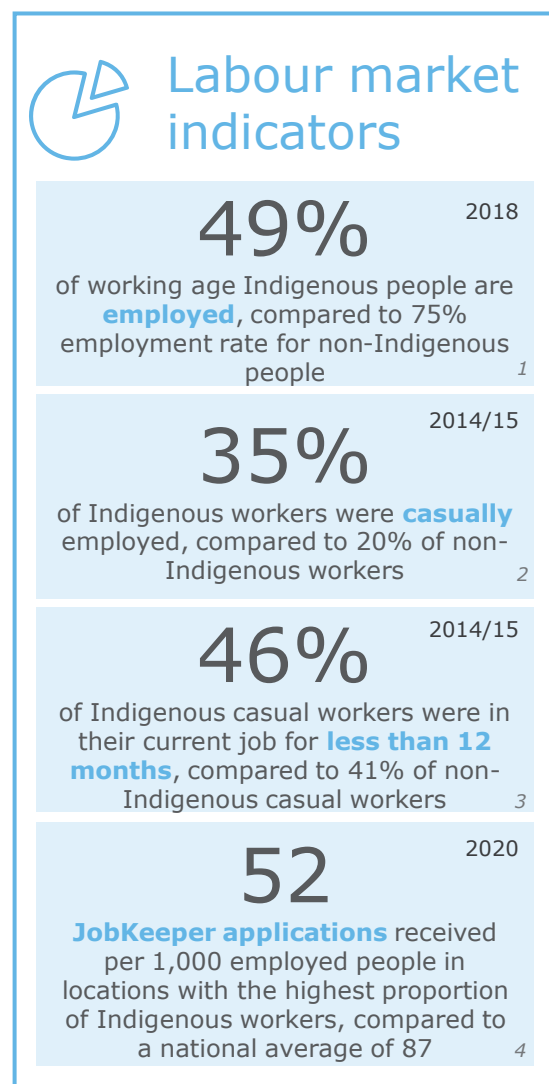
There is a recognised tension in the need for more complete and more frequent data. In line with the principle of Indigenous Data Sovereignty, there is a need to consider how privacy, ownership and control of data, that is intended to support Indigenous opportunity and self-determination, can be owned, analysed (and stored) by Indigenous citizens.

Progress towards a more complete view of Indigenous employment should be a priority. The data collected, if used appropriately and effectively, has the potential to significantly advance the realisation of employment parity for Indigenous Australians in the various ways in which it can be defined.

**Deloitte Access Economics**



# SNAPSHOT: The impacts of COVID-19 on the Indigenous workforce



The summary figures in this infographic should be read and contextualised in conjunction with full report. They should not be read as indicators of deficit framing of the employment circumstances of Indigenous Australians. In addition, causality should not be inferred from the partial data that is publicly available, as it can obscure the complex intersection of factors that influence employment outcomes for any cohort of Australians.

## Sources:

- 1 Australian Government, *Closing the Gap* (2020)
- 2 Calculations based on: Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23 (2) *Australian Journal of Labour Economics* 189.
- 3 Australian Bureau of Statistics, National Aboriginal and Torres Strait Islander Social Survey (2014-15)
- 4 Deloitte Access Economics calculations based on Treasury JobKeeper postcode data Apr-Aug 2020
- 5 Australian Bureau of Statistics, Census (2016)
- 6 Australian Government, *Closing the Gap* (2020)
- 7 Australian Bureau of Statistics, Census (2016)
- 8 Boyd Hunter, 'Whose business is it to employ Indigenous workers?' (2015) 46(4) *The Economic and Labour Relations Review* 631.
- 9-11 Deloitte Access Economics estimates based on Deloitte Access Economics Business Outlook (2020)
- 12 Australian Bureau of Statistics, Census (2016)

Note: Years indicated in top right corners correspond to the years of data collection.

# Context

# Approach

## Introduction

Generation One, part of the Minderoo Foundation has engaged Deloitte Access Economics to undertake analysis of employment and economic data in order to identify the potential impacts of COVID-19 on the employment of Indigenous Australians.

The project consists of two key components:

- quantitative desktop analysis applying Indigenous Australian employment data and Deloitte Access Economics' recent employment forecasts, in order to identify the impact scenario of COVID-19; and
- A review of the Australian and international literature on the impacts of economic downturns on Indigenous Australians, and Indigenous populations more broadly. A small number of targeted conversations were also held with stakeholders, to test the reasonableness of the analysis, and add context to the research.

This report presents the results from the key findings from this research.

Table 1: Key data sources used in the estimates

Data source	Use
Labour Force Survey (Aug 2016)	Provides a base number of employed Australians in 2016 to align with the Census data.
Census (2016)	Allows for a disaggregation of the number of employed Australians by their characteristics (e.g. identification of Indigenous workers).
Business Outlook forecast (Sep 2020)	Deloitte Access Economics macroeconomic forecast used as a basis for extrapolating 2016 numbers and estimating the impact of COVID-19 (by industry and location)

Notes:

1 'Employment' here refers to the number of people working one hour or more in the reference week, as defined by the ABS.

## Method

The estimates presented in this report rely on three key data sources presented in Table 1.

Employment statistics derived from the Labour Force Survey were used as base numbers for the modelling. Census 2016 data were subsequently used to disaggregate the estimated impact of COVID-19 across:

- Indigenous and non-Indigenous Australians;
- SA3 locations (and hence remoteness levels); and
- sub-categories of individual industries.

Deloitte Access Economics' macroeconomic forecasts are also presented.<sup>1</sup> The forecast accounts for any government announcements until September 2020. This includes the extension of JobKeeper until 28<sup>th</sup> March 2021, as announced by the Federal Government in July 2020.

It should be noted that the estimates included in this report rely on the National Accounts datasets up until September 2020. The most recently announced National Accounts (on the 2<sup>nd</sup> Dec 2020) and the January Labour Force Survey showed a stronger recovery than previously anticipated, which is not accounted for in the forecasts. The forecasts should be interpreted with caution and in the context of their limitations.

Further exploratory analysis of other survey data and desktop research was used to inform the interpretation of the forecasts and to identify any potential limitations of the data.

# Background and context

## COVID-19 in Australia

The outbreak of COVID-19 in early 2020 and the subsequent restrictions on gatherings and business activity have led to the Australian economy entering its first official recession in nearly three decades. According to the ABS Labour Force Survey, from March to June 2020, the seasonally adjusted unemployment rate jumped from 5.2 per cent to 7.4 per cent nationally.<sup>1</sup>

Economic downturns of this nature are known to widen existing inequalities by having a disproportionate effect on vulnerable cohorts. In Australia, economic participation of Indigenous people is of particular concern given the disparities between employment rates of Indigenous (49 per cent in 2018) and non-Indigenous Australians (75 per cent in 2018).<sup>2</sup>

A number of new barriers to employment may emerge due to COVID-19 that disproportionately affect Indigenous Australians. For instance, the potential digital exclusion resulting from a shift to remote work, could have long-lasting implications on the employment outcomes of Indigenous Australians. Notably, the effect of these barriers will not be observable in the available forecast.

## Government support

In response to the severe economic shock of COVID-19 and Australia's lockdowns, state and federal governments have implemented several major spending initiatives to stimulate the economy.

While it cannot be clearly determined, it is likely that Indigenous employment outcomes are influenced in some way by government policy, procurement and/or funding, including as it relates to small business support. This includes both directly in terms of specific programs aimed at improving Indigenous employment outcomes, and indirectly via investments aimed at improving the economic fortunes of particular industries and/or locations where Indigenous employment is present. The effects of these policies on Indigenous workforce are not known at this point in time.

Source:

1 Australian Bureau of Statistics, Labour Force Survey, September 2020

2 National Indigenous Australians Agency, *Closing the Gap* (2020) <<https://ctgreport.niaa.gov.au/employment>>



From **19<sup>th</sup> March 2020**, States and Territories begun imposing interstate border **restrictions**. Soon after that, the national borders were closed to non-residents and Australia locked down bars, clubs, cinemas, places of worship.



**Spending** at cafes and restaurants dropped by more than a half in lockdown, and transport services (planes, trains and trucks) dropped by 86 per cent.



The Australian economy experienced a **7 per cent contraction** in the June quarter. This was the largest contraction on record and was primarily the result of a **12.1 per cent reduction in consumer spending**.



In September 2020, the ABS reported that **3.5 million** Australians were reliant on **JobKeeper** and nearly **1.4 million** Australians were receiving **JobSeeker**.



# Overview of the Indigenous workforce

## Industry

Industry analysis based on Census 2016 data (Table 2) suggests that the health care and social assistance industry employs the greatest number of Indigenous workers, followed by public administration and safety and education and training.

It is interesting to note that Indigenous business owners are highly concentrated in the construction industry (28 per cent of all Indigenous-owned businesses; see Appendix B).

In terms of occupation, the Indigenous workforce tends to concentrate in community and personal service workers and labourers (18 per cent and 16 per cent respectively; see Appendix B).

## Location

According to the 2016 Census, the vast majority of the Indigenous workforce work in New South Wales (73,500), Queensland (58,000) or Western Australia (20,500). Few Indigenous workers work in Australian Capital Territory (3,000) or Tasmania (8,500). Hence, the economic recovery of Indigenous workers is likely to be more dependent on how New South Wales, Queensland and Western Australia recover, rather than how Victoria's recovery proceeds following its extended lockdown.

As shown in Table 3, Indigenous Australians were nearly 13 times more likely to live in remote locations than non-Indigenous Australians in 2016. They were also 1.7 times more likely to live in regional areas than non-Indigenous Australians.

Table 3: Distribution of Indigenous and non-Indigenous workers across remoteness categories, Australia

Remoteness Areas	Indigenous workers	Non-Indigenous workers	Total
Major Cities	45%	74%	73%
Inner and Outer Regional	42%	25%	25%
Remote and Very Remote	13%	1%	2%

Source: Australian Bureau of Statistics, Census of Population and Housing, 2016

Table 2: Indigenous workers by industry (2016), Australia

Industry	Number of Indigenous workers	Share of Indigenous workers in a given industry
<b>Health Care and Social Assistance</b>	<b>29,858</b>	<b>1.7%</b>
<b>Public Administration and Safety</b>	<b>21,281</b>	<b>2.6%</b>
<b>Education and Training</b>	<b>18,206</b>	<b>1.8%</b>
Construction	18,582	1.5%
Retail Trade	18,431	1.3%
Accommodation and Food Services	15,489	1.6%
Manufacturing	10,881	1.0%
Other Services	10,105	1.7%
Transport, Postal and Warehousing	9,438	1.3%
Administrative and Support Services	8,602	1.6%
Mining	8,052	3.1%
Professional, Scientific and Technical Services	6,865	0.5%
Agriculture, Forestry and Fishing	5,242	1.5%
Arts and Recreation Services	4,450	1.5%
Wholesale Trade	3,596	0.8%
Financial and Insurance Services	2,829	0.6%
Electricity, Gas, Water and Waste Services	2,208	1.5%
Rental, Hiring and Real Estate Services	2,090	0.9%
Information Media and Telecommunications	1,985	0.8%

Source: Australian Bureau of Statistics, Census of Population and Housing, 2016

# **Quantifying the impact of COVID-19 on the Indigenous workforce**

# Quantifying the impact of COVID-19 on the Indigenous workforce

Developing an understanding of the magnitude of the potential impact of this crisis on Indigenous Australians is critical to informing policy and private sector strategies during, and following this crisis. However, the ability to do this is obscured by the lack of fine grained, accurate and timely data. The lack of representative, meaningful and timely data on Indigenous Australians' employment status and experiences is a material barrier to the type of analysis that can be undertaken, and therefore presented in this report.

As a practical consequence, a report such as this draws on industry and location-based estimates to attempt to quantify the impacts of COVID-19 on Indigenous workforce. Although this method provides the best available view of the likely level of Indigenous employment over time, it should be interpreted with caution and in the context of key assumptions and definitions adopted for the purposes of this estimate:

- The distribution of Indigenous workers by industry and location in 2016 Census is assumed to be representative of the distribution today. However, the distribution is likely out of date due to considerable socio-economic shifts that occurred over the past five years.
- Indigenous workers are assumed to exit and re-enter the workforce at the same rate as non-Indigenous workers. However, it is well established that for Indigenous job seekers a period of unemployment creates a sense of disempowerment and harms confidence with re-engaging with the labour market. In fact, Indigenous people who were unemployed or outside the labour force in 2006 were significantly more likely to remain not employed in 2011 than their non-Indigenous counterparts.<sup>1</sup> The recovery path for Indigenous workers may therefore be slower.
- The employment count measure corresponds to the number of people working one hour or more in the reference week (as defined by the ABS). As a result, any changes to worker hours are not reflected in the estimate.
- Indigenous workers are assumed, on average, to display the same socio-economic characteristics as non-Indigenous workers. However, there are numerous demographic and sociocultural differences between Indigenous and non-Indigenous workers that influence their respective employment outcomes. These differences are explored further in the next section of this report.

More broadly there are challenges regarding the nature of data design, collection and analysis across the Indigenous population. Data collected by the governments and corporations often needs to adopt an assumption that all citizens, and their expectations of employment, are the same. This approach risks obscuring the truth of the experience for individual cohorts and can lead to important gaps in information. In turn, this can reduce the efficacy of policy decisions.

<sup>1</sup> Boyd Hunter & Matthew Gray, 'Dynamics of Indigenous and Non-Indigenous Labour Markets' (2017) 20(1) *Australian Journal of Labour Economics* 207

# The impact of COVID-19 on the Indigenous workforce at the height of the pandemic response

The results of industry- and location-based modelling suggest that the Indigenous labour market experienced a 6.8 per cent decline in employment due to COVID-19 pandemic. Approximately 14,400 Indigenous people are estimated to have lost employment from March to June 2020.

The lowest employment level was experienced in the June Quarter, 2020 and the economy has been experiencing a strong recovery since. Assuming that it recovers at the same rate as non-Indigenous employment, Indigenous employment is expected to recover to pre-pandemic levels towards the early months of 2022. This represents two years of lost progress towards measures such as the Closing the Gap employment target, measured by employment-to-population ratio.

In September 2020, approximately 206,000 Indigenous workers were estimated to be employed in Australia. This is 2 per cent lower than 212,000 estimated to be employed in March 2020.

The short-term impact of COVID-19 on Indigenous employment varies substantially by state with Victoria experiencing 5.8% lower employment in September as compared to March 2020. However, in absolute terms, Queensland experienced the largest impact over this period with over 2,500 Indigenous workers estimated to have lost employment.

Australian Capital Territory is estimated to experience a relative increase in Indigenous employment driven by growth in public sector employment. However, given the population of Australian Capital Territory, this increase is negligible, corresponding to less than 100 Indigenous workers.

Table 4: Estimated impact of COVID-19 on the Indigenous workforce

		Mar 2020	Jun 2020	Sep 2020
Indigenous workers	Employment	212,000	197,000	206,000
	Difference from March 2020		- 14,400	- 5,200
	Quarterly change		-6.8%	4.6%
Non-Indigenous workers	Employment	12.7M	11.9M	12.3M
	Difference from March 2020		- 831,000	- 419,000
	Quarterly change		-6.5%	3.5%

Source: Deloitte Access Economics Business Outlook Sep 2020; Note: Numbers are rounded.

Chart 2: Change in Indigenous employment from March to September 2020 (% , count)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: green shaded area represents forecast period.



# Quantifying the impact of COVID-19 on the Indigenous workforce

The Indigenous employment loss from March to June 2020 appears to be primarily driven by employment decline in:

- Accommodation and Food Services (~5,300 Indigenous people affected);
- Arts and Recreation Services (~1,600 people); and
- Education and Training (~1,600 people).

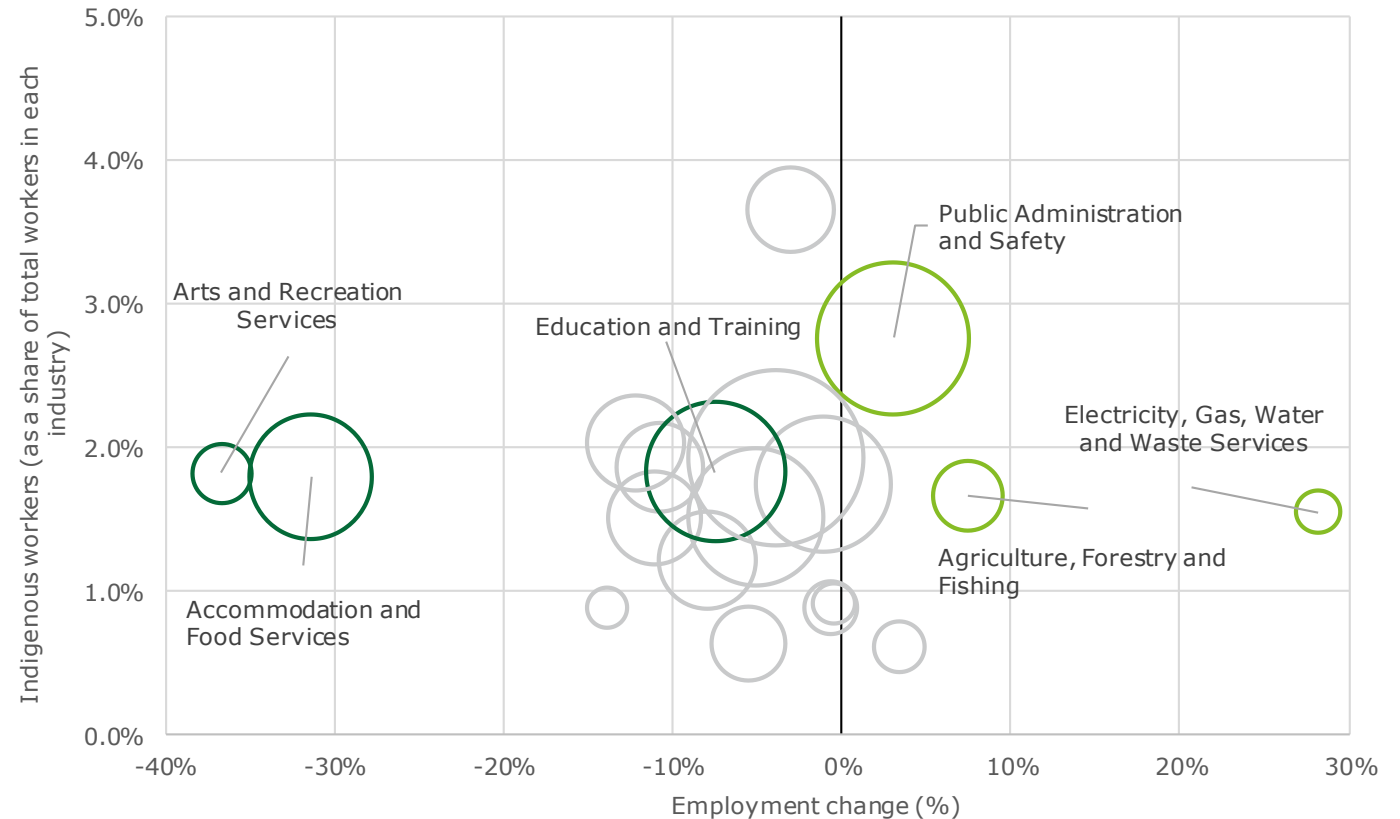
Not all industries with a high number of Indigenous workers appear to be adversely impacted by COVID-19. The following industries are estimated to have observed an increase in employment from March to June 2020:

- Public Administrative and Safety (~700 Indigenous people are estimated to gain employment);
- Electricity, Gas, Water and Waste Services (~500 people); and
- and Agriculture, Forestry and fishing (~400 people).

This estimated impact on the Indigenous workforce varies across remoteness levels:

- Major Cities: ~6,800 Indigenous people were estimated to lose employment (47 per cent of total decline from March to June 2020)
- Inner and outer regional: ~6,200 Indigenous people (43 per cent)
- Remote and very remote areas: ~1,400 Indigenous people (10 per cent)

Chart 1: Estimated impact of COVID-19 on the Indigenous workforce by industry, March to June 2020



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry based on the number of Indigenous workers in each industry

# Indigenous workers might have benefitted less from the JobKeeper scheme

## About JobKeeper

The JobKeeper scheme was introduced on the 30<sup>th</sup> March 2020 as a subsidy for businesses affected by COVID-19 that covers some of the costs of employee wages.

- Businesses are eligible to receive JobKeeper if their turnover has declined by at least 30 per cent (or 50 per cent if their turnover exceeds \$1 bn).
- Self-employed individuals are eligible to receive JobKeeper payments under additional income means tests.

The JobKeeper scheme was subsequently extended for an additional six months from 28<sup>th</sup> September 2020 to 28<sup>th</sup> March 2021.

It should be noted that employers cannot claim JobKeeper support for casual employees, unless they were employed on a regular and systematic basis over a 12-month period.

## JobKeeper and the Indigenous workforce

Disaggregation of the JobKeeper data by Indigenous and non-Indigenous background is not available. To understand whether the JobKeeper uptake is different across Indigenous and non-Indigenous Australians, location-based comparisons are made.

JobKeeper application patterns show that locations with a high proportion of Indigenous workers are likely to have lower than average JobKeeper application rates.

JobKeeper applications averaged 87 per 1,000 employed people across Australia. In contrast, the top 10 locations with respect to the concentration of Indigenous workers recorded significantly lower application rates (52 per 1,000 employed Australians). This simple comparison raises questions about the reasons for the observed difference. Further research is required to unpack the relationship between JobKeeper applications and workers identifying as Indigenous Australians.

Indigenous workers have likely not benefitted from the scheme as much as non-Indigenous workers due to the often short-term and casual nature of their employment. At the same time, those who did are likely to be more impacted by its withdrawal due to higher barriers to employment (as explained on p.16-19).

Table 4: JobKeeper application rate (average monthly rate across April – August per 1,000 employed people), by remoteness level, 2020

Average application rate	% Indigenous workers	JobKeeper application rate
<b>National average (all SA3)</b>	<b>2.7%</b>	<b>87</b>
Major Cities	1.2%	91
Inner and Outer Regional	3.0%	77
Remote and Very remote	7.3%	57

Source: ABS 2016 Census; Australian Government JobKeeper applications data.

Table 5: JobKeeper application rate (per 1,000 employed people) in Top 10 SA3 regions by share of Indigenous workers, 2020

Top SA3s % of Indigenous workers	% Indigenous workers	JobKeeper application rate
Daly - Tiwi - West Arnhem	41%	39
Far North	37%	46
East Arnhem	36%	27
Barkly	33%	24
Jervis Bay	32%	85
Katherine	25%	41
Kimberley	19%	66
Alice Springs	16%	44
Bourke-Cobar-Coonamble	15%	112
Outback – North	14%	34
<b>Average (above SA3s)</b>	<b>27%</b>	<b>52</b>

Source: ABS 2016 Census; Australian Government JobKeeper applications data.

# Economic recovery has been strong, but the true impacts of the pandemic on Indigenous employment are not known.

Most recent macroeconomic data suggests that 9 in every 10 Australian jobs lost in the early months of the crisis have now been recovered, showing a faster employment recovery than had previously been expected. Australian employment levels are now expected to reach pre-COVID level in early 2022.

However, the number of people entering the workforce in search of a job has also increased. The recovery has been primarily driven by an increase in part-time employment. While part time employment comprised 60% of employment lost from March to June, it comprised 90% of employment recovered between June and September. This trend may reinforce the prevalence of casual and short-term jobs among Indigenous workers.

Many stimulus and temporary relief measures have been taken to alleviate the COVID-induced economic disruption.

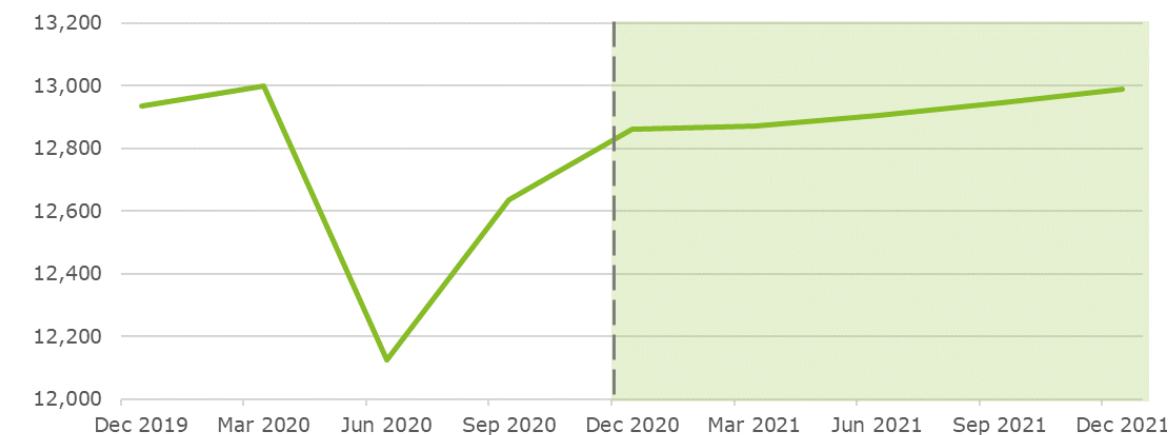
There are indications that significant proportion of businesses have been able to survive with the support of government measures, particularly hospitality and tourism services (representing 8% of Indigenous workers) and have not been able to adjust their businesses to the COVID environment.<sup>1</sup> As the stimulus and other supports are withdrawn, Indigenous workers and businesses could face significant financial stress.

Although the rapid recovery is a positive signal, it is important to recognise that the true impacts of the pandemic on Indigenous employment are not known. If the experience of Indigenous workers were to mirror that of the overall labour market - with employment recover to pre-COVID levels by early 2022 - this would still imply roughly two years of foregone progress towards more equitable employment outcomes for Indigenous Australians, and there are reasons to expect there are risks of a more delayed recovery.

Significant differences in the nature of the Indigenous workforce as compared to the non-Indigenous workforce are likely to impact the recovery path. These differences are explored in the next section.

<sup>1</sup> As measured by the number of employees and business owners in Accommodation and Food Services industry. Please refer to Appendix B for further detail.

Chart 3: Estimated historical and forecasted employment in Australia ('000)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Table 7: Historical employment (part-time and full-time) in Australia ('000)

Employment ('000)	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020
Total employment	12,937	13,000	12,126	12,638	12,861
% change		0.5%	-6.7%	4.2%	1.8%
Part-time employment	4,105	4,117	3,592	4,051	4,135
% change		0.3%	-12.8%	12.8%	2.1%
Full-time employment	8,832	8,883	8,534	8,587	8,726
% change		0.6%	-3.9%	0.6%	1.6%

Source: Deloitte Access Economics, Business Outlook, Dec 2020.

# **Understanding the unobserved impacts of COVID-19 on the Indigenous workforce**



# Characteristics of the Indigenous workforce suggest that the impacts of COVID-19 may be more severe than for other Australians.

**It is reasonable to conclude that Indigenous Australians have been disproportionately affected by the pandemic – both in terms of reduced employment certainty and as lesser beneficiaries of government stimulus.** There is strong local and international evidence that Indigenous populations are more sensitive to economic shocks, less likely to benefit from government stimulus measures, and slower to re-enter the workforce.<sup>1</sup> These differences are key to understanding the employment barriers faced by Indigenous workers, as well as their distinct employment beliefs, ambitions, and experiences.

The absence of suitable data means that the truth of the challenges for the Indigenous workforce as a result of COVID-19 is obscured in the existing data. This section of the report paints a picture of the likely impacts of COVID-19 on the Indigenous labour market using a combination of evidence based on available literature, proxy characteristics, and leading indicators. The key mechanisms through which the COVID-19 crisis has likely impacted Indigenous workers to date, include:

- **Business size and Indigenous-owned businesses** – Indigenous businesses are concentrated in small and medium sized enterprises, and are significantly more likely to employ Indigenous workers. Smaller business are generally harder hit by recessions because they lack the resources to withstand periods of reduced cashflow.
- **Casual and short-term nature of employment** – Indigenous workers are more likely to be employed on a casual and short-term basis, making many of them ineligible for JobKeeper. Industries most affected by COVID-19 were also more likely to employ casual workers.
- **Age and occupational skill-level** – Indigenous workers tend to be younger and have lower educational attainment. During economic downturns, they are more likely to face difficulty of transitioning from school into work, and potential crowding-out of the workforce by older and more skilled non-Indigenous workers.
- **Digital exclusion and working from home** – Indigenous Australians have significantly lower rates of digital inclusion, particularly in remote locations. This divide primarily reflects the prevalence of mobile-only connectivity among Indigenous people. The digital divide, compounded by often crowded housing arrangements poses significant barriers to the Indigenous workers' ability to work from home (or Country). This may also be one of the driving forces of longer-term inequalities given the changing work culture in the COVID-19 pandemic.
- **Discrimination and different socio-cultural capital** – Indigenous Australians often lack key employment connections, prioritise unpaid commitments to Country and family, and experience cultural misunderstandings that make navigating labour market conditions difficult.

<sup>1</sup> For instance, as evidenced in:

Hunter 'Indigenous Employment After the Boom' (2016) <<https://caepr.cass.anu.edu.au/research/publications/indigenous-employment-after-boom>>

Hunter 'Revisiting the relationship between the macroeconomy and Indigenous labour force status' (2010). Economic Papers 29(3):320–332.

International Labour Organisation, 'COVID-19 and the world of work: A focus on indigenous and tribal peoples' (2020) *Policy Brief*. <[https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_746893.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_746893.pdf)>

Lamb, Danielle. (2015). The Economic Impact of the Great Recession on Aboriginal People Living off Reserve in Canada. Relations industrielles. 70. 457. 10.7202/1033406ar.

# Indigenous businesses are disproportionately concentrated in small to medium enterprises

## Business size

Indigenous businesses tend to be smaller in size than non-Indigenous businesses. In 2013, Indigenous business in Queensland were more than 10 times smaller than non-Indigenous business in workforce size and at least 3 times smaller in annual turnover.<sup>1</sup> According to 2016 Census data, Indigenous business owners are 5% more likely to be sole traders and significantly more likely to employ fewer than twenty employees across Australia. Although changes in social procurement policies might have contributed to increases in Indigenous business size over time, many Indigenous workers depend on the success of small to medium sized Indigenous businesses.

During a recession, small to medium businesses are often harder hit than larger business because they are unlikely to hold major reserves of cash or large capital assets that can be used as collateral.

Supply Nation, a peak organisation for Indigenous businesses, surveyed 49 Indigenous businesses in the early stages of COVID-19 and found that 85 per cent were experiencing a negative impact on revenue. Of those who predicted that COVID-19 would negatively impact them for the next 6 months, 78 per cent cited cash flow as a major concern.<sup>2</sup>

If small to medium size businesses have been harder hit by COVID-19 than larger businesses, this will have a disproportionate affect on Indigenous businesses and employees.

## Indigenous-owned businesses

Further, majority-owned Indigenous businesses are nearly 100 times more likely to employ Indigenous workers than other Australian businesses.<sup>3</sup>

Indigenous businesses also produce substantially better employment outcomes for Indigenous employees.<sup>4</sup> This suggests that Indigenous workers depend disproportionately on Indigenous businesses for their employment, highlighting the importance of protecting these businesses in the wake of COVID-19.

Source:

1 Boyd Hunter, 'Whose business is it to employ Indigenous workers?' (2015) 46(4) *The Economic and Labour Relations Review* 631.

2 Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23(2) *Australian Journal of Labour Economics* 189.

3 Boyd Hunter, 'Whose business is it to employ Indigenous workers?' (2015) 46(4) *The Economic and Labour Relations Review* 631.

4 Ibid.

Table 6: Percentage of Queensland workforce identified as Indigenous by workforce size and Indigenous status of business (2013)

Number of workers	Non-Indigenous businesses	Indigenous businesses
1-5	0.4	75.0
6-10	0.9	57.3
11-20	0.9	51.2
21-100	0.9	51.7
More than 100	0.7	31.0

Source: ICN database 2013; in: Hunter (2015) *Whose business is it to employ Indigenous workers?*

# The Indigenous workforce may be more vulnerable to the effects of economic downturns due to short-term, casual and low-skill employment

## Casual and short-term nature of employment

Indigenous workers were 15 percentage points (or approx. 70 per cent) more likely to be casually employed than their non-Indigenous counterparts in 2014-15 (35 per cent compared to 20 per cent).<sup>1</sup> A near-majority of Indigenous casual workers were located in industries that were heavily impacted by the COVID-19 recession.

In past economic downturns, casual workers lost their jobs at greater rates than other worker types due to the reduced security afforded by their employment contracts.<sup>2</sup> If this is true for the COVID-19 recession, the greater casualisation of the Indigenous workforce would likely cause their employment to be disproportionately impacted.

Indigenous workers are more likely to be short-term casually employed than their non-Indigenous counterparts. 46 per cent of Indigenous casual workers were in their current job for less than 12 months in 2014/15, compared to 41 per cent of non-Indigenous casual workers in 2016.<sup>3</sup>

As JobKeeper access was limited to casual employees who had been employed on a regular basis for at least 12 months as of the 1<sup>st</sup> of March 2020, short-term casualemployees were unable to receive JobKeeper payments. In many cases, this meant short-term casual workers didn't retain their jobs during lockdown and entered unemployment.

Source:

1 Calculations based on: Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23 (2) *Australian Journal of Labour Economics* 189.

2 Ibid.

3 Australian Bureau of Statistics, National Aboriginal and Torres Strait Islander Social Survey (2014-15) <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/4714.0>>. Compared with: Australian Bureau of Statistics, Characteristics and use of casual employees in Australia (2016) <[https://www.abs.gov.au/About/Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/rp1718/CasualEmployeesAustralia](https://www.abs.gov.au/About/Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1718/CasualEmployeesAustralia)>.

4 Australian Government, *Closing the Gap* (2020) <<https://ctgreport.niaa.gov.au/sites/default/files/closing-the-gap-report-2020.pdf>>.

5 Ibid.

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## Occupational skill level and age

Indigenous workers tend to be employed in low-skill and low-pay occupations. The Year 12 or equivalent attainment rate for Indigenous Australians was 25 percentage points lower than for non-Indigenous Australians in 2018/19 (66% as compared to 91%).<sup>4</sup>

Workers with low educational attainment are often disproportionately impacted by economic recessions, as an influx of more educated workers crowds them out of the workforce.<sup>5</sup> Further, the COVID-19 shutdowns had a severe impact on relatively low-skilled industries like tourism, retail and hospitality, suggesting that workers with less education may be particularly impacted.

In addition, the Indigenous workforce is relatively young with 37 per cent of Indigenous workers between 15-29 years of age, compared to 25 per cent of non-Indigenous workers. In 2016, the median age of Indigenous Australians was 15 years younger than non-Indigenous Australians.<sup>6</sup>

Younger workers have been shown to be more vulnerable to the effects of economic downturns because:

- They need to make the tricky transition from education to work at a time when there are fewer vacancies available.
- Older workers may delay retirement to rebuild their superannuation, crowding young people out of the labour market.<sup>7</sup>

Research suggests that industries most affected by the COVID-19 recession are those with the highest proportion of younger Indigenous workers.<sup>8</sup> Together, this suggests that Indigenous employment may be significantly worsened by its youthful profile.

6 Australian Bureau of Statistics, Census data median age (2016) <<https://www.abs.gov.au/ausstats/abs@.nsf/MediaReleasesByCatalogue/02D50FAA9987D6B7CA25814800087E03>>.

7 Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23 (2) *Australian Journal of Labour Economics* 189.

8 Ibid.

# The effects of COVID-19 may have long-term consequences for Indigenous workers due to existing and potential new barriers to re-employment

## Digital Exclusion and working from home

The Australian Digital Inclusion Index (ADII) measures three key features of digital inclusion: access, affordability and ability.

In 2020, ADII for Indigenous Australians living in regional and urban areas was 7.9 points below the national average.<sup>1</sup> This divide primarily reflects the prevalence of mobile-only connectivity among Indigenous people. Being mobile-only reduces data allowance, increases the cost of data and limits the actions that can be completed online. The digital divide may be one of the driving forces of inequality as a result of a changing work culture in the COVID-19 pandemic.

In addition, Indigenous workers were 2.4 times less likely than non-Indigenous workers to be working from home on Census day in 2016 (2.2 per cent as opposed to 5.3 per cent).<sup>2</sup>

After adjusting for the fact that Indigenous workers have different occupations, non-Indigenous workers were still 1.6 times more likely to be working from home.<sup>3</sup>

Also, Indigenous people, on average, live in smaller and more crowded homes than non-Indigenous people. The 2016 Census revealed that the average Indigenous household contains 3.2 people, as compared to only 2.6 people per non-Indigenous household.<sup>4</sup> This may make working from home less feasible for Indigenous workers.

Source:

1 Thomas Barraket et al. 'Measuring Australia's Digital Divide' (2020) RMIT and Swinburne University, Melbourne (report commissioned by Telstra, February 2020)  
<[https://digitalinclusionindex.org.au/wp-content/uploads/2020/10/TLS\\_ADII\\_Report-2020\\_WebU.pdf](https://digitalinclusionindex.org.au/wp-content/uploads/2020/10/TLS_ADII_Report-2020_WebU.pdf)>.

2 Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23 (2) *Australian Journal of Labour Economics* 189.

3 Ibid.

## Discrimination and different socio-cultural capital

Further, Indigenous Australians who have been put out of work by the COVID-19 recession may be more likely to exit the workforce permanently because they experience systemic discrimination.

- Discrimination may cause Indigenous Australians to doubt their ability to secure employment in poor labour conditions, become discouraged and leave the labour market.<sup>5</sup>
- Unconscious bias against Indigenous Australians may also make it more difficult for them to attain a job.<sup>6</sup>

This has the potential to reduce workplace outcomes for Indigenous Australians meaning non-traditional methods may be required to engage, recruit, train and retain an Indigenous workforce.

In addition, Indigenous Australians may struggle to regain employment at the same rate as non-Indigenous Australians as they sometimes lack extensive employment connections.<sup>8</sup>

This impact may be compounded in circumstances where Indigenous workers prioritize commitments to family and Country over paid work, increasing the chances of exiting employment, and weakening job search prospects.<sup>9</sup>

4 Australian Bureau of Statistics, 2016 Census QuickStats (2016)  
<[https://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat](https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat)>

5 Yonatan Dinku, Boyd Hunter & Francis Markhalm, 'How might COVID-19 affect the Indigenous labour market' (2020) 23 (2) *Australian Journal of Labour Economics* 189.

6 Ibid.

7 Siddharth Shirodkar, 'Bias against Indigenous Australians: Implicit Association Test results for Australia' (2019) 22(3) *Journal of Australian Indigenous Issues* 3.

8-9 Boyd Hunter & Matthew Gray, 'Dynamics of Indigenous and Non-Indigenous Labour Markets' (2017) 20(1) *Australian Journal of Labour Economics* 207



# **Key considerations for future assessments of Indigenous employment**

# There are a number of challenges with measuring employment outcomes for Indigenous Australians

**The lack of representative, meaningful and timely data** on Indigenous Australians' employment status and experiences is a material barrier to the type of analysis that can be made and represented in this report.

For instance, the most timely and accurate information sources about the labour market, such as the Labour Force Survey, do not include an Indigenous background identifier.

On the other hand, surveys that do contain Indigenous identifiers, such as HILDA, suffer from small sample size and higher associated statistical errors, limiting the reliability of detailed findings.

As a result, the modelling presented in this report relies on disaggregation of data by Indigenous background drawn from 2016 census data. This can only inform general considerations and is unlikely to accurately reflect changes (geographic mobility shifts amongst others) consequent to the pandemic cycle.

This lack of reliable, meaningful and timely data not only obscures the understanding of specific impacts of the pandemic on Indigenous communities, it risks undermining general policy considerations about Indigenous employment and rendering Closing the Gap initiatives or any specific intervention unmeasurable.

**Potential new barriers to employment may make the impacts of COVID-19 longer-lasting for Indigenous workers.**

The potential digital exclusion resulting from a shift to remote work, could have long-lasting implications on the employment outcomes of Indigenous Australians. These barriers may not be observable in the currently-available data and should therefore be explored further.

**Available estimates may not provide a full view of the state of the underlying labour market.**

The effects of COVID-19 on potential underemployment of Indigenous Australians, that is people working below their desired number of hours, are not captured through the available data.

The employment recovery path has to date been strong, but also reliant in part on government stimulus. As the supports are withdrawn, workers may face additional job losses.

In addition, care should be taken to understand how Indigenous people and communities differ, across culture, language, background and experiences of the impacts of COVID-19 on their employment.

**Yet, it is crucial that these impacts are quantified and well understood to mitigate the potential risks specific to Indigenous Australians and to ensure an equitable economic recovery.**

When it comes to mainstream employment outcomes, Indigenous Australians are among the most disadvantaged cohorts within Australian society. Sources of this disadvantage are numerous and systemic, and the economic crisis associated with the COVID-19 pandemic may exacerbate these even further.

There is a need for current and reliable metrics that would enable monitoring of the health of the Indigenous labour market and inform decision making of policy makers and employers.

# Data instruments may not capture a full view of economic participation by Indigenous Australians

Data collected by the governments and corporations often needs to adopt a simplifying assumption that all citizens, and their expectations of employment, are the same. This approach risks obscuring the truth of the experience for individual cohorts and can lead to important gaps in information. In turn, this can reduce the efficacy of policy decisions.

Indigenous Australians can face challenges arising from assumptions around employment, as understandings of work can often differ to standard frameworks that describe the the labour market and economic participation.

This should not be read as a statement of deficit thinking for Indigenous Australians. Indeed, there are potential lessons to be learned from a more comprehensive Indigenous understanding of employment and its indivisibility from culture, community and family. Such an understanding would benefit all Australians.

As such, the following observations are made with regards to the challenges of monitoring the health of the Indigenous labour market:

## Data considerations:

- There is no single metric that can sufficiently capture the full employment intentions, needs or outcomes for Indigenous Australians.
- The approaches to conceptualising and measuring employment for Indigenous Australians need to take account of the variety of contributions (paid and unpaid) of Indigenous Australians to Country, community, and family.
- Data design, collection, and reporting have the potential to guide policy in an unreliable direction if not appropriately contextualised.

## Notions of truth:

- There is a vast array of views within the Indigenous community around employment and its divisibility from cultural/community life.
- Due to the diverse perspectives of the Indigenous cohort, any data collected can have multiple, equally valid interpretations.

## Inclusion of Indigenous voices:

- Indigenous communities should be engaged directly in the design, regulation, collection and usage of any measures that aim to assess the state of Indigenous employment and economic participation.

## Importance of data sovereignty:

- There is a recognised tension in the need for more complete and more frequent data. In line with the principle of Indigenous Data Sovereignty, there is a need to consider how privacy, ownership and control of data, that is ostensibly for the benefit of Indigenous opportunity, is owned, analysed (and stored) by Indigenous citizens.

# There is an opportunity to address the evidence gap

## There is an opportunity for addressing this evidence gap.

While this project has produced quantitative estimates of the potential impact of COVID-19 on the Indigenous workforce, it has also illustrated the inadequacy of the data on which policy and performance on these matters can be determined. This identification of the 'data disadvantage' is as a substantive finding, and equal in significance to the findings around the likelihood of disproportionate pandemic related employment consequences for Indigenous Australians.

## A balanced Indigenous employment scorecard

A "Balanced Indigenous employment scorecard" has a potential to address some of the challenges with capturing the health of the Indigenous labour market and might also provide a way of considering potentially disconnected or overlapping data sets, even where there is potential conflict or noise in those inputs.

Balanced scorecard approaches have been used to inform comprehensive and consistent strategic planning and monitoring. For instance, gender scorecards have been adopted in recent years, such as the Workplace Gender Equality Agency (WGEA) Gender Equality Scorecard, to motivate organisations to implement real action towards gender equality.

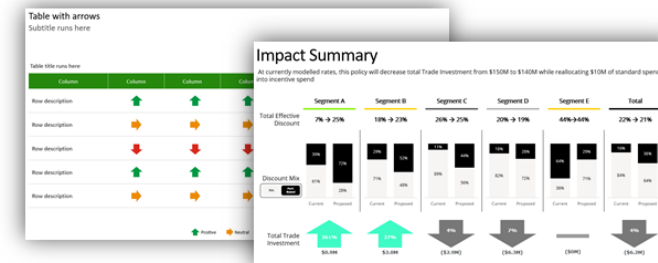
By creating a consistent and relevant set of employment measures, the scorecard would enable a more accurate and holistic assessment of progress against a baseline and/or targets. A balanced Indigenous employment scorecard could operate at an organisation-, state- and national-levels and provide strategic alignment, policy direction and a basis for an accountability framework.

This approach would allow for a breadth of mainstream economic measures to be complemented with indicators that are more representative of the most pressing challenges for this workforce.

A tool like that would be co-designed with key stakeholders, but some themes for consideration could include:

- Whether workplaces are inclusive and culturally sensitive;
- The degree to which jobs match the aspirations of Indigenous workers (e.g. underemployment, skills match or satisfying location preferences);
- Size and ownership of businesses providing employment to Indigenous Australians;
- The degree of casualisation of the workforce, including the short-term nature of employment; and
- The level of digital inclusion and capacity to work from home.

Figure 1: Visual examples of a potential balanced scorecard



**In the near-term, Indigenous groups, Governments and corporate Australia should work together to devise regular collection and reporting of the state of the Indigenous labour market.** Over time, building on quantitative indicators, on an understanding of the data gaps, and on the qualitative insights from stakeholders, a more complete view of the health of the Indigenous labour market can be developed.

Progress towards a more complete view of Indigenous employment should be a priority. The data collected, if used appropriately and effectively, has the potential to significantly advance the realisation of employment parity for Indigenous Australians in the various ways in which it can be defined.

**Deloitte Access Economics**

# **Appendix A**

## State and Territory estimates

# Impact of COVID-19 on the Indigenous workforce

## New South Wales



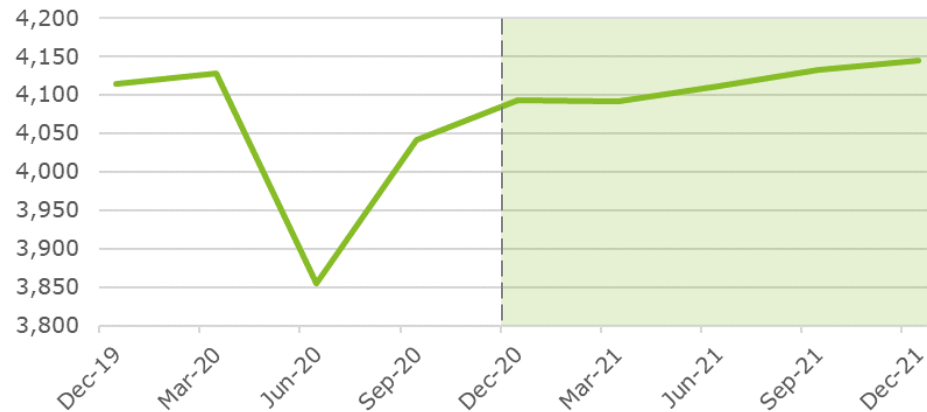
The results of our modelling suggest that the Indigenous labour market experienced a 7% employment decline between March and June 2020 in New South Wales (~5,200 people lost employment, primarily driven by employment decline in Accommodation and Food Services (~2,100 people), Health Care and Social Assistance (~800 people), Education and Training (~600 people). The lowest employment was experienced in the June Quarter, 2020.

At the same time, the following industries observed an increase in the number of Indigenous Australians through the pandemic such Electricity, Gas, Water and Waste Services (~300 people gained employment), Construction (~200 people) and Public Administration and Safety (~100 people).

The estimated impact on Indigenous employment varies across remoteness areas:

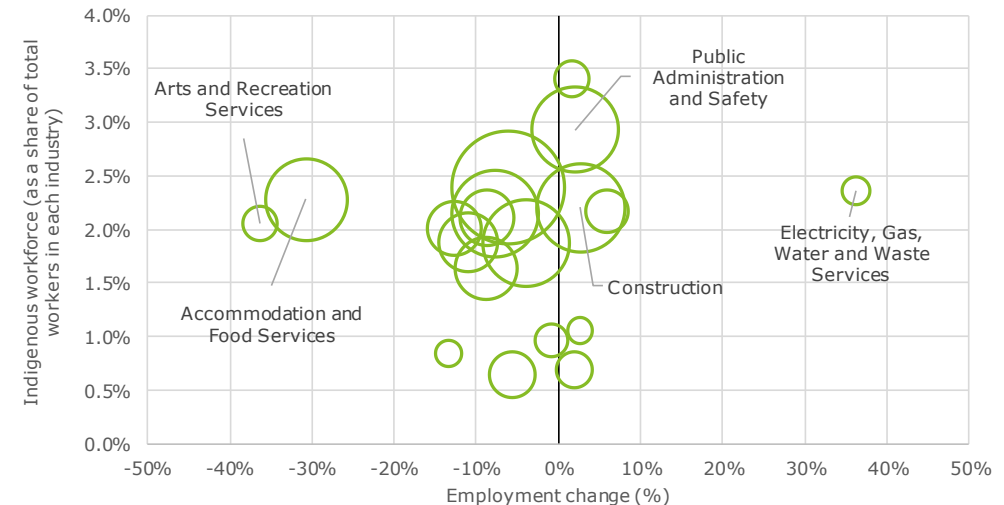
- Major Cities (~2,700 people were estimated to lose employment)
- Inner and outer regional (~2,300 people)
- Remote and very remote areas (~100 people)

Chart 6: Estimated impact of COVID-19 on Australian workforce, New South Wales ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 7: Estimated impact of COVID-19 on the Indigenous workforce by industry, New South Wales (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in New South Wales based on the number of Indigenous workers in each industry



# Impact of COVID-19 on the Indigenous workforce

## Queensland



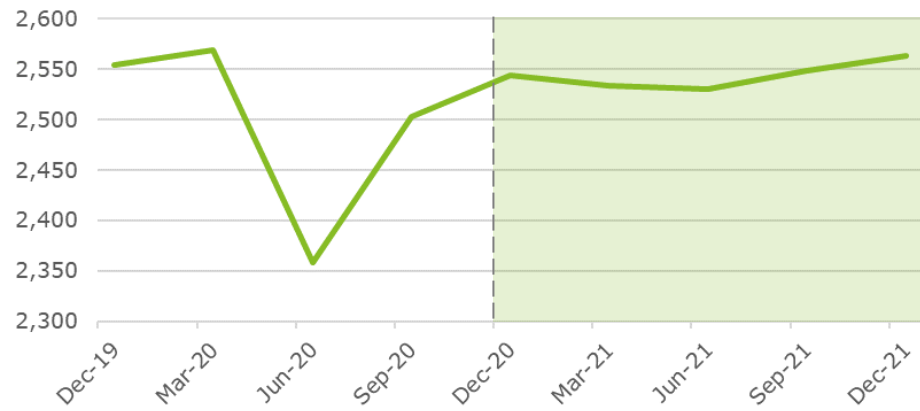
The results of our modelling suggest that the Indigenous labour market experienced a 8% employment decline between March and June 2020 in Queensland (~5,000 people lost employment), primarily driven by employment decline in Accommodation and Food Services (~1,800 people), Arts and Recreation Services (500 people) and Education and Training (~400 people). The lowest employment was experienced in the June Quarter, 2020.

At the same time, the following industries observed an increase in the number of employed Indigenous people through the pandemic such as Public Administration and Safety (~200 people gained employment), Agriculture, Forestry and Fishing (~200 people), and Electricity, Gas, Water and Waste Services (~50 people).

The estimated impact on the Indigenous workforce varies across remoteness levels:

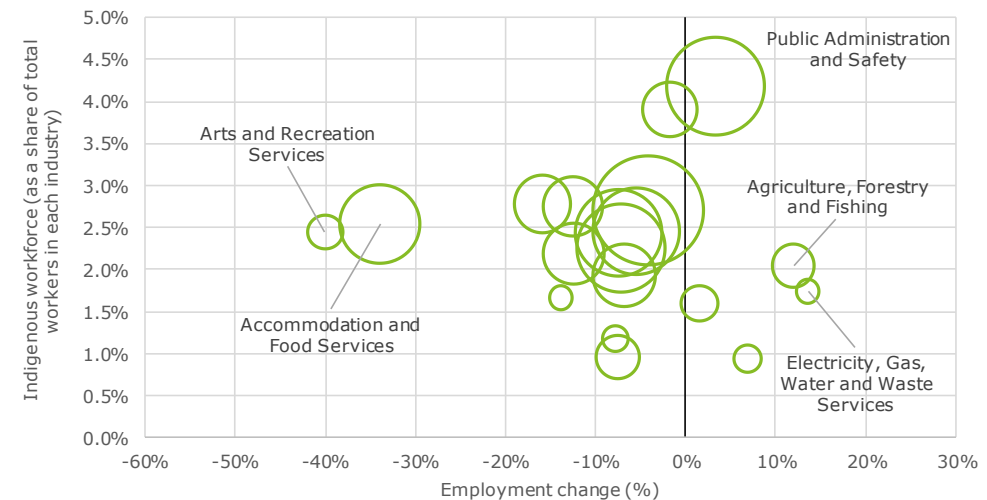
- Major Cities (~2,300 people were estimated to lose employment)
- Inner and outer regional (~2,200 people)
- Remote and very remote areas (~500 people)

Chart 8: Estimated impact of COVID-19 on Australian workforce, Queensland ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 9: Estimated impact of COVID-19 on the Indigenous workforce by industry, Queensland (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in Queensland based on the number of Indigenous workers in each industry

# Impact of COVID-19 on the Indigenous workforce

## Northern Territory



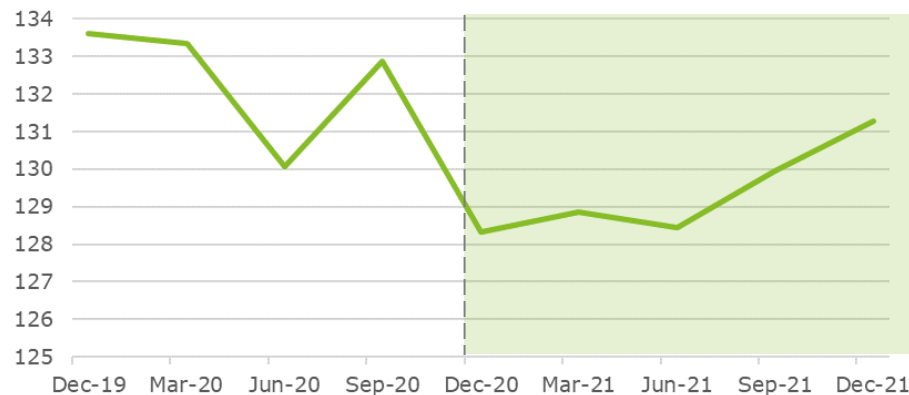
The results of our modelling suggest that the Indigenous labour market in Northern Territory experienced a 2% employment decline between March and June 2020 (~300 people lost employment), primarily driven by employment decline in Other Services (~200 people), Arts and Recreation Services (~200 people), and Accommodation and Food Services (~100 people). The lowest employment was experienced in the June Quarter, 2020.

At the same time, the following industries observed an increase in the number of Indigenous employment through the pandemic such as Health Care and Social Assistance (~200 people gained employment), Public Administration and Safety (~100 people), and a small increase of about 34 Indigenous workers in Electricity, Gas, Water and Waste Services.

The estimated impact on Indigenous employment varies across remoteness areas:

- Inner and outer regional (<100 people were estimated to lose employment)
- Remote and very remote areas (~200 people)

Chart 10: Estimated impact of COVID-19 on Australian workforce, Northern Territory ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 11: Estimated impact of COVID-19 on the workforce by industry, Northern Territory (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in Northern Territory, based on the number of Indigenous workers in each industry

# Impact of COVID-19 on the Indigenous workforce

## Western Australia



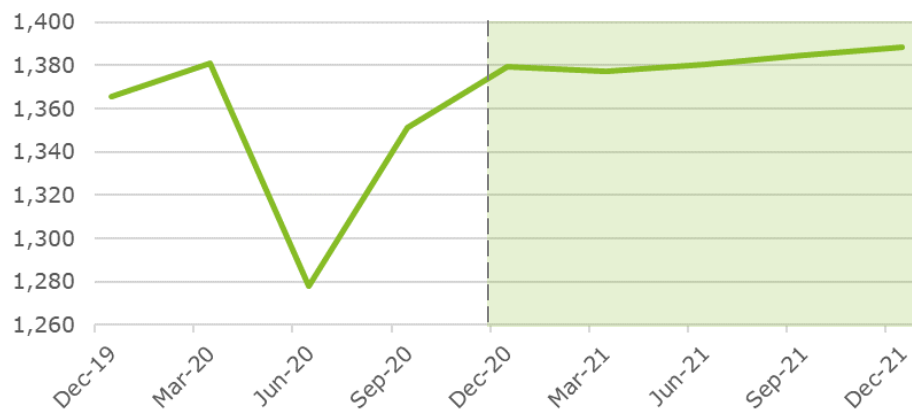
The results of our modelling suggest that the Indigenous labour market experienced a 7% employment decline between March and June 2020 in Western Australia (~1,500 people lost employment), primarily driven by employment decline in Accommodation and Food Services (~300 people), Education and Training (~300 people) and Mining (~200 people). The lowest employment was experienced in the June Quarter, 2020.

At the same time, the following industries observed an increase in Indigenous employment through the pandemic such as Electricity, Gas, Water and Waste Services (~100 people gained employment), Public Administration and Safety (~100 people), and Agriculture, Forestry and Fishing (<50 people).

The estimated impact on Indigenous employment varies across remoteness areas:

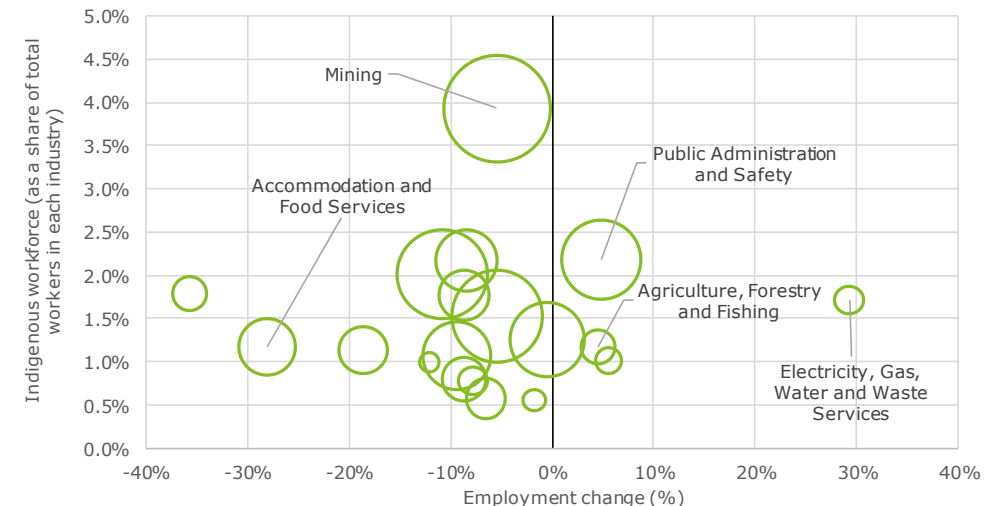
- Major Cities (~700 people were estimated to lose employment)
- Inner and outer regional (~300 people)
- Remote and very remote areas (~500 people)

Chart 12: Estimated impact of COVID-19 on Australian workforce, Western Australia ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 13: Estimated impact of COVID-19 on the Indigenous workforce by industry, Western Australia (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in Western Australia, based on the number of Indigenous workers in each industry

# Impact of COVID-19 on the Indigenous workforce

## Victoria



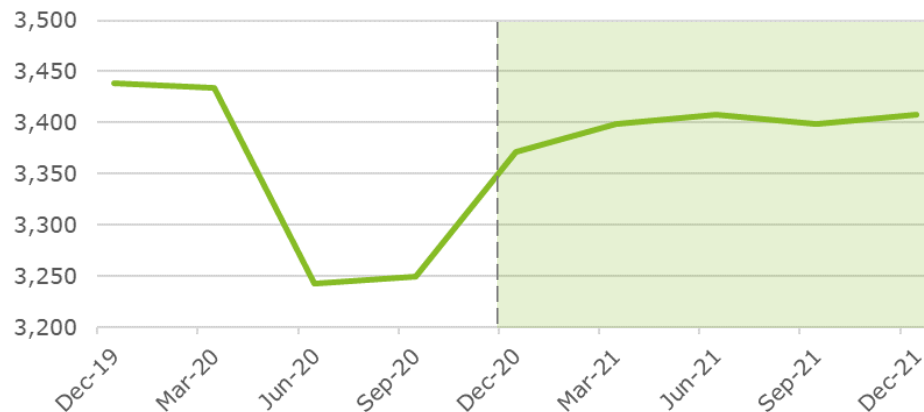
The results of our modelling suggest that the Indigenous labour market experienced a 6% employment decline between March and June 2020 (~1,100 people lost employment), primarily driven by employment decline in Accommodation and Food Services (~400 people), Arts and Recreation Services (~200 people), and Education and Training (~100 people). The lowest employment was experienced in the June Quarter, 2020.

At the same time, the following industries observed a small increase in employment through the pandemic: Agriculture, Forestry and Fishing (~40 people gained employment), Electricity, Gas, Water and Waste Services (~30 people), and Public Administration and Safety (~20 people).

The estimated impact on Indigenous employment varies across remoteness areas:

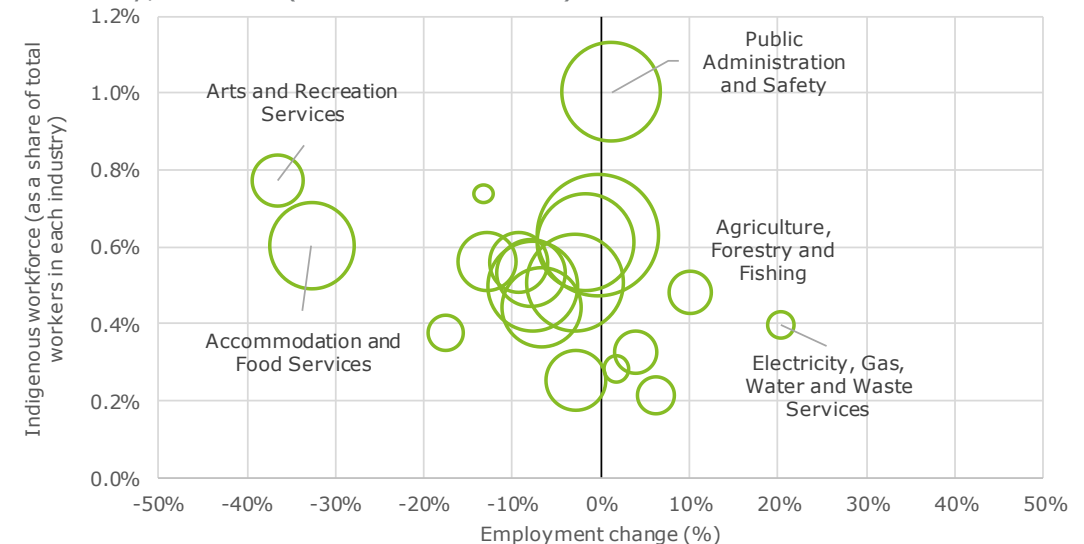
- Major Cities (~700 people were estimated to lose their employment)
- Inner and outer regional (~400 people)

Chart 14: Estimated impact of COVID-19 on Australian workforce, Victoria ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 15: Estimated impact of COVID-19 on the Indigenous workforce by industry, Victoria (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in Victoria based on the number of Indigenous workers in each industry

# Impact of COVID-19 on the Indigenous workforce

## South Australia



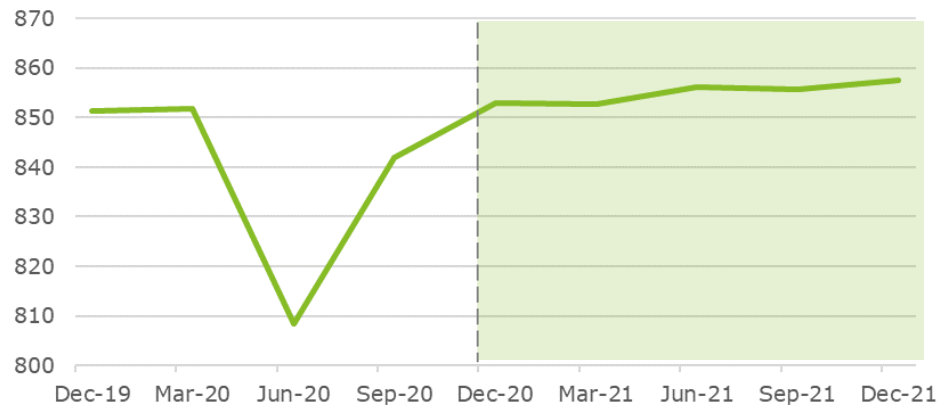
The results of our modelling suggest that the Indigenous labour market experienced a 5% employment decline between March and June 2020 in South Australia (~500 people lost employment), primarily driven by employment decline in Accommodation and Food Services (~200 people), Education and Training (~100 people), and Other Services (<50 people). The lowest employment was experienced in the June Quarter, 2020.

At the same time, the following industries observed an increase in Indigenous employment through the pandemic, albeit small: Public Administration and Safety (~30 people gained employment), Agriculture, Forestry and Fishing (<20 people), and Electricity, Gas, Water and Waste Services (<20 people).

The estimated impact on the Indigenous workforce varies across remoteness levels:

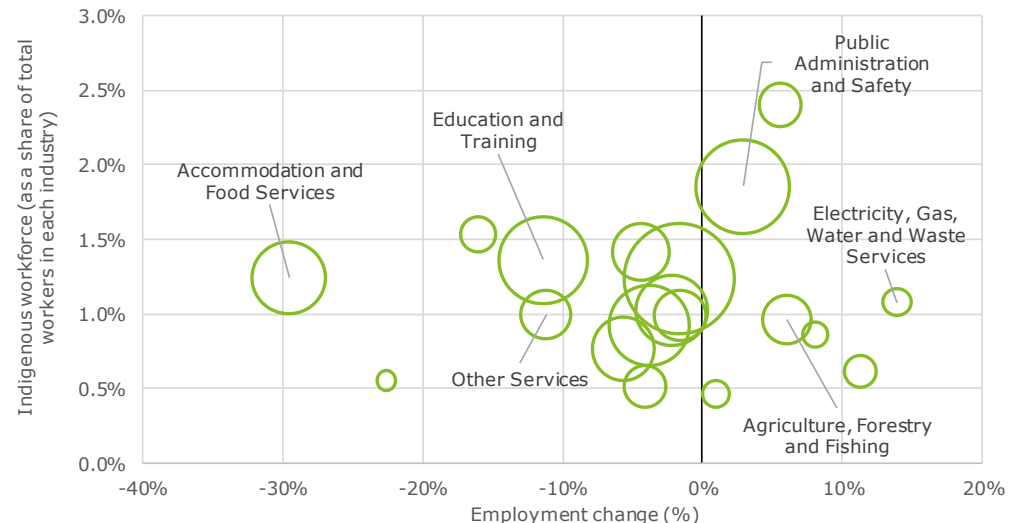
- Major Cities (~300 people were estimated to lose employment)
- Inner and outer regional (~100 people)
- Remote and very remote areas (<100 people)

Chart 16: Estimated impact of COVID-19 on Australian workforce, South Australia ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 17: : Estimated impact of COVID-19 on the Indigenous workforce by industry, South Australia (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in South Australia, based on the number of Indigenous workers in each industry

# Impact of COVID-19 on the Indigenous workforce

## Tasmania



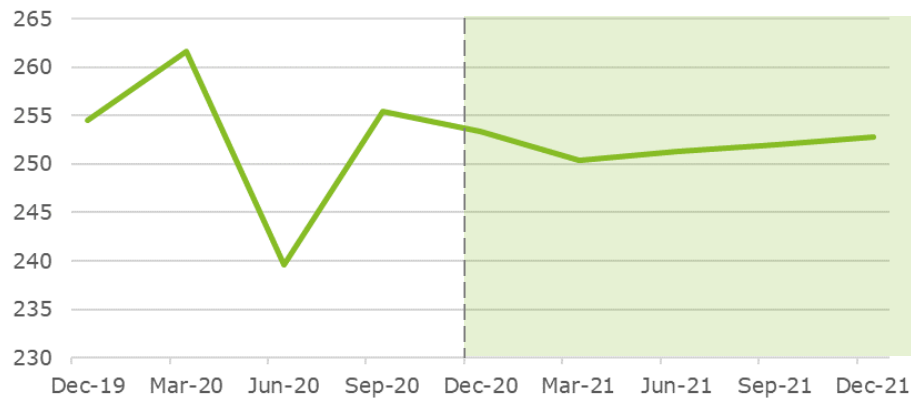
The results of our modelling suggest that the Indigenous labour market in Tasmania experienced a 9% employment decline between March and June 2020 (~800 people lost employment), primarily driven by employment decline in Accommodation and Food Services (~300 people), Health Care and Social Assistance (~100 people), and Manufacturing (~100 people). The lowest employment was experienced in the June Quarter, 2020.

A small increase in Indigenous employment can be observed in two industries: Electricity, Gas, Water and Waste Services (<30 people gained employment) and Agriculture, Forestry and Fishing (<20 people).

The estimated impact on Indigenous employment varies across remoteness areas:

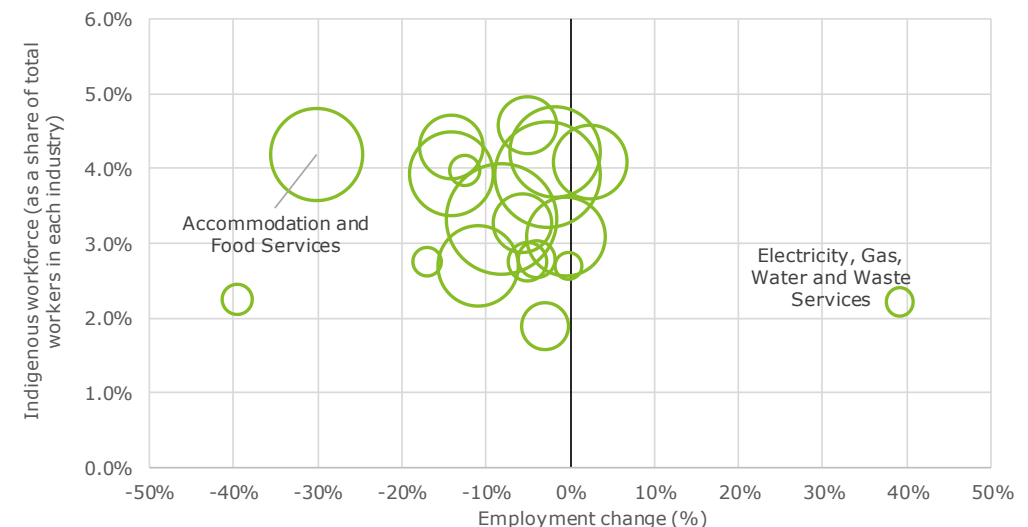
- Inner and outer regional (~800 people were estimated to lose employment)
- Remote and very remote areas (<30 people)

Chart 18: Estimated impact of COVID-19 on Australian workforce, Tasmania ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 19: Estimated impact of COVID-19 on the Indigenous workforce by industry, Tasmania (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in Tasmania, based on the number of Indigenous workers in each industry



# Impact of COVID-19 on the Indigenous workforce

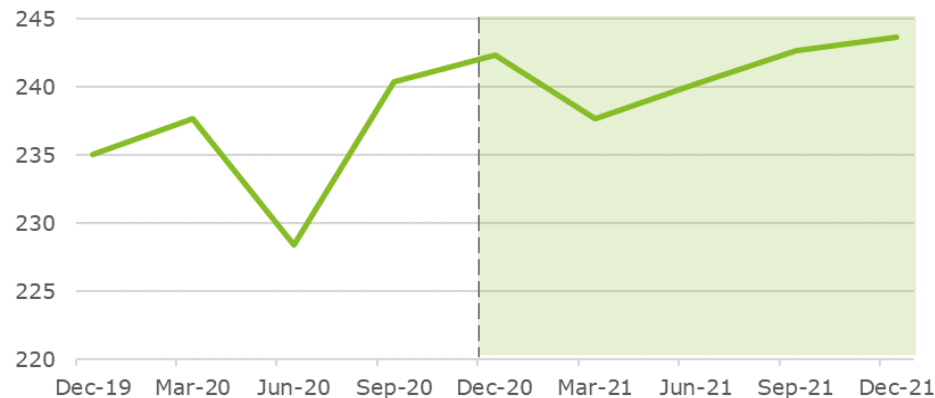
## Australian Capital Territory



The results of our modelling suggest that the Indigenous labour market in ACT experienced a 3% employment decline between March and June 2020 (~100 people lost employment), primarily driven by employment decline in Accommodation and Food Services (~50 people), Education and Training (~30 people), and Retail Trade (~20 people). The lowest employment was experienced in the June Quarter, 2020.

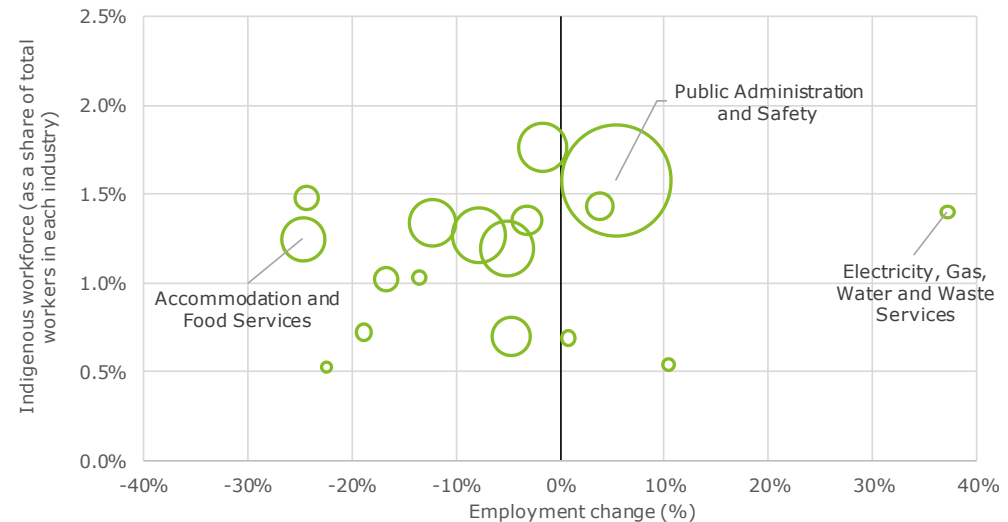
There has been an estimated gain in Indigenous employment in Public Administration and Safety (~60 people gained employment).

Chart 20: Estimated impact of COVID-19 on Australian workforce, Australian Capital Territory ('000 employed people)



Source: Deloitte Access Economics, Business Outlook, Dec 2020; Note: green shaded area represents forecast period.

Chart 21: Estimated impact of COVID-19 on the workforce by industry, Australian Capital Territory (March to June 2020)



Source: Deloitte Access Economics, Business Outlook, Sep 2020; Note: bubble size represents relative size of each industry in Australian Capital Territory, based on the number of Indigenous workers in each industry; Agriculture, Forestry and Fishing and Mining are excluded as there are less than 10

# **Appendix B**

## Distribution of Indigenous workers across industries

# Distribution of Indigenous workers across industries

Table 8: Share of Indigenous employment (as a % of all Indigenous employment) by industry

Industry	Distribution of Indigenous workers (business owners and employees)	Distribution of Indigenous business owners	Distribution of Indigenous employees
Health Care and Social Assistance	15.3%	6.0%	15.9%
Public Administration and Safety	11.7%	1.3%	12.4%
Education and Training	10.0%	3.4%	10.5%
Construction	9.5%	27.9%	8.2%
Retail Trade	9.4%	5.8%	9.7%
Accommodation and Food Services	7.9%	3.8%	8.1%
Manufacturing	5.0%	3.7%	5.1%
Other Services	4.8%	10.8%	4.4%
Transport, Postal and Warehousing	4.5%	5.7%	4.4%
Administrative and Support Services	4.1%	9.2%	3.7%
Mining	3.9%	0.8%	4.1%
Professional, Scientific and Technical Services	3.0%	7.7%	2.6%
Agriculture, Forestry and Fishing	2.7%	5.1%	2.5%
Arts and Recreation Services	2.0%	3.7%	1.9%
Wholesale Trade	1.7%	1.0%	1.8%
Financial and Insurance Services	1.5%	1.1%	1.5%
Electricity, Gas, Water and Waste Services	1.1%	0.5%	1.2%
Rental, Hiring and Real Estate Services	1.1%	1.4%	1.1%
Information Media and Telecommunications	1.0%	1.1%	1.0%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Note: "Inadequately described" and "Not stated" categories for Industry are not included. Businesses include owner manager of incorporated or unincorporated enterprise with or without employees. Employees also include contributing family workers

Source: Australian Bureau of Statistics, Census data median age (2016)



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