

Finally, an Indigenous middle class emerges

By Ross Gittins
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It's easy for prime ministers to make big promises at some emotion-charge moment of national attention, but a lot harder to keep those promises when the media spotlight (and that prime minister) are long gone.

I could be alluding to the promise Kevin Rudd made that the federal government would never forget the needs of the victims of Victoria's Black Saturday bushfires in 2009, but I'm referring to the promise he made a year earlier, at the time of his apology to the stolen generations, to Close the Gap between Indigenous and non-Indigenous Australians.

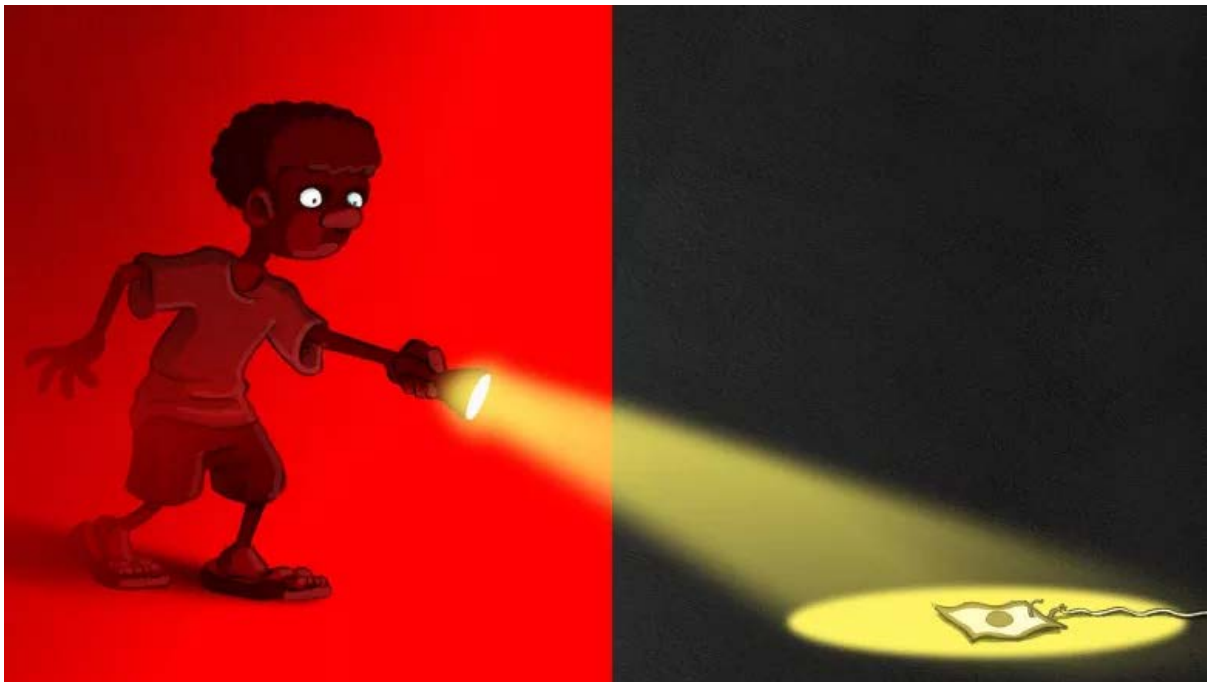


Illustration: Glen Le Lievre

The gap needing to be closed – and the commitments Rudd made – referred particularly to health, education and employment.

But all of those gaps contribute to another one: the gap between Indigenous and non-Indigenous incomes. What's been happening there?



The median disposable equivalised household income for the Indigenous population is rising.

I'm glad you asked because Dr Nicholas Biddle and Francis Markham, of the Centre for Aboriginal Economic Policy Research at the Australian National University, have just written a paper on the subject.

And, on the face of it anyway, the news is reasonably good.

First, however, some background. You won't be surprised that there *is* a gap between the two group's incomes. But it's worth remembering that gap has existed since the early days of European settlement of the Wide Brown Land.

To be euphemistic, it's a product of our colonial history. To be franker, Indigenous people were systematically and violently deprived of access to economic resources, especially land, a process that continued until well into the second half of the 20th century.

And though Aboriginal and Torres Strait Islander people engaged with the settler-colonial economy in many ways, underpayment or theft of wages was systematic in many parts of the country until the 1950s and '60s.

This colonial legacy endures into the present, Markham and Biddle say.

They quote another academic saying that "Aboriginal people, families, households and communities do not just happen to be poor. Just like socioeconomic *advantage*, socioeconomic *deprivation* accrues and accumulates across and into the life and related health chances of individuals, families and communities" (my emphasis).

The authors use the censuses of 2006, 2011 and 2016 to study what's been happening to the level and distribution of incomes within the Indigenous population, and between it and the non-Indigenous population.

While the gap between the two groups has been narrowing, the gap within the Indigenous group has been widening.

The good news is that the median (the one dead in the middle) disposable equivalised household income for the Indigenous population rose from 62 per cent of non-Indigenous income in 2011 to 66 per cent in 2016. ("Equivalised" just means adjusted to take account of differences in the size and composition of households.)

That's the highest the percentage it has been since reliable data started in 1981. And, in fact, it's been trending up since then.

Good news runs out

There's progress, too, on the Indigenous "cash poverty rate", which measures the proportion of Indigenous incomes falling below 50 per cent of the median disposable equivalised household income of the nation's entire population.

So, as is usual in rich countries, it's a measure of *relative* poverty (how some incomes compare with others) rather than *absolute* poverty (whether people's incomes are high enough to stop them being destitute).

It's called "cash poverty" in recognition of the truth that there's more to poverty than how much money you have. As well, it acknowledges that no account is taken of "non-cash income", such as the value of food gained by hunting and gathering in remote areas.

Remember, however, that there are also costs involved in hunting. And the prices of basic necessities are much higher in remote areas.

Measured this way, the Indigenous poverty rate has declined slowly over past decades. More recently, it's gone from 33.9 per cent in 2006 to 32.7 per cent in 2011 and 31.4 per cent in 2016.

Sorry, that's where the good news runs out.

For a start, the rate of improvement is far too slow. Markham and Biddle calculate that if the gap kept narrowing at the rate it did over the five years to 2016, the medians for Indigenous and non-Indigenous *incomes* would be equal by 2060. That fast, eh?

Now get this: while the gap between the two groups has been narrowing, the gap *within* the Indigenous group has been widening.

If you take the weekly disposable *personal* incomes of all Indigenous people aged 15 or older, adjust them for inflation, rank them from lowest to highest, then divide them all into 10 groups of 10 per cent each, you discover some disturbing things.

Between 2011 and 2016, the average income of those in the top decile rose by \$75 a week, compared with \$32 a week for those in the middle decile. Individuals in the bottom decile had no income (possibly because they were students or home minding kids), while those in the second and third lowest deciles saw their incomes fall.

But what explains this growing gap between the top and the bottom within the Indigenous population?

Turns out it's explained by where an Indigenous person lives. Household disposable incomes are highest – and have grown fastest - in the major cities, with a median of \$647 a week, but then it's downhill all the way through inner regional areas, outer regional, and remote, until you get to "very remote", where the median income is \$389 a week.

Over the five years to 2016, the real median income in remote areas hardly changed, and in very remote areas it actually fell by \$12 a week.

Got your head around all that? Now try this: despite the weakness in *median* incomes in remote (but not very remote) areas, the incomes of the top 20 per cent are higher and have been growing relatively strongly.

Get it? However poorly we're doing on Closing the Gap, we *are* getting an Indigenous middle class.

Ross Gittins is the Herald's economics editor.