

The Forrest Plan: Have They Thought This Through?

On Sunday 3 August 2008 three of the most powerful men in Australian society, national political leader Kevin Rudd, mining magnate Andrew Forrest and influential Indigenous welfare reform advocate Noel Pearson threw their collective weight behind a scheme devised by Forrest to create 50,000 jobs for Indigenous Australians in the private sector by using the power of moral suasion.⁵² Subsequently it was revealed that the top corporations in Australia will be approached to commit to this scheme, with one indicating a guarantee of 500 new jobs.⁵³

The time frame for this unprecedented strategy is two years (after a three month planning phase) and the Australian Government will underwrite the scheme by providing the intensive training that will lead to permanent full-time employment.

This proposal has to be put into some statistical, historical and policy context.

On the statistical side, the latest available information from the Australian Bureau of Statistics (ABS) publication *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey, 2007*,⁵⁴ released on 22 May 2008, estimates that in 2007 there were 157,400 Indigenous Australians employed, 25,800 unemployed and 129,700 not in the labour force. So does this proposal seek to create twice as many jobs as there are Indigenous people looking for work? Clearly not, it will also need to target the nearly 30,000 people in the CDEP program classified as employed and/or people not in the labour force.

One suspects that the enormity of this extraordinarily ambitious transformative task has not been carefully thought through. To put this task in a hypothetical comparative context, for the total Australian population such an employment Intervention would require the creation of 2 million jobs given that Indigenous Australians constitute 2.5 per cent of the total population.

Recent labour force history in the same ABS publication provides employment estimates back to 2002. In the five years 2002 to 2007, while the Australian labour market has experienced its most significant expansion in recorded

⁵² Emma Rodgers, 'Pearson hails Indigenous jobs scheme', *ABC News* (online), 4 August 2008

<<http://www.abc.net.au/news/2008-08-04/pearson-hails-Indigenous-jobs-scheme/462566>>.

⁵³ Andrew Forrest in an interview with Mark Colvin on ABC Radio National's *PM* program, 'Forrest stands by Indigenous employment scheme', *PM*, 4 August 2008, transcript available at <<http://www.abc.net.au/pm/content/2008/s2323940.htm>>.

⁵⁴ Australian Bureau of Statistics, *Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey, 2007* (2 June 2010) <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/B652AA289C0BB4B7CA2577360017CED0?opendocument>>.

history, Indigenous employment grew from 137,400 to 157,400 persons, CDEP inclusive.

That is, in the last five years 20,000 full- and part-time, private and public sector jobs were created. Is it really feasible given this recent historical trend to expect 50,000 full-time jobs to be created in the private sector alone in the next two years?

On the policy front, the Rudd Government has made a strong commitment to evidence-based policy making. This proposal seems to veer quite dramatically from this commitment.

And the Rudd Government has its own target, to halve (or close) the gap in the employment/population ratio between Indigenous and other Australians in the next decade.

This policy commitment, through the Council of Australian Governments (COAG) process, has elicited an estimate of the need for an estimated 100,000 new jobs in the 10 years 2006 to 2016. What sort of signal does this sudden new proposal send to serious bureaucrats trying to set targets for COAG's consideration based on rigorous assessments of regional and industry variations and needs?

In a labour market policy sense, this proposal represents a shift away from seeing Indigenous unemployment as primarily a supply-side problem linked to the poor human capital endowments of Indigenous people (due to historical, structural, locational and cultural factors). Fix this legacy and the workings of the labour market would do the rest. Now it is suggested that there is a demand-side problem, inadequate demand for Aboriginal labour, or as Noel Pearson termed it 'the missing piece in the reform jigsaw'.⁵⁵

The critical issue is whether intensive Australian Government-sponsored training will ensure that Indigenous people can overcome deep legacies including poor education, poor health and lack of work experience to work full-time for the top Australian corporations? If such a goal were achieved in two years, serious consideration needs to be given to the likely social and economic impacts of such an unprecedented transformative project on Indigenous families, home communities and societies.

It is difficult to challenge the proposition being vigorously advocated by the most powerful in Australian society that if corporate goodwill can be harnessed to deliver rapid employment creation for Aboriginal job seekers this is a good thing. But such challenging, informed by statistics and social sciences

⁵⁵ Noel Pearson, 'Off welfare, upstairs to work', *The Australian* (online), 4 August 2008 <<http://www.theaustralian.com.au/news/off-welfare-upstairs-to-work/story-e6frg7b6-1111117096988>>.

scepticism, is important for consideration as the details of this proposal are fleshed out over the next 100 days.⁵⁶

One lesson that can already be learnt from the Northern Territory Emergency Response (NTER) Intervention is that despite much Australian Government goodwill, capacity to rapidly deliver on the ground needs to be carefully considered, especially in regional and remote contexts, especially given the overheated Australian economy. In some places measures have not been introduced some 13 months on, so the public element of the proposed public/private alliance might be hard to deliver within a two year time frame that will end as the next federal election looms.

Three key public interest questions need to be posed to the proponents of this new scheme. Have providers for intensive training been identified and what resources have been guaranteed by the Australian Government to underwrite the enormous challenge of providing such training for up to 50,000 people? What evaluation framework is proposed to track the post-training guarantee of permanent full-time work, because if this does not eventuate, significant public investments may have been used sub-optimally? And most importantly, have 50,000 Indigenous Australians with aspirations for permanent full-time work in the private sector been identified? To use Pearson's jigsaw metaphor, how do we know that this demand-side piece of the puzzle is of the right size or fit?

There is no doubt that the glaring employment gap between Indigenous and other Australians needs to be systematically reduced. And it is highly commendable that corporations, some of whom have made 'extra-normal' or super profits in recent years, are now looking to focus on what is a public good. But in my view place-based initiatives predicated on participatory consultation and a careful matching of aspirations for engagement with all productive sectors of the economy with local and regional opportunity is what is most immediately needed. It is then that public support and private commitments would be most welcome.

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⁵⁶ Ibid.