

THE ECONOMICS OF 'CLOSING THE GAP' IN TASMANIA

PRESENTATION TO A FORUM HOSTED BY RECONCILIATION TASMANIA

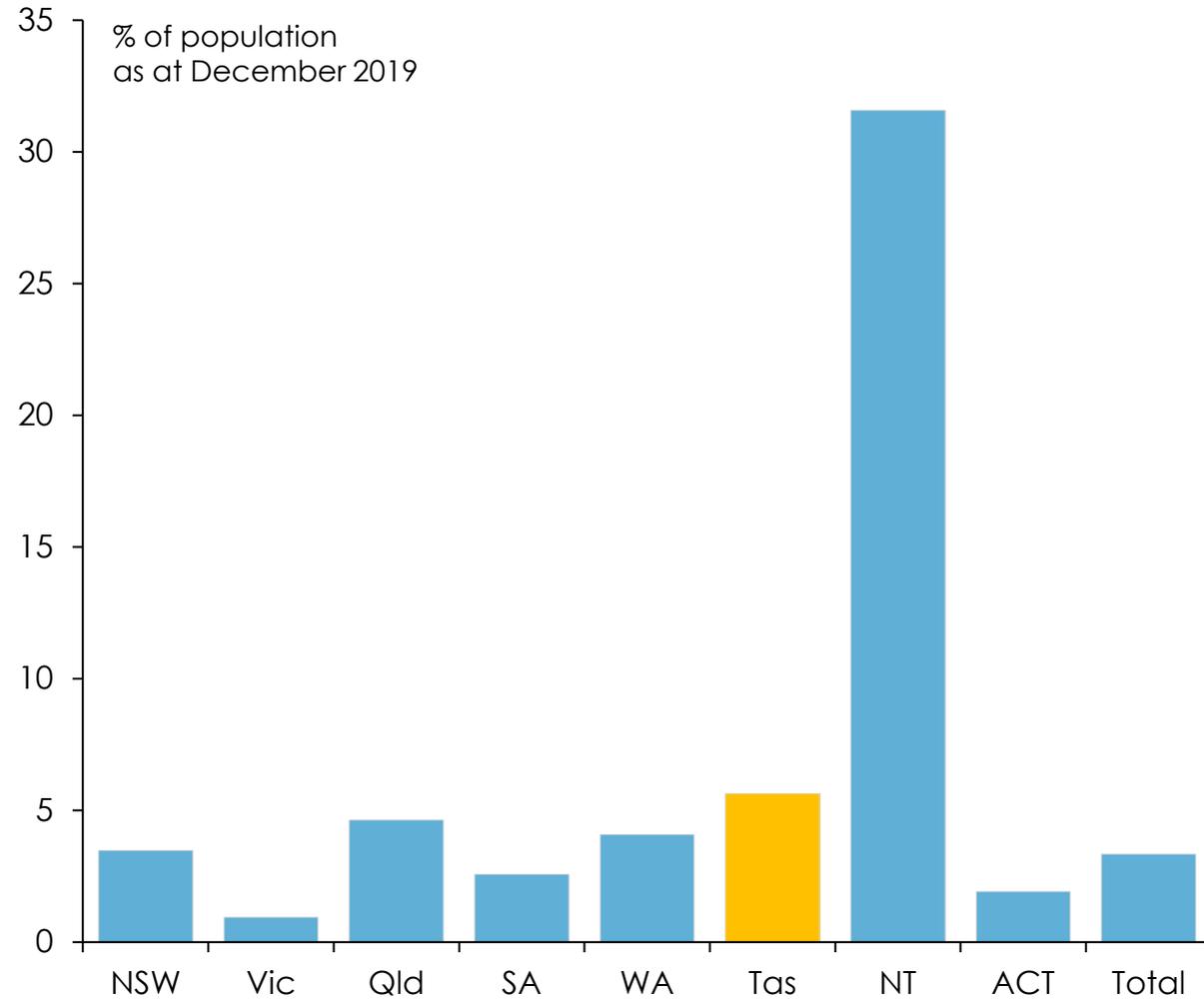
WREST POINT, HOBART – 29TH OCTOBER 2021

SAUL ESLAKE

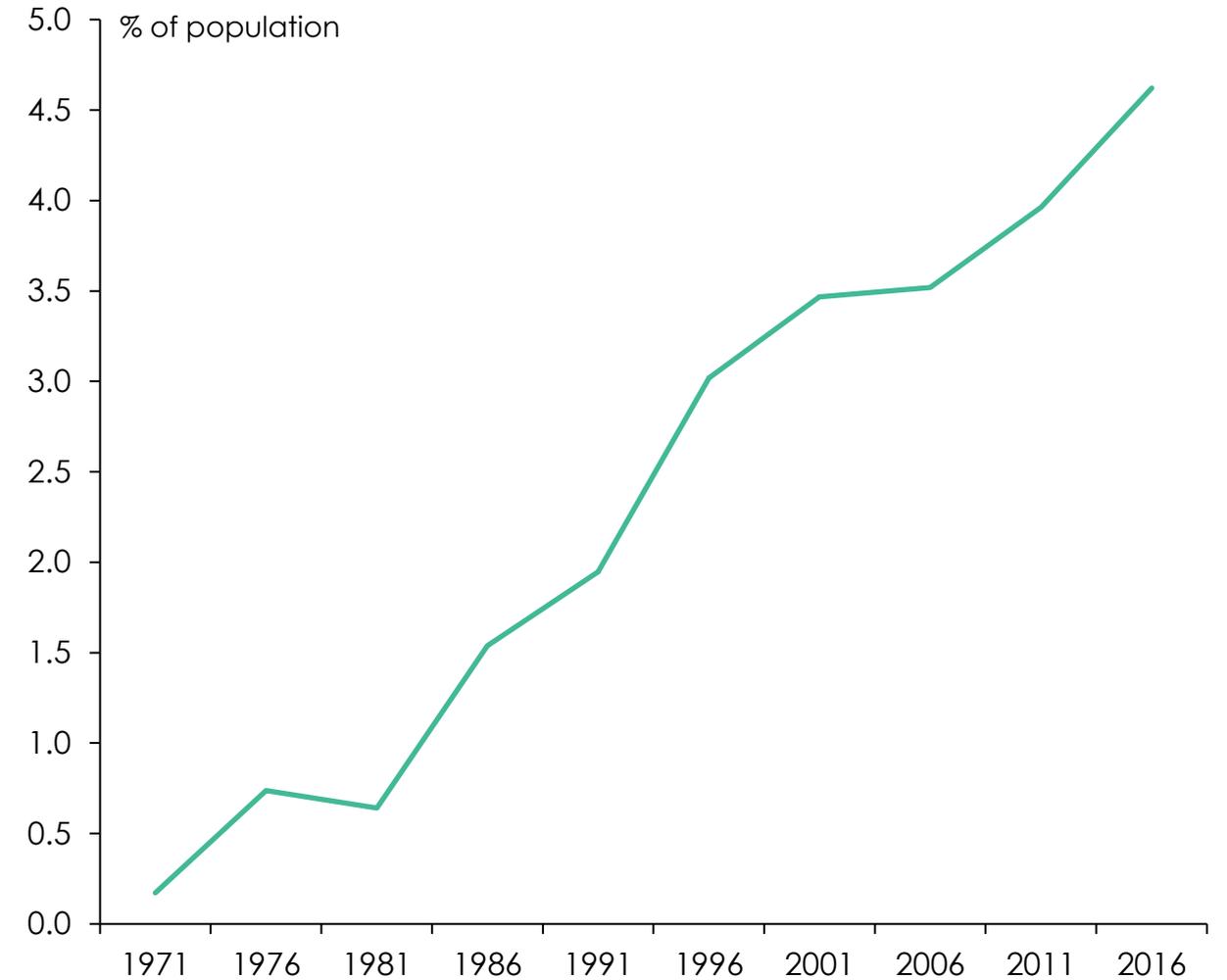
CORINNA ECONOMIC ADVISORY
INDEPENDENT ECONOMICS

Aboriginal people are a larger share of Tasmania's population than of any other state or territory except the Northern Territory

Aboriginal and Torres Strait Islander population as a percentage of total, December 2019

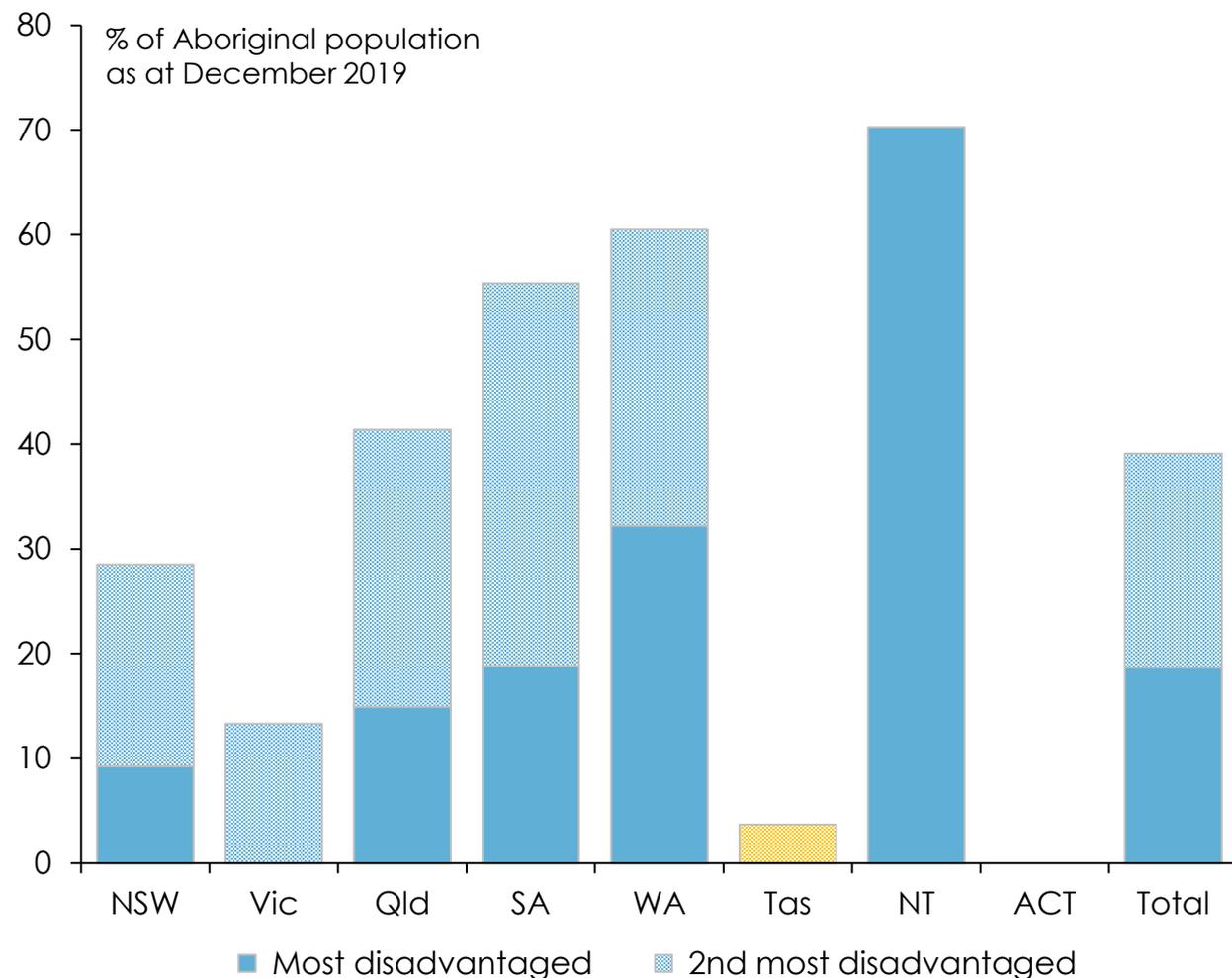


Aboriginal people as a percentage of Tasmania's total population at censuses, 1971-2021

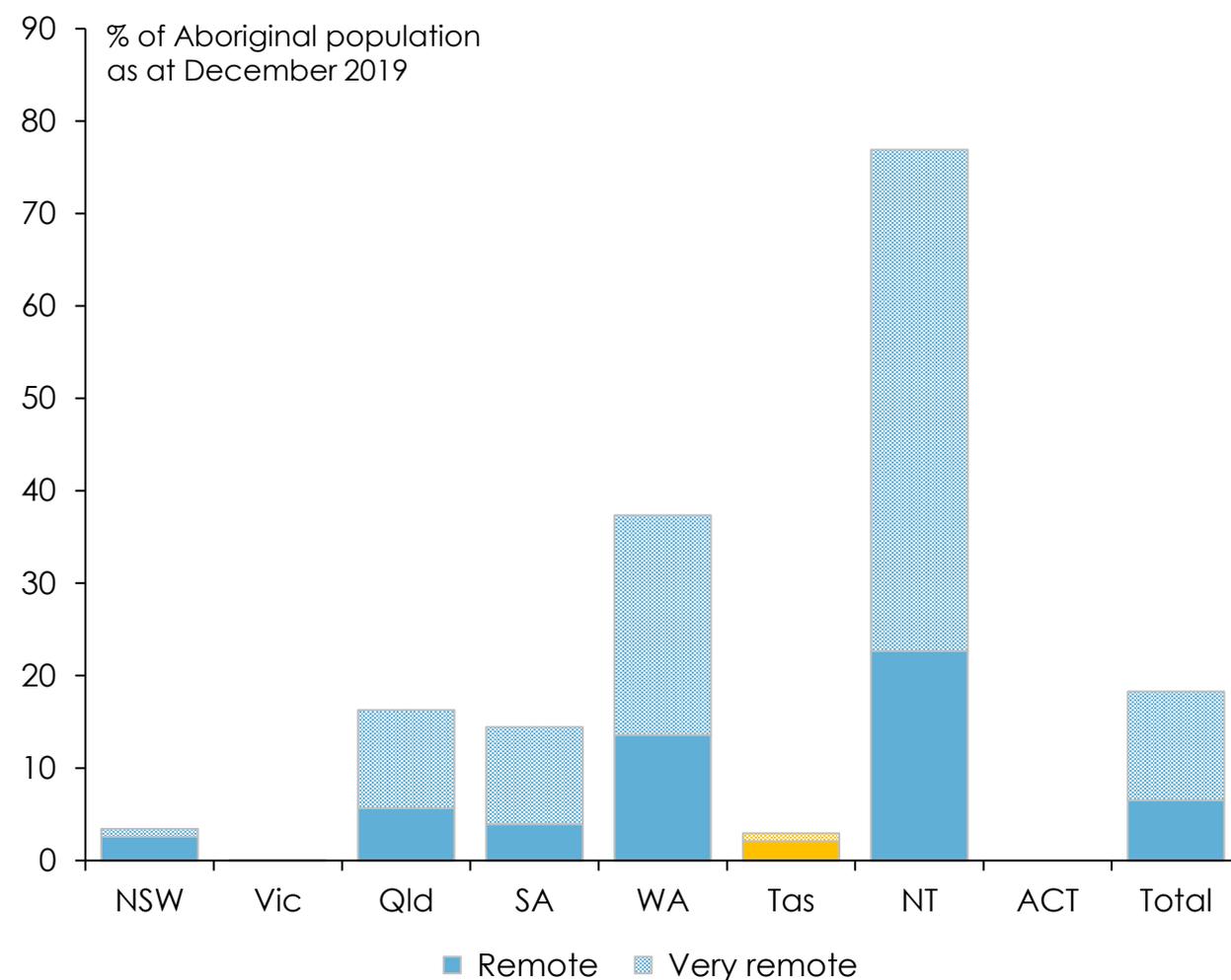


A smaller proportion of Tasmania's Aboriginal population is in the two most disadvantaged quintiles - possibly because far fewer live in remote places

Proportion of Indigenous population in the two most disadvantaged socioeconomic status quintiles



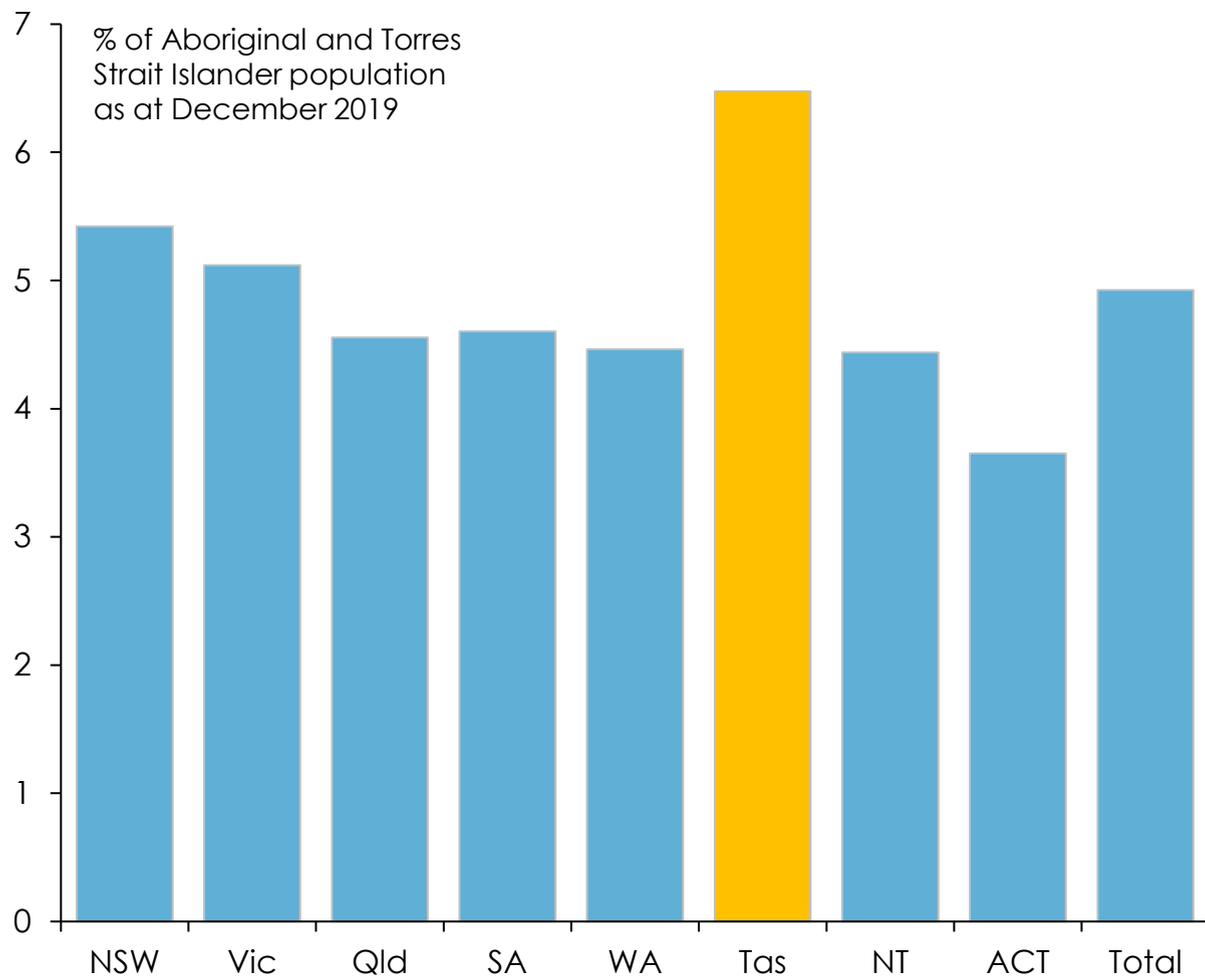
Proportion of Indigenous population living in remote or very remote areas



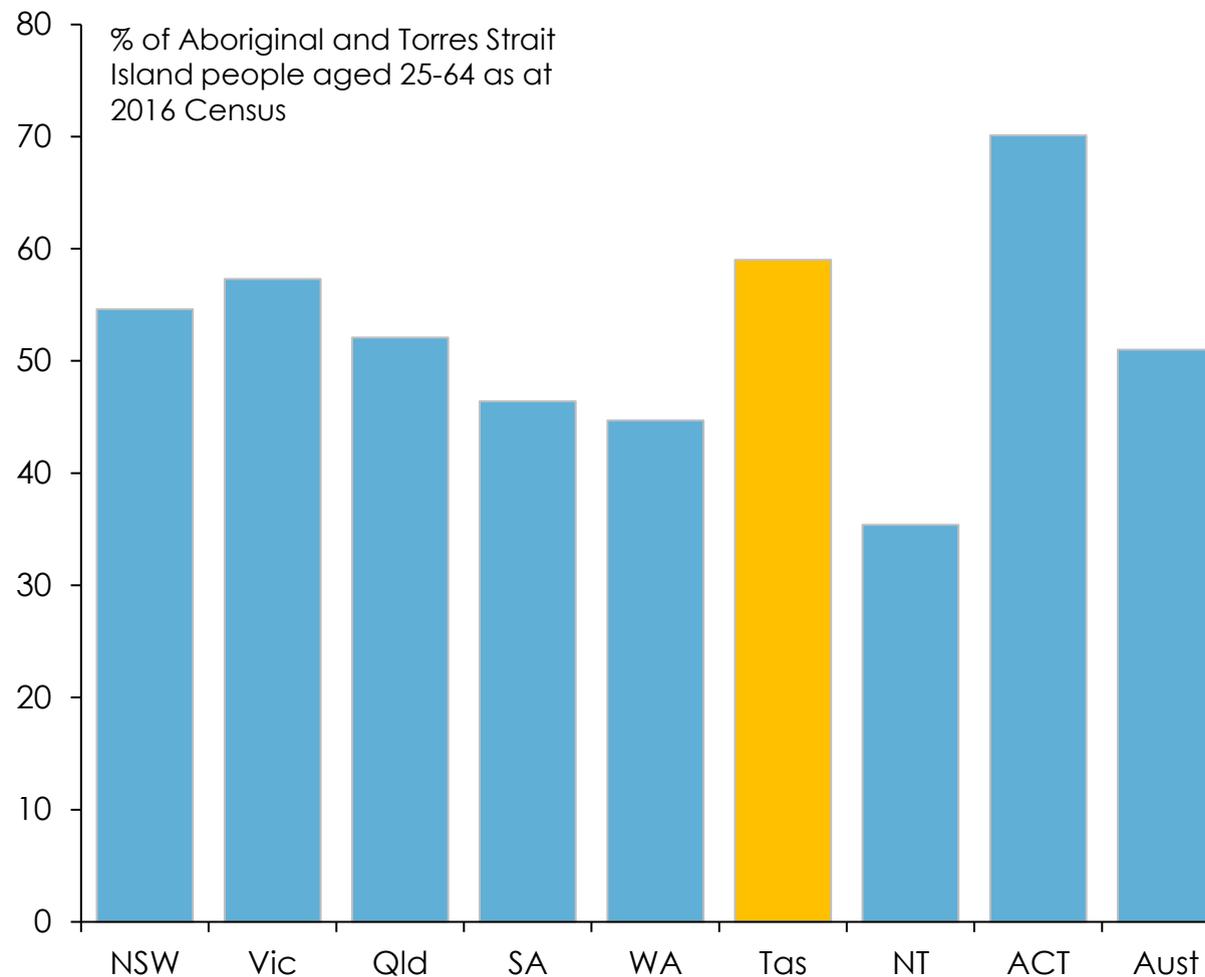
Note: 'Socio-economic status' is a measure of social and economic advantage and disadvantage based on factors such as income, employment, educational attainment and housing; 'quintiles' are 20% 'slices' of the population ranked (in this case) by socio-economic status. 'Remoteness' is based on an [index](#) of distance from the nearest urban centre or locality developed by the Hugo Centre for Migration and Population Research at the University of Adelaide. Source: Commonwealth Grants Commission, [2021 Update - population data](#), Tables S1-3 and S1-4.

Tasmanian Aboriginal people have longer life expectancies than their mainland sisters and brothers - and are more likely to have a job

Proportion of Aboriginal & Torres Strait Islander population aged 65 or over



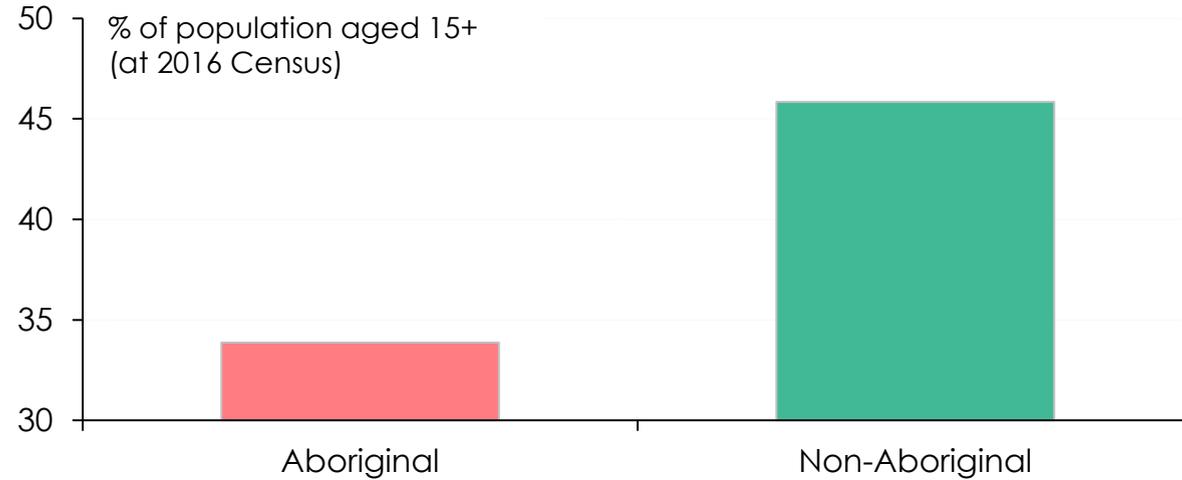
Proportion of Aboriginal and Torres Strait Islander people aged 25-64 in employment



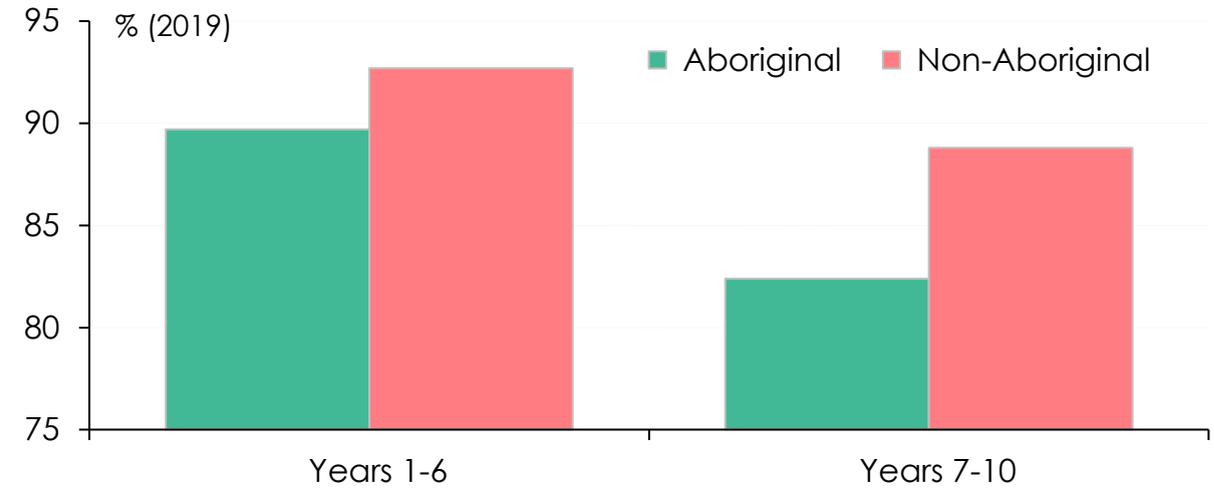
Sources: Commonwealth Grants Commission, [2021 Update - population data](#), Table S1-5; Productivity Commission, [Closing The Gap: Annual Data Compilation Report, July 2021](#), Table 8A.1.

Aboriginal people in Tasmania have been less well served by the education system than non-Aboriginal people

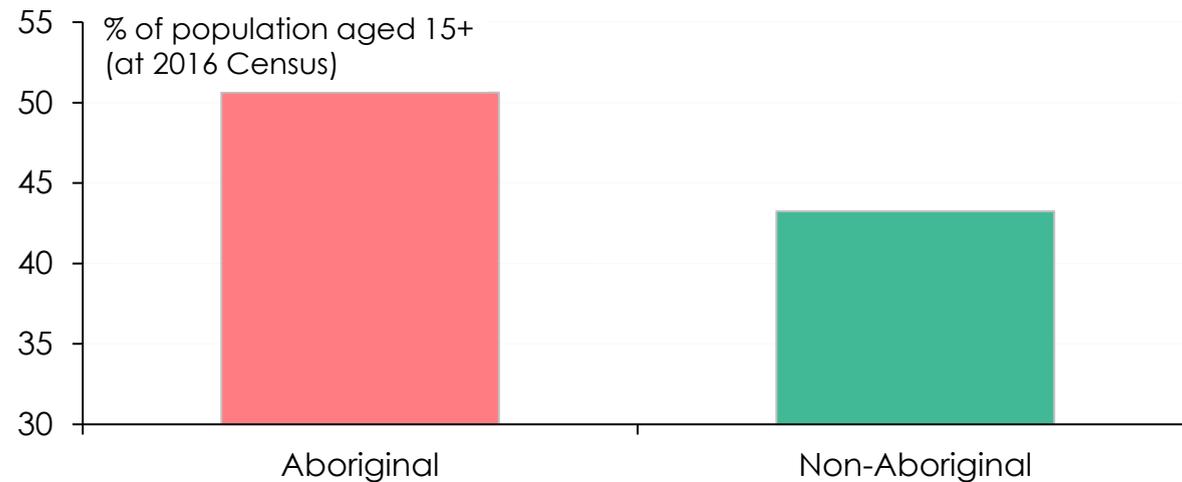
Tasmanians with post-school qualifications



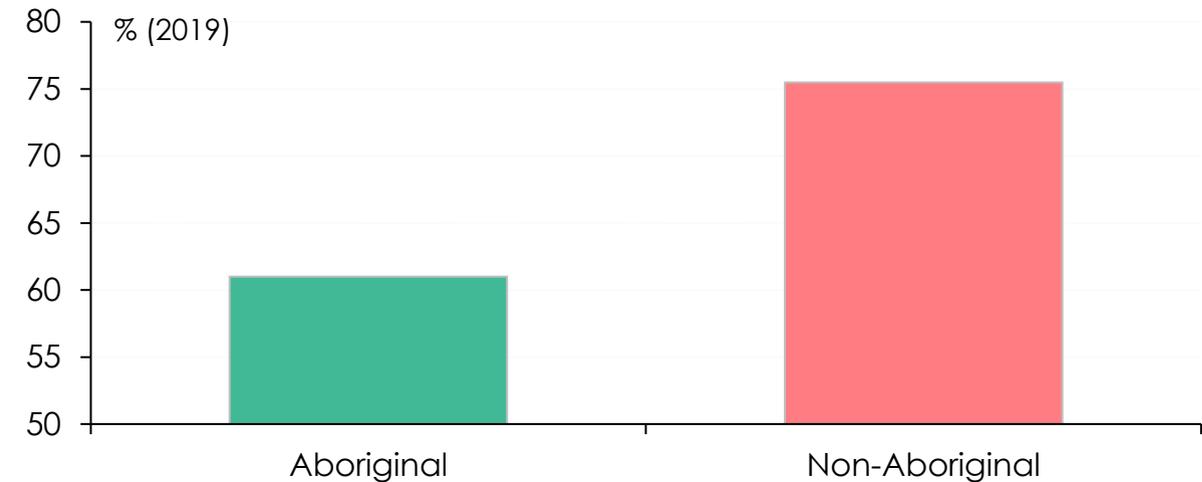
Tasmanian school attendance rates



Tasmanians with no qualifications beyond Year 10

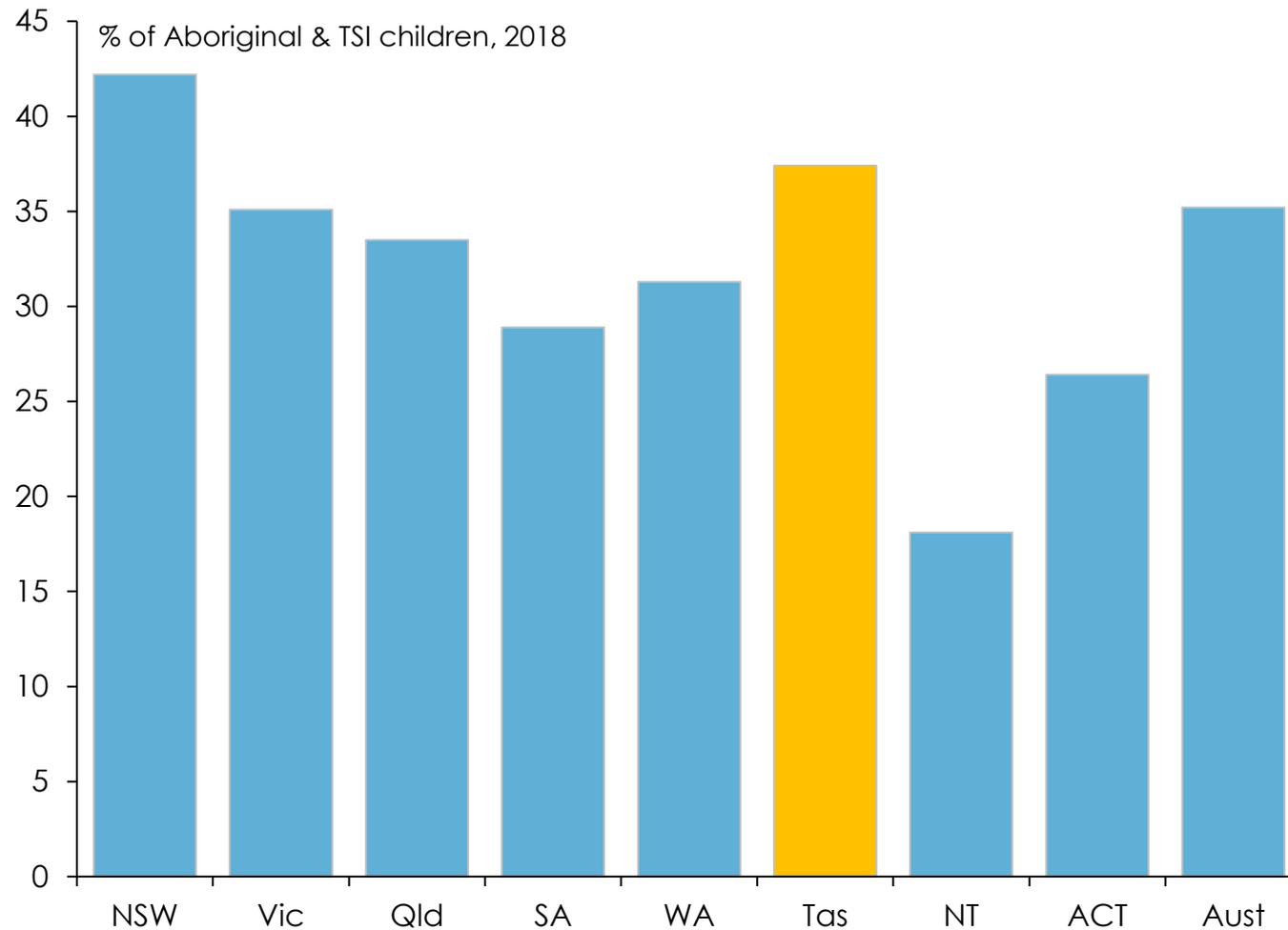


Tasmanian retention rates from Year 10 to Year 12

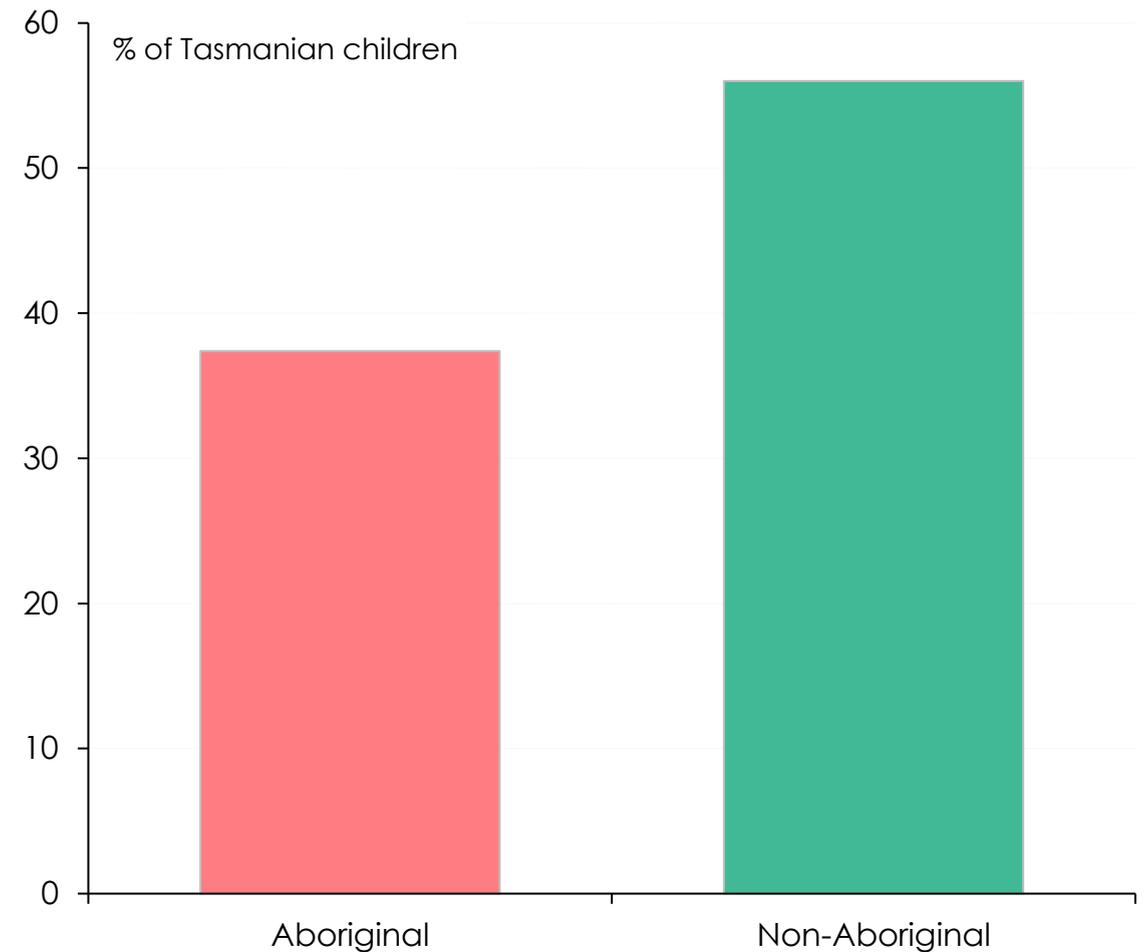


Tasmanian Aboriginal children are more 'developmentally on track' than their peers in most other states – but less than other Tasmanian children

Proportion of Aboriginal & Torres Strait Islander children assessed as being 'developmentally on track' in all stages of the Australian Early Development Census



Proportion of Tasmanian children assessed as being 'developmentally on track' in all stages of the Australian Early Development Census

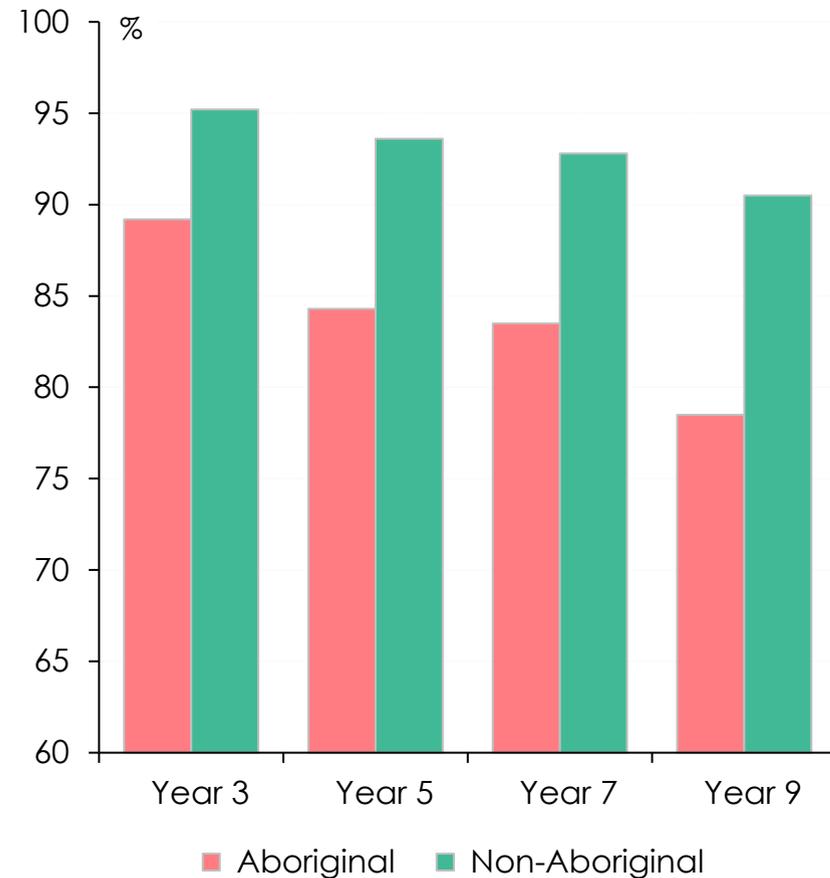


Source: Productivity Commission, [Closing The Gap: Annual Data Compilation Report, July 2021](#), Table CtG4A.1.

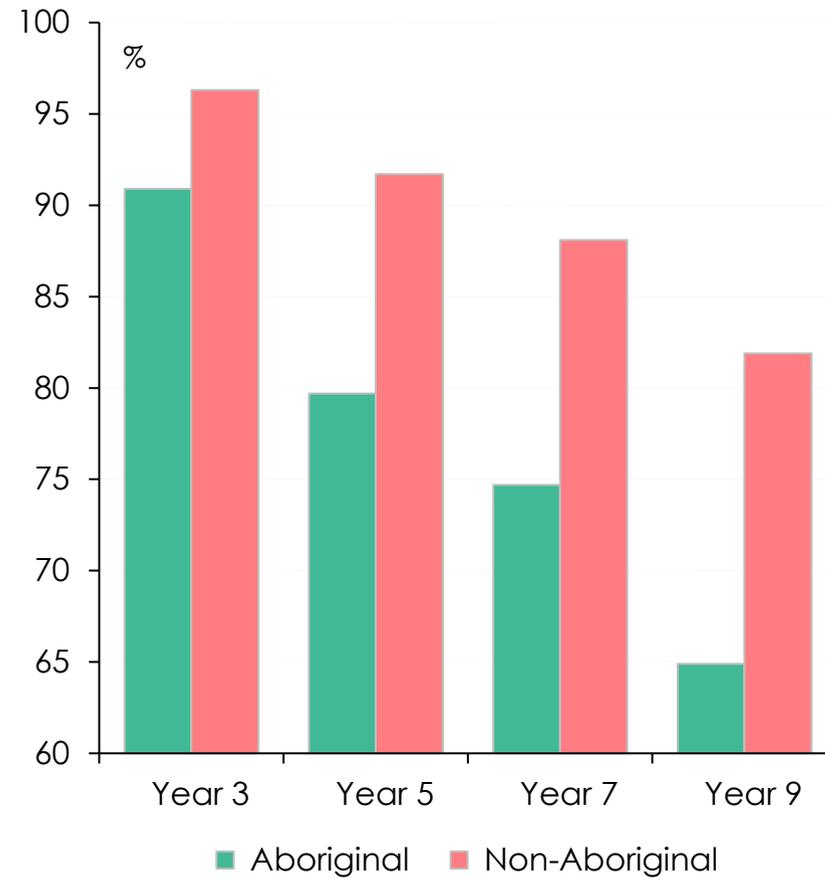
Tasmanian Aboriginal students haven't fared as well on standardized tests as other students (though they have done better than their mainland peers)

% of Tasmanian school students achieving at or above NAPLAN national minimum standards in 2019

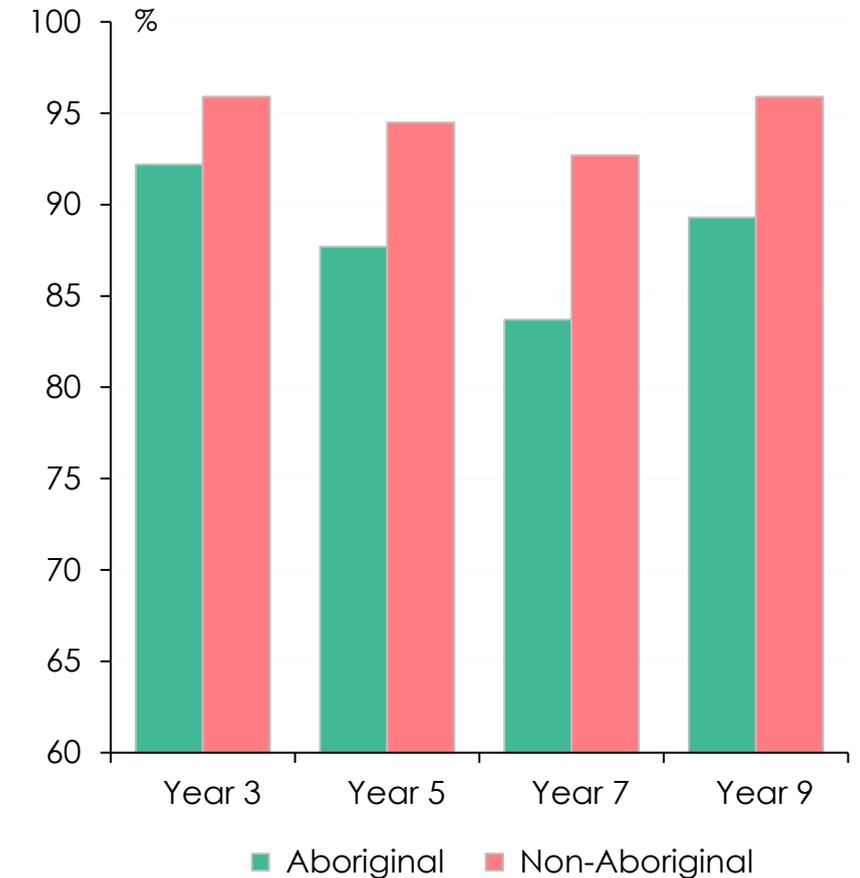
Reading



Writing



Numeracy

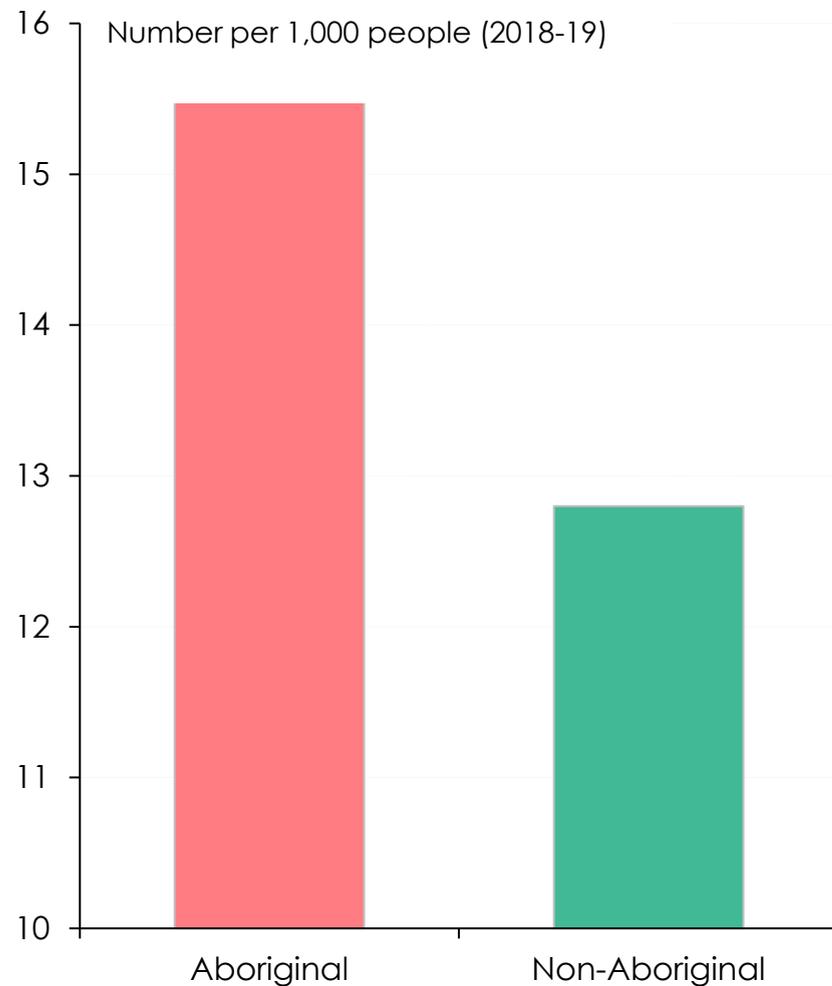


It's worth noting that although Tasmanian Aboriginal students don't do as well as non-Aboriginal students in these NAPLAN assessments, they perform noticeably better than Aboriginal & Torres Strait Islander students in mainland states – whereas non-Aboriginal Tasmanian students perform noticeably worse than their peers in mainland states

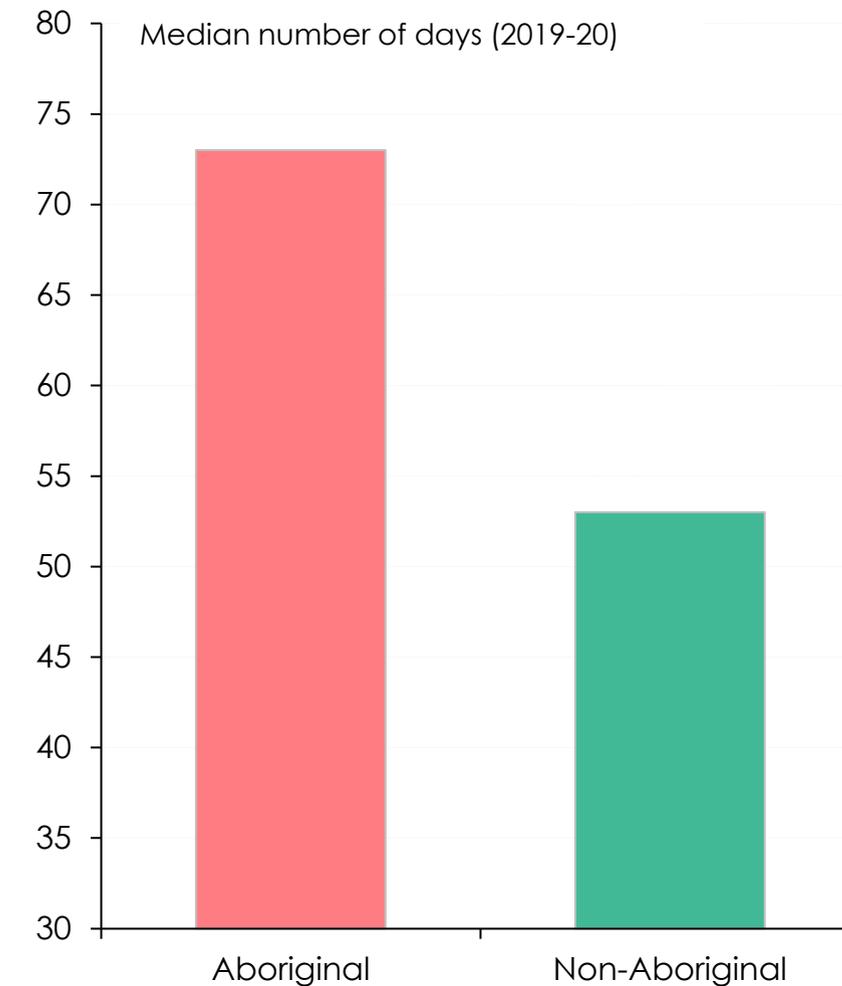
Source: Productivity Commission, [Report on Government Services 2021 - Part B, Section 4: School Education](#).

Aboriginal people experience poorer health than other Tasmanians – but they are less well-served by the health system

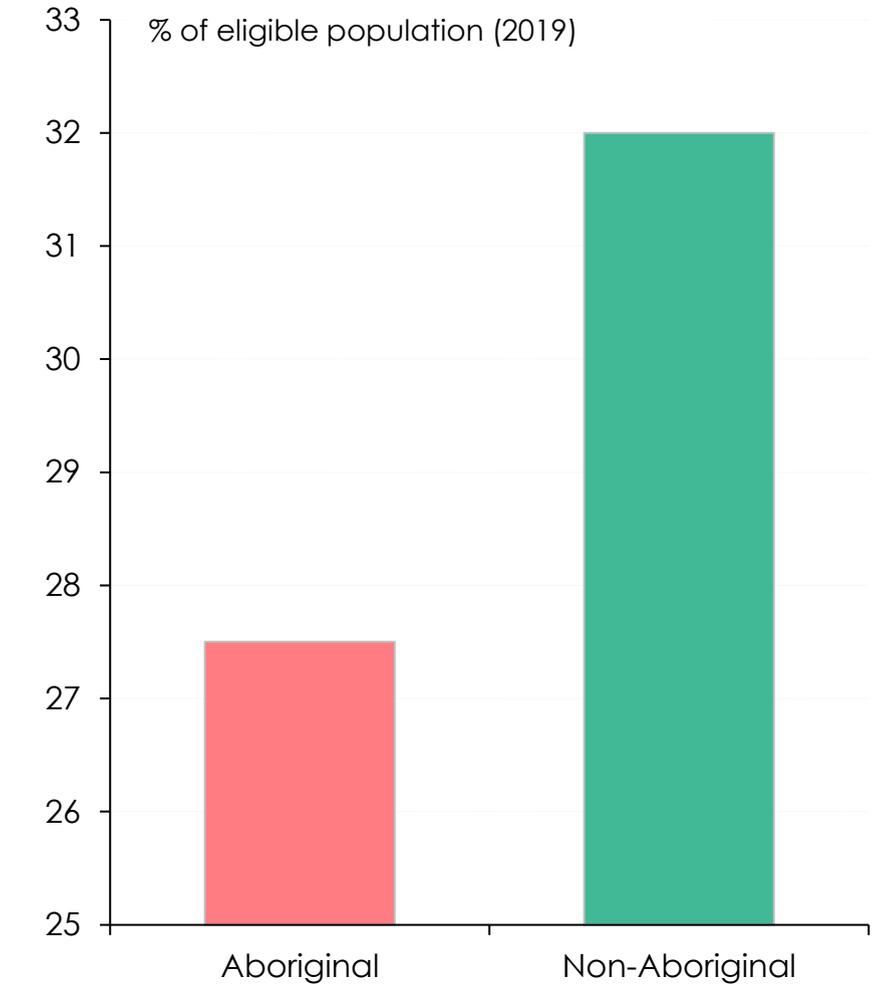
Hospital separations for chronic conditions per 1,000 Tasmanians



Elective surgery waiting times at Tasmanian public hospitals



'Older' Tasmanians who have had an annual health assessment

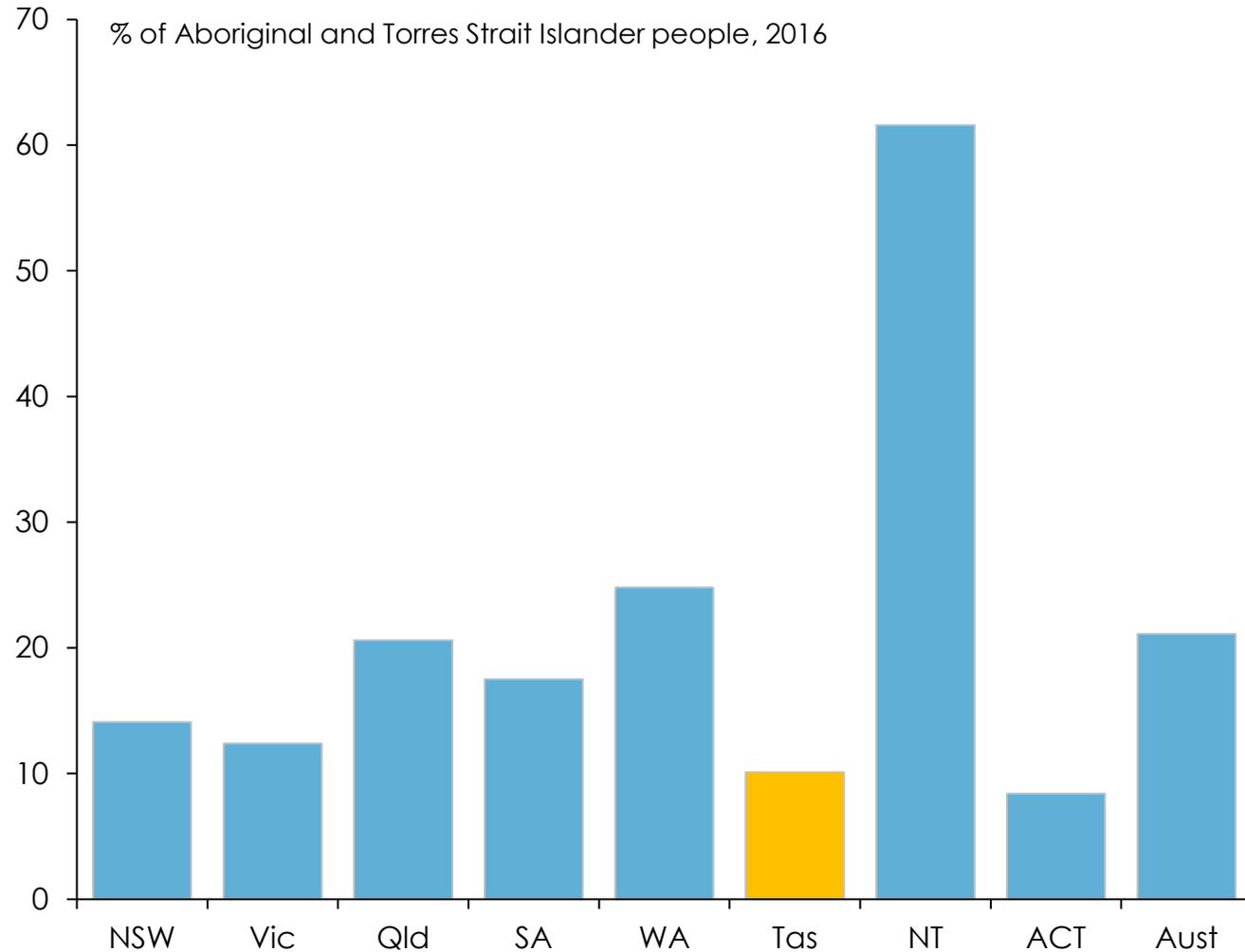


Note: 'older' persons eligible for annual health assessments are Aboriginal people aged 55 and over, and non-Aboriginal people aged 75 and over.

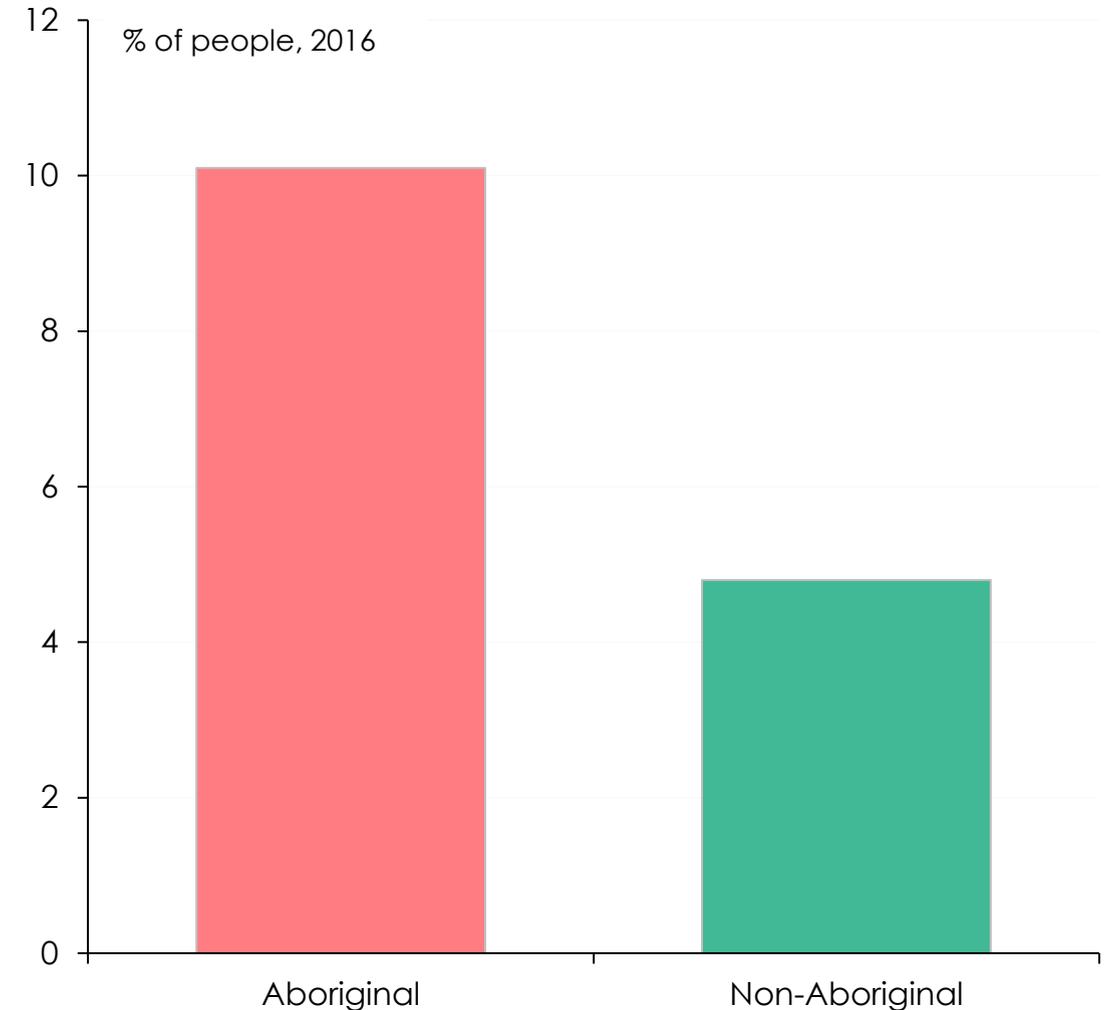
Sources: Productivity Commission, [Report on Government Services 2021 - Part E, Section 12: Public Hospitals](#) and [Part E, Section 10: Primary and community health](#).

Tasmanian Aboriginal people have better housing than Aboriginal people in other states & territories – but not as good as other Tasmanians

Proportion of Aboriginal & Torres Strait Islander people living in over-crowded housing



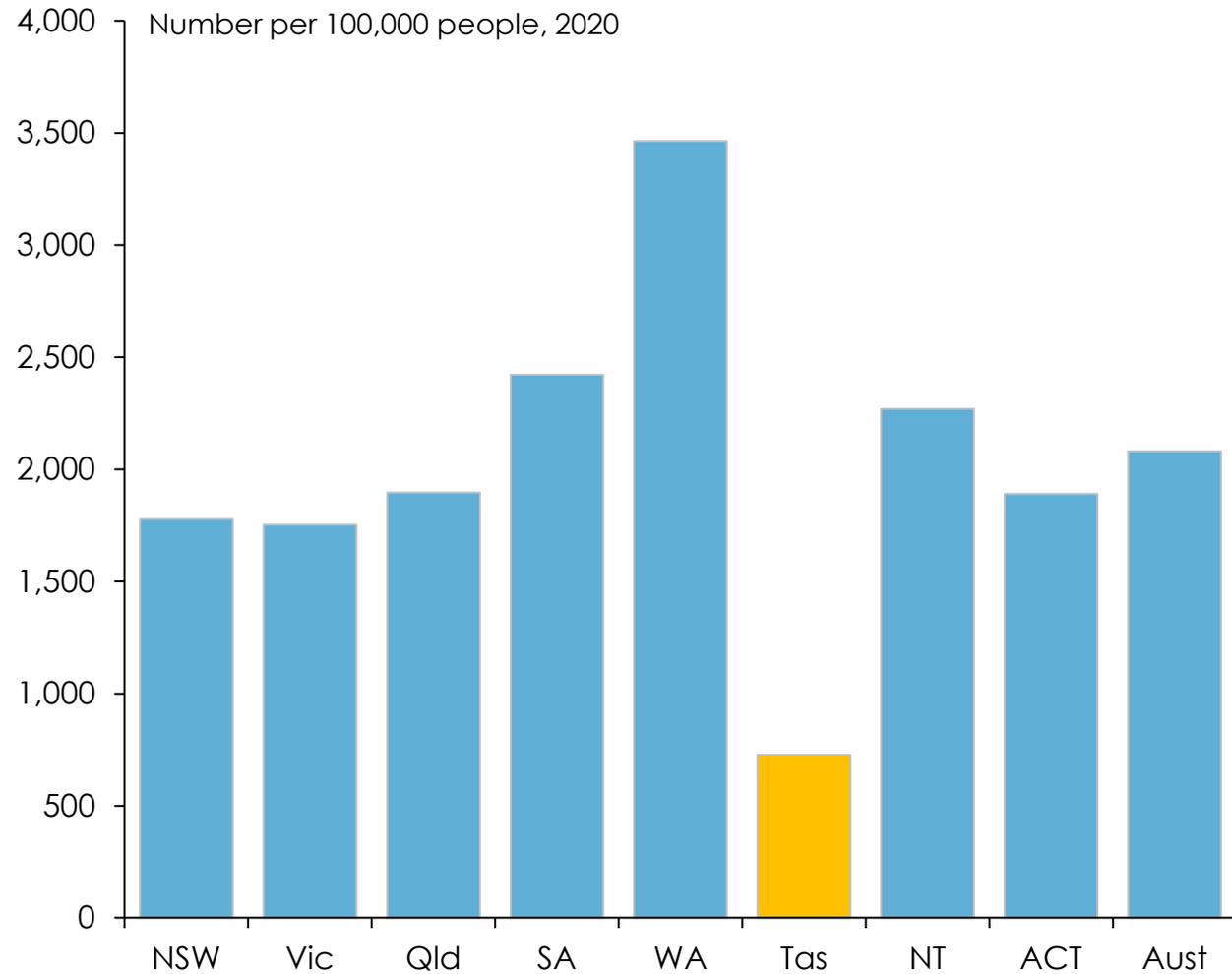
Proportion of Tasmanian people living in over-crowded housing



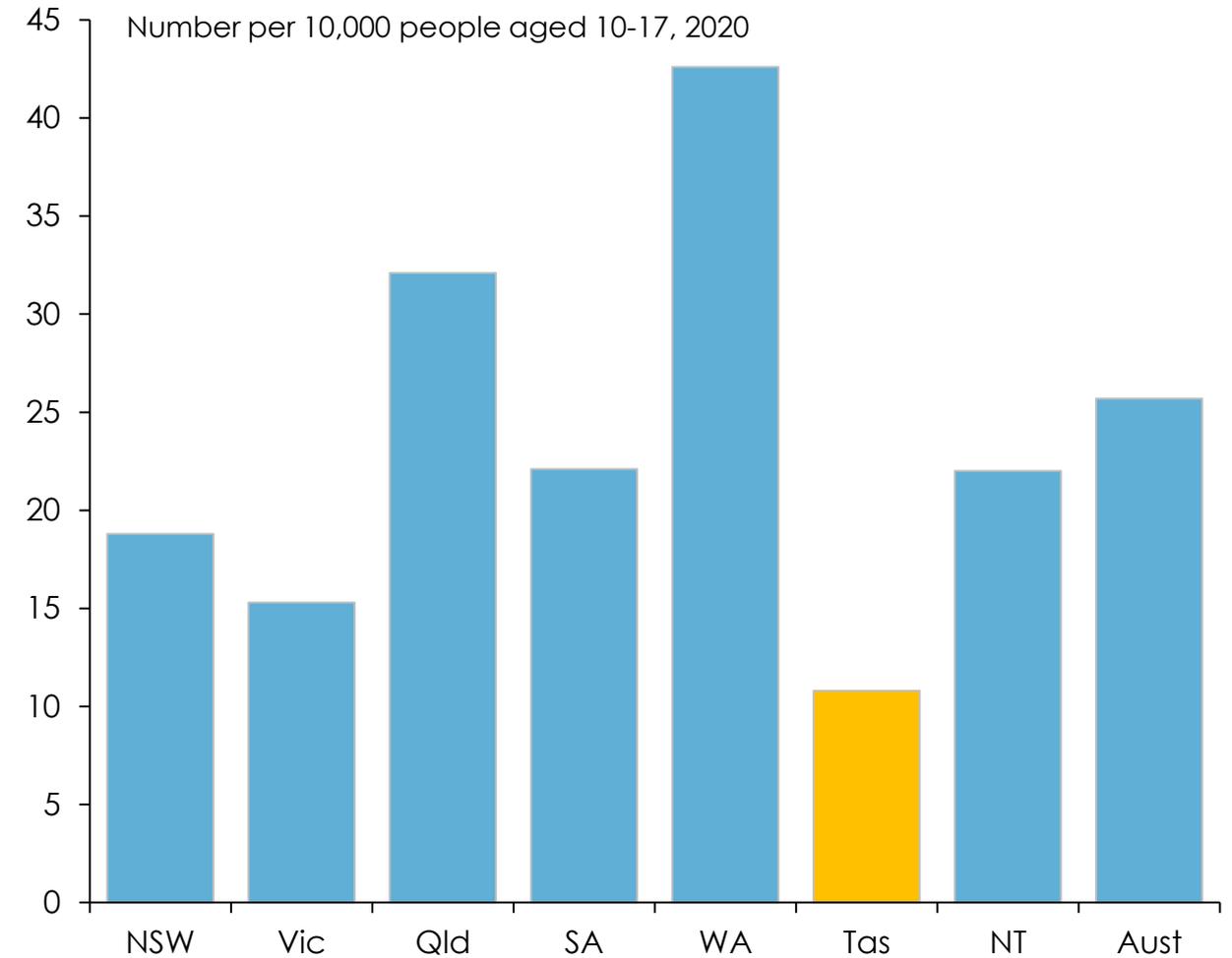
Note: 'Over-crowded' housing means more than two people per bedroom; children aged 5 or over of the opposite sex sharing bedrooms; couples and parents not having a separate bedroom; or single people over 18 and not in a relationship sharing bedrooms. Source: Productivity Commission, [Closing The Gap: Annual Data Compilation Report, July 2021](#), Table CtG9A.1.

Tasmanian Aboriginal people have significantly lower imprisonment or detention rates than their counterparts on the mainland ...

Proportion of Aboriginal & Torres Strait Islander people aged 18 and over in prison custody

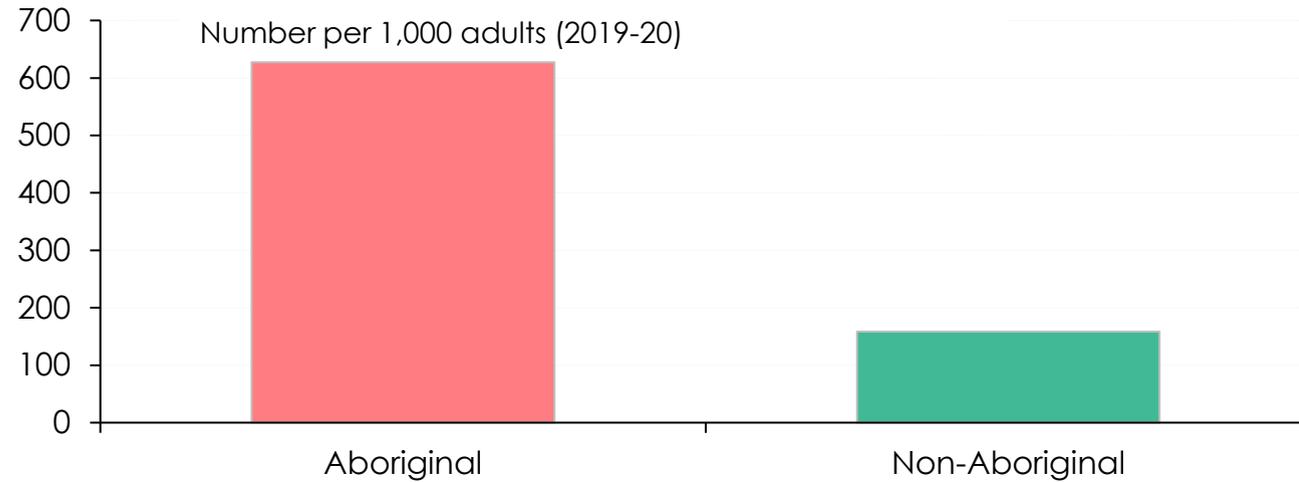


Proportion of Aboriginal & Torres Strait Islander young people aged 10-17 in detention on an average day

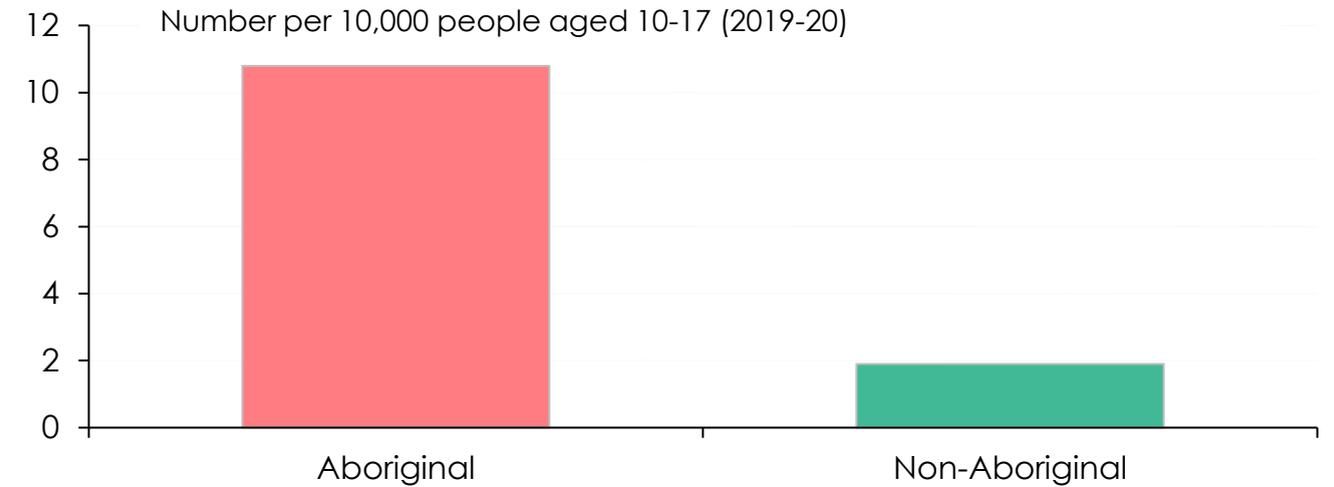


... but they have significantly more encounters with the justice system than other Tasmanians

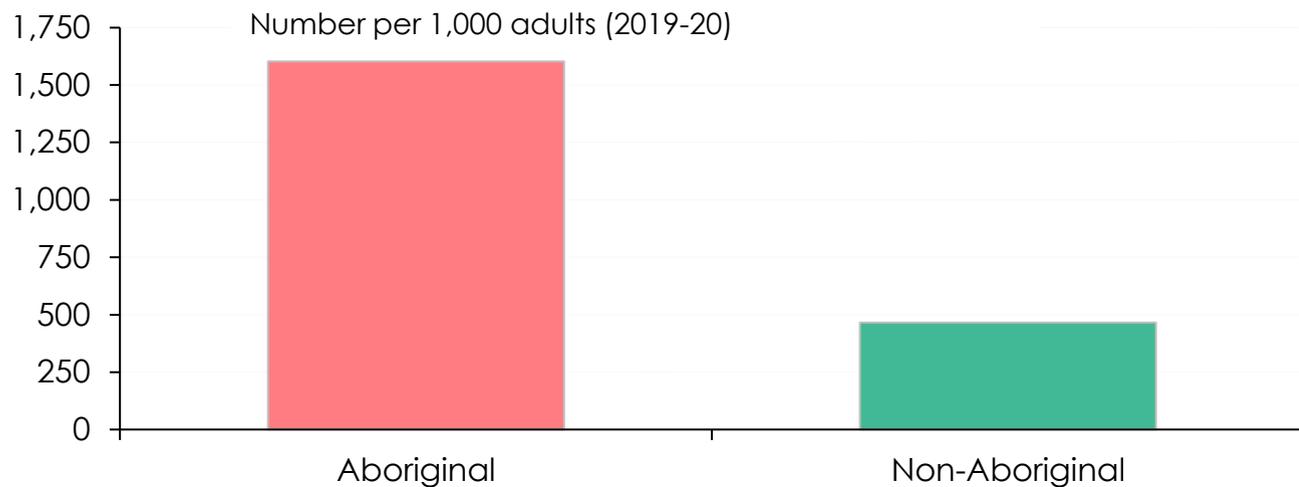
Tasmanian adult imprisonment rate



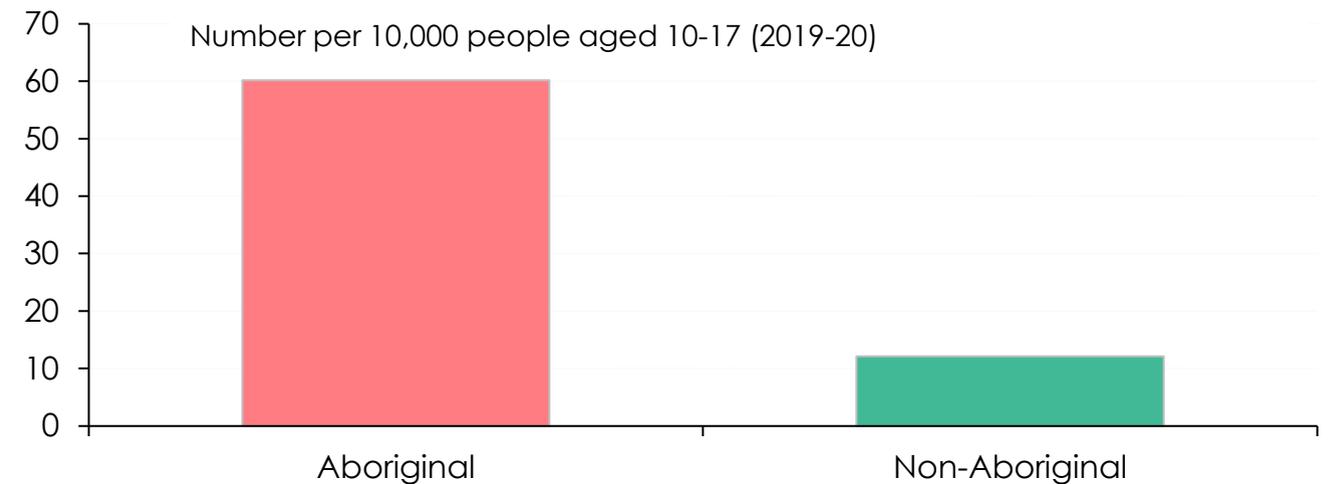
Tasmanian youth (10-17) detention rate



Tasmanian adult community correction rate

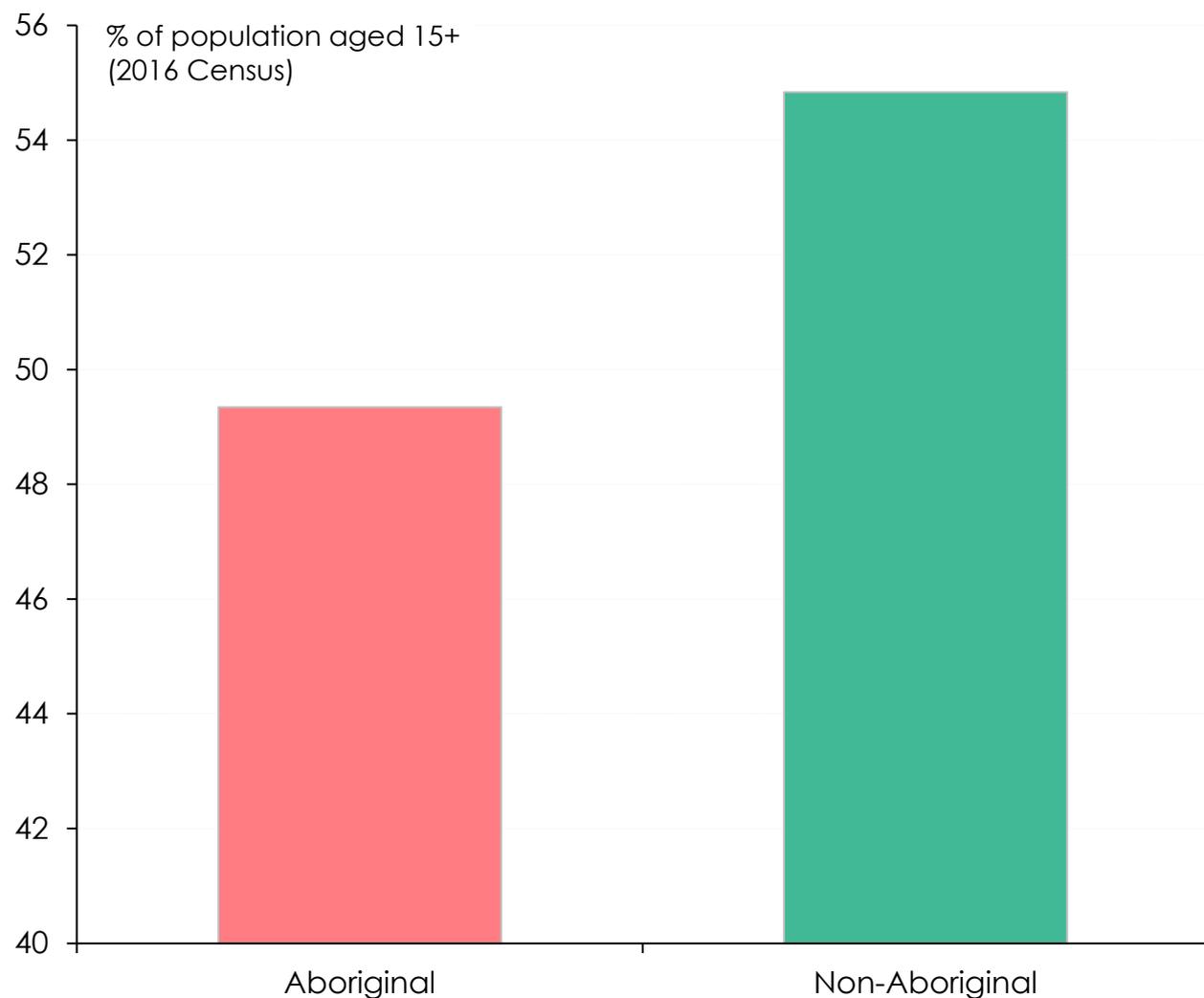


Tasmanian youth community-based supervision rate

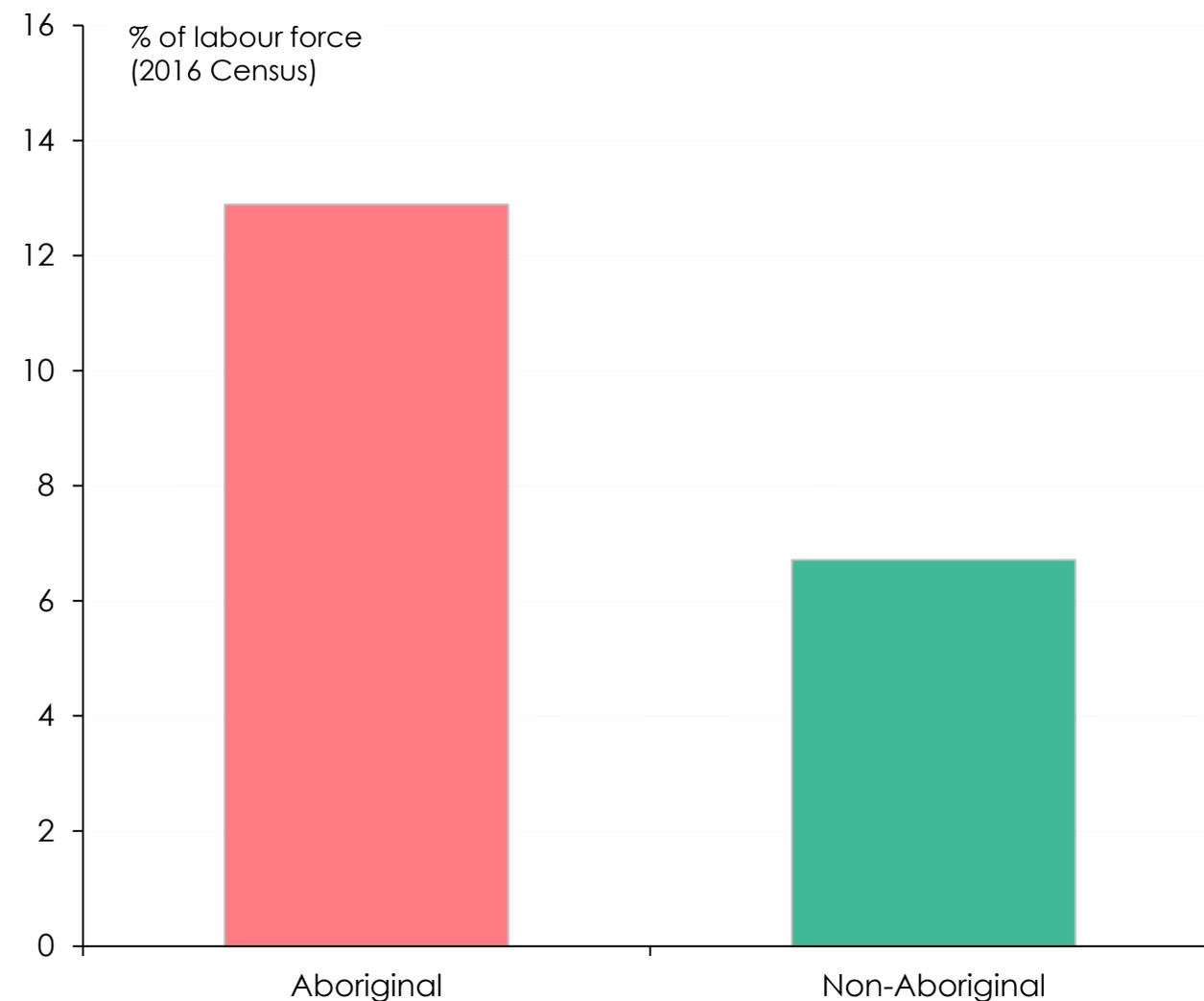


Given all these factors it's not really surprising that Aboriginal Tasmanians are less likely to be employed – and more likely to be unemployed

Employment-population ratios, Tasmania



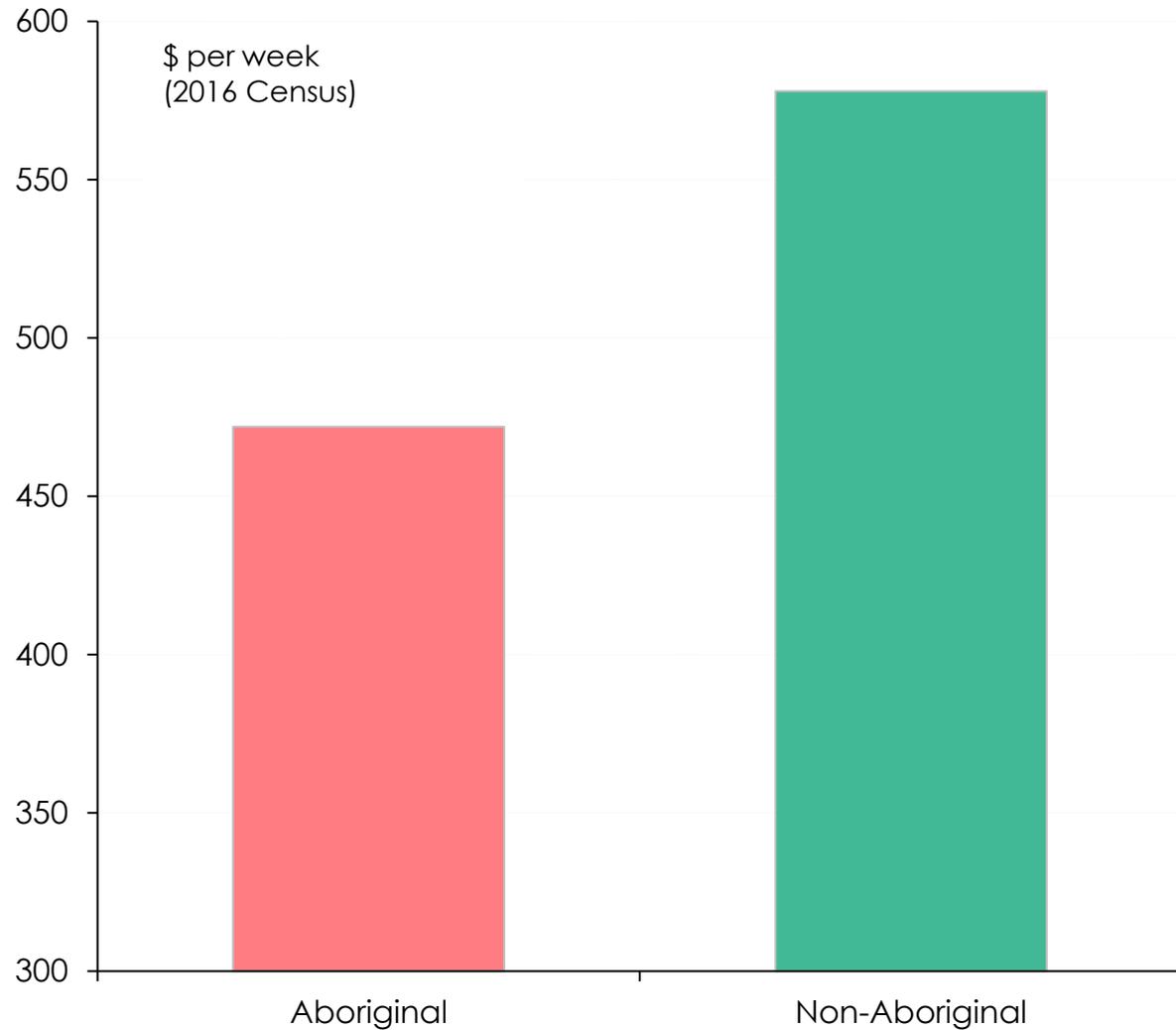
Unemployment rates, Tasmania



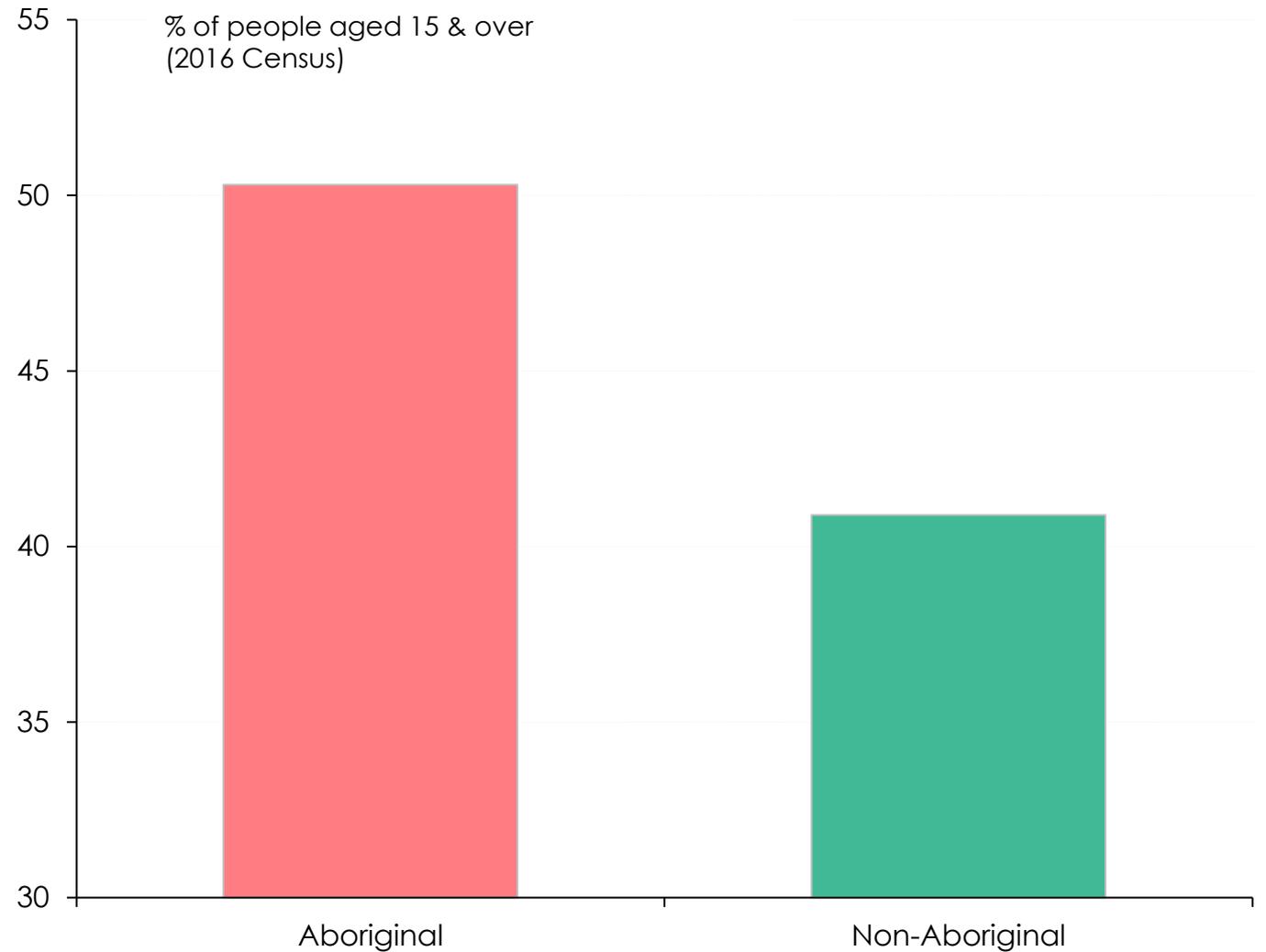
Sources: Australian Bureau of Statistics, [2016 Census Community Profiles](#).

And they are in turn the main reasons why Aboriginal people have lower incomes, on average, than other Tasmanians

Median total personal income, Tasmania



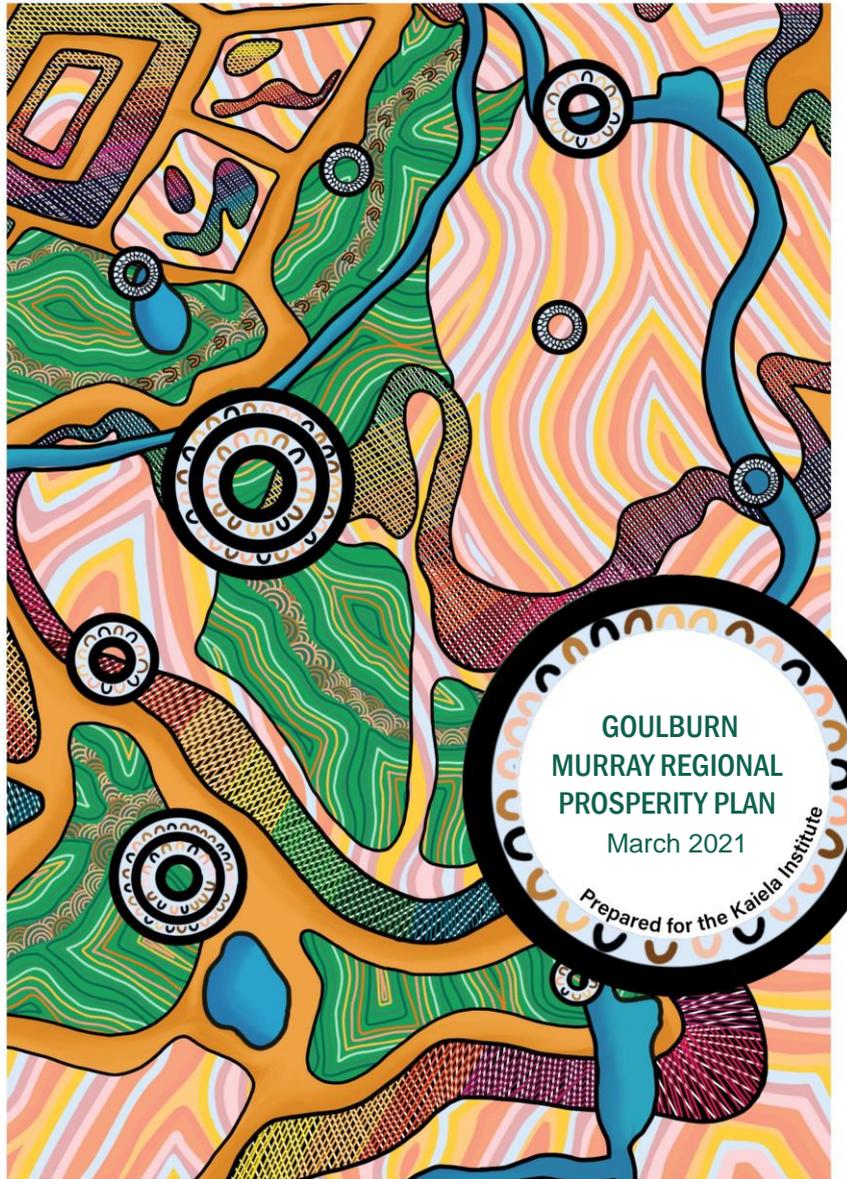
Percentage of Tasmanians earning less than \$500/week



What would be the economic benefit of 'closing the gap'?

- ❑ **If, at the time of the 2016 Census, Tasmanian Aboriginal people aged 15 and over had earned the same income as other Tasmanians, that would have amounted to an additional \$87 million circulating in the Tasmanian economy**
 - which would have been equivalent to a 0.4% boost to total Tasmanian household income in 2016-17
- ❑ **Scaling that up by the same multiple as gross state product is of household income, that would in turn have been equivalent to an additional \$116mn of economic activity in Tasmania in 2016-17**
 - which, all else being equal, would be equivalent to almost \$140 million of additional economic activity in the current financial year
- ❑ **Based on historical relationships between employment and gross state product, that additional economic activity could be expected to create a further 100 additional jobs**
 - which is more than some mooted major projects would do
- ❑ **Realistically, 'closing the gap' in terms of employment and income-earning capacity will require additional investment in education and training, health care and other areas**
 - but it seems reasonable to expect that such investments would produce a positive return to the broader Tasmanian community as well as to Tasmanian Aboriginal people

What would be the economic benefit of 'closing the gap'?



- These estimates are similar to those produced by Deloitte Access Economics of the economic benefits of 'closing the gap' for First Nations people in Victoria's Goulburn-Murray region by 2036
 - a boost to gross regional product of about \$150mn per annum or about 1³/₄%
 - and an additional 460 jobs
 - but the 'gap' to be closed there is larger than in Tasmania

Important information

This document has been prepared by Saul Eslake on behalf of Corinna Economic Advisory Pty Ltd, ABN 165 668 058 69, whose registered office is located at Level 11, 114 William Street, Melbourne, Victoria 3000 Australia.

Corinna Economic Advisory is a partner (with Llewellyn Consulting, of 1 St Andrews Hill, London EC4V 5BY, United Kingdom) in Independent Economics.

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