

Aboriginal Peak Organisations Northern Territory

An alliance of the CLC, NLC, CAALAS, NAAJA and AMSANT

**APO NT SUBMISSION TO THE STANDING COMMITTEE ON COMMUNITY
AFFAIRS**

ON THE EXTENT OF INCOME INEQUALITY IN AUSTRALIA

SEPTEMBER 2014

1. Summary of Concerns and Impacts

Aboriginal Peak Organisations Northern Territory (APO NT) welcomes the opportunity to make a submission on income inequality in Australia.

This submission reiterates many of the views and recommendations provided in APO NT's submission to the Community Affairs Legislation Committee inquiry into the Social Services Bills.

APO NT acknowledges that the Government's proposed changes to the welfare system will have a significant, detrimental impact on Aboriginal people in the Northern Territory and be counter productive to addressing income inequality in Australia.

Reducing levels of income support offered to Aboriginal people, who are widely acknowledged to experience significant disadvantage, poverty, ill health and disenfranchisement relative to non-Indigenous Australians, runs counter to Australia's efforts to Close the Gap on Indigenous disadvantage, particularly in areas with weak labour markets and a lack of job opportunities.

APO NT urges governments to focus efforts on facilitating improved educational outcomes, skills training and generating employment opportunities for Aboriginal people in the Northern Territory thereby reducing the reliance on the welfare system, rather than applying punitive, harsh measures to exclude the jobless from income support and reduce the support provided to the poorest, most disadvantaged families.

APO NT would welcome the opportunity to advise Government further on such opportunities.

2. About APO NT

Formed in October 2010, APO NT is an alliance between the Aboriginal Medical Services Alliance Northern Territory (AMSANT), Central Land Council (CLC), Northern Land Council (NLC), Central Australian Aboriginal Legal Aid Service (CAALAS) and North Australian Aboriginal Justice Agency (NAAJA).

APO NT is working to develop constructive policies on critical issues facing Aboriginal people in the Northern Territory and to influence the work of the Australia and Northern Territory governments. As representatives from the peak organisations in the Northern Territory, we share the aim of protecting and advancing the wellbeing and rights of Aboriginal and Torres Strait Islander people and communities. We also aim to provide a representative voice for Aboriginal people on the Northern Territory and to enable effective communication and information distribution between and within communities and Aboriginal organisations.

2.1 APO NT Organisations

NAAJA

The North Australian Aboriginal Justice Agency was formed in 2006. It brought together three existing Aboriginal Legal Services across the Top End to ensure the provision of quality legal services for Aboriginal Australians. NAAJA has grown to employ over 100 staff across the Northern Territory,

with offices in Darwin, Katherine and Nhulunbuy and is the largest law firm in the Northern Territory.

NAAJA provides high quality, culturally inclusive criminal, civil (including family law, child protection and welfare rights) law advice and assistance, community legal education, throughcare and prison support services. NAAJA attends community courts and holds regular advice clinics in remote communities across the Top End, from Groote Eylandt to Wadeye.

CAALAS

Central Australian Aboriginal Legal Aid Service strives for justice, dignity and equal rights and treatment before the law for Aboriginal people in Central Australia. CAALAS provides high quality, culturally appropriate and readily accessible legal services (in the areas of criminal, civil, family and welfare rights law), legal education, social justice advocacy and preventative and early intervention services to Aboriginal people and communities in Central Australia.

Northern Land Council

The Northern Land Council processes outstanding land claims under the Aboriginal Land Rights (Northern Territory) Act 1976, as well as undertaking responsibilities under other legislation, such as native title claims. In addition, assisting landowners with land management and economic development is now a priority. Many Aboriginal people use the Northern Land Council to assist them in 'caring for country' and to develop economic opportunities. The Northern Land Council region covers the northern part of the mainland Northern Territory.

Central Land Council

The Central Land Council is a Commonwealth statutory authority established under the Aboriginal Land Rights (Northern Territory) Act 1976 and Native Title Representative body under the Native Title Act 1993.

The CLC is one of four Northern Territory land councils. The CLC region covers the entire southern half of the Northern Territory, an area of some 780,000 square kilometres of land. The council is made up of 90 Aboriginal people from more than 15 language groups elected from communities across the region.

The CLC is first and foremost a representative organisation for the Aboriginal people in its region, particularly on land related matters, including land claims and economic use of land.

AMSANT

AMSANT is the peak body for Aboriginal Community Controlled Health Services in the Northern Territory. It aims to improve the health of Aboriginal people in the Northern Territory through promoting and extending the principle of local Aboriginal community controlled primary health care services to Aboriginal people. AMSANT aims to alleviate the sickness, suffering and disadvantage, and to promote the health and well-being of Aboriginal people in the Northern Territory through the delivery of health services and the promotion of research into causes and remedies for illnesses and ailments found within the Aboriginal population of the Northern Territory.

3. Recommendations

- Recommendation 1:** APO NT refers the Committee to APO NT's submission on the Social Services Bills and in particular the recommendations made in that submission relating to the proposed welfare reforms.¹
- Recommendation 2:** APO NT recommends Government adoption of the five key recommendations made by the Senate Community Affairs References Committee report *Australia's Domestic Response to the World Health Organisations Commission on Social Determinants of Health report 'Closing the Gap within a generation'*.²
- Recommendation 3:** APO NT recommends increasing the NewStart Allowance by \$50 per week
- Recommendation 4:** APO NT recommends that the Remote Area Allowance be increased to more adequately compensate for the higher cost of living in remote and very remote areas in Australia.
- Recommendation 5:** Policy makers should identify and remove any disincentives to employment currently built into public housing policies of rent setting, which uses a tenant's gross income to calculate rent.
- Recommendation 6:** Remove Income Management in the NT for everyone but vulnerable, voluntary, trigger based and divert funds into remote housing and job creation.
- Recommendation 7:** Make the Basics Card a stand-alone tool available to every welfare payment recipient, irrespective of whether they are income managed.
- Recommendation 8:** Governments should ensure the public housing stock is not reduced.
- Recommendation 9:** Governments should continue to invest in new houses in remote communities to keep pace with population growth. Further to this, Governments should ensure the remote housing is adequately funded for cyclical maintenance.
- Recommendation 10:** Governments should consider strengthening consumer protection, including broadening the powers of the Consumer Affairs Watchdog.
- Recommendation 11:** APO NT recommends that policy makers give strong consideration to policies that address issues at a short term, medium term and long term basis.
- Recommendation 12:** APO NT recommends an inquiry into food pricing in Australia comparing very remote areas, remote areas and urban areas.
- Recommendation 13:** Emphasis should be placed on equipping every remote community with a community services hub, where people are able to access computer,

¹ See Attachment A to this submission.

² See Attachment B to this submission.

internet and printing facilities, faxes and telephones to assist in their job seeking activities.

Recommendation 14: Governments should address transportation issues in remote and very remote areas in Australia by increasing affordable public transportation.

4. Response to the Terms of Reference

This submission aims to make known the particular characteristics of inequality experienced by Aboriginal people in the Northern Territory.

4.1 *The extent of income inequality in Australia and the rate at which income inequality is increasing in our community;*

Income inequality and Aboriginal people in the NT

We are not able to comment on the rate at which income inequality is increasing in Australia other than what the recent OECD figures show, and that is that inequality is increasing and that of the 34 OECD countries, Australia is the 11th most unequal nation.³

Aboriginal households are clearly much poorer than others in Australia. In 2011, the median personal income in the Northern Territory for Indigenous persons was \$269 per week. This is significantly less than the median income of non-Indigenous people in the Northern Territory of \$925 per week.⁴ The 2011 Census identified 9,682 Indigenous people who reported an income of less than \$200 per week. 3,060 people recorded no income at all.⁵

The negative effects of systemic poverty on communities are well-documented. Low income communities have been found to experience increased levels of family violence,⁶ poor child development and nutrition,⁷ and higher rates of certain crimes.⁸

A younger population

Aboriginal and Torres Strait Islander people in the Northern Territory have a far lower median age than the rest of the Australian population. In 2011, the median age was 23 years of age, compared to 31.5 years of age in the Northern Territory, and 37.3 years of age for the overall Australian population.⁹

Many of the Federal Government's reform measures, including the income exclusion period, are targeted to persons under 30 or 35 years old.

In addition, Aboriginal women have children at a younger age, the median age of mothers who registered an Aboriginal and Torres Strait Islander birth in 2011 was 24.8 years, 6 years lower than

³ <http://www.oecd.org/els/soc/income-distribution-database.htm>

⁴ Office of the Northern Territory Coordinator-General, Office of the Northern Territory Coordinator-General for Remote Services Report June 2011 to August 2012, p21.

⁵ Ibid.

⁶ Fadwa Al-Yaman, Mieke Van Doeland and Michelle Wallis, Family Violence Among Aboriginal and Torres Strait Islander Peoples, Australian Institute of Health and Welfare, 2006.

⁷ Mariana Chilton, Michelle Chyatte and Jennifer Breaux, 'The negative effects of poverty & food insecurity on child development', Indian Journal of Medical Research, vol. 126, October 2007, pp 262-272.

⁸ Paresh Kumar Narayan and Russell Smyth, 'Crime rates, male youth unemployment and real income in Australia: Evidence from Granger causality tests', *Applied economics*, Volume 36, Issue 18, 2004, pp. 2079-2095.

⁹ ABS (2010) The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/6CD003E84F950DDCCA257AD900098C94?opendocument>>

the median age of all mothers in Australia (30.6 years). Similarly, the median age of fathers was 27.6 years compared with 33 years for all fathers in Australia.¹⁰

The Northern Territory also has the youngest mothers and fathers in the country, with 28.5 years and 31.5 years respectively as the average.¹¹

Remoteness

In the Northern Territory, 80% of the Aboriginal and Torres Strait Islander population live outside Greater Darwin.¹² A high proportion of this population live in remote or very remote communities; the Northern Territory has higher proportions of people in remote (21.2%) and very remote (24.8%) areas than any other state or territory (table 5.21).¹³

Remoteness, particularly in Aboriginal communities, is interconnected with a number of factors of disadvantage. These include:

poorer access to services...overcrowded housing, [fewer] employment opportunities and...an excessively high cost of living that practically precludes a healthy diet.¹⁴

The Federal Government's proposed social welfare regime will be highly damaging to these already vulnerable communities.

Remote cost of living

Income inequality is exacerbated by the cost of living in remote communities where fresh food can cost 150-180% more than in capital cities.¹⁵

The 2012 Northern Territory Government's Market Basket Survey examined the cost of a standard food basket for a hypothetical family of 6 for a fortnight. The average cost of the food basket was \$760 in remote stores, \$712 in district centre corner stores and \$534 in district centre supermarkets, on average, the food basket in the remote stores was 49% more expensive than in the Darwin supermarket, and 21% more expensive than in the Darwin corner store.

The proportion of family income required to purchase the food basket was 23% in a Darwin supermarket and 35% in remote stores.¹⁶ East Arnhem was the most expensive district (\$792) and Barkly the least expensive (\$731).

The cost of fuel is also significantly higher than the national average. On 27 July 2014, the average weekly retail price for unleaded petrol was 152 cents per litre. On the same day, the regional average in the Northern Territory was 176 cents per litre; fuel prices are higher again in remote communities. Many people in remote communities and urban centres are reliant on travelling by private vehicle to access services because of the lack of public transport.

¹⁰ Ibid.

¹¹ ABS (2012) Births, Australia 2011 (3301.0)

<<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Previousproducts/3301.0Main%20Features52011?opendocument&tabname=Summary&pr odno=3301.0&issue=2011&num=&view=>>

¹² ABS 2011

¹³ <http://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/1301.0Feature%20Article22004?opendocument&tabname=Summary&pro dno=1301.0&issue=2004&num=&view=>

¹⁴ Olga Havnen, 2012, pp. 88-89.

¹⁵ Olga Havnen, 2012, pp. 89.

¹⁶ Northern Territory Government, Department of Health, Market Basket Survey 2012, 2013, p 4. It surveyed eighty-two rural and remote stores, and for comparison of prices, a supermarket and corner store in the major town/city in each of the district centres.

The Remote Area Allowance, granted to some income support recipients living in remote areas by the Department of Human Services, does not adequately compensate for the high cost of living; a single received \$18.20 per week, couples \$15.60 each and \$7.30 for each dependent child.

The high cost of living in remote communities greatly amplifies the inadequacy of allowance rates. Any future reduction in household income levels will further exacerbate this.

Language diversity and access to services

Around 100 languages are spoken in the Northern Territory with many people speaking English as their third or fourth language.¹⁷

This has impacts on Aboriginal people's ability to access services fairly and equitably.

For example, there is currently only one Aboriginal language, Pitjantjatjarra, which is available on the Department of Human Services Indigenous Call Centre line. If a person speaks one of the 99 languages other than Pitjantjatjarra, they need to speak to Centrelink in English.

Information in approximately 52 non-indigenous languages is available in the Department of Human Services website – no information is available in any Aboriginal languages.

The impact of language diversity on government service delivery was highlighted by the James Cook University Indigenous Legal Needs Project: Northern Territory Report. A respondent to the research stated:

You can imagine if you've got a language barrier... if English is your third or fourth [language] and then you've got to go into Centrelink, and anything to do with Centrelink you've got to get on a phone – its not actually serviced here. Now you imagine trying to explain all that when you're second or third English speaking... So if you have an acquired brain injury or you're an alcoholic or whatever your problem is, where do you go?... Centrelink is a big issue; It's been going on for a number of years, just the treatment of Aboriginal people going in there (Statutory Authority staff).¹⁸

Low levels of educational attainment

Aboriginal children in the Northern Territory have the worst literacy and numeracy in the country, without significant improvement over the period of NAPLAN monitoring.¹⁹

The post school qualifications rate (a key determinant of employment outcomes) was the lowest in Australia, with the widest gap between Aboriginal and non-Indigenous Territorians, with little change in five years.²⁰

High rates of Aboriginal and Torres Strait Islander people living with disabilities

Aboriginal and Torres Strait Islander people experience a significantly higher rate of disability than non-Indigenous Australians.²¹ 10% of Disability Support Pension recipients in Australia are Aboriginal and Torres Strait Islanders, although Aboriginal and Torres Strait Islander people comprise only 2.3%

¹⁷ <http://www.ais.nt.gov.au/> Accessed on 19 April 2013.

¹⁸ Indigenous Legal Needs Project, page 85.

¹⁹ <http://www.nap.edu.au/results-and-reports/national-reports.html>

²⁰ (COAG Reform Council, 2012-13a, pp. 65-68)

²¹ In 2011, Indigenous Australians aged under 65 were 2.4 times as likely to need help with core activities as non-Indigenous Australians in that age range. (AIHW, 2013a, pp. 196, 206-207) Note that as the ABS Survey of Disability, Ageing and Carers (SDAC) excluded people living remotely, so these figures are a low estimate of the actual level of Indigenous disability in the Northern Territory.

of the working age population.²² Further, rates of disability among Aboriginal and Torres Strait Islander people increased by 34% between from 2006 to 2011.²³

Aboriginal and Torres Strait Islanders are 2.4 times as likely to need help with daily activities as non-Indigenous Australians. The gap is greatest in the Northern Territory and Western Australia, and in remote and very remote areas.²⁴

There is also a severe lack of disability services and respite care in remote communities in the Northern Territory:

In some communities, only 'fly in fly out' services are available - for example for respite or specialists. This approach cannot provide adequate support for people with a high level or complex needs on an ongoing basis and Indigenous Australians with disabilities will sometimes need to move to regional centres to receive the supports they need.²⁵

Employment outcomes

In 2008, as part of its 'Closing the Gap' initiative, the Federal Government pledged to halve the gap between Indigenous and non-Indigenous employment outcomes in Australia. Despite this, the difference between these outcomes in levels of employment, unemployment and labour force participation has increased in the last 5 years.²⁶

The lack of improvement in post-secondary qualifications for Indigenous Australians since 2008 is an additional contributory factor to the increasing difference in employment outcomes between Aboriginal and non-Indigenous Australians.²⁷

In the Northern Territory, the disparity between employment outcomes for Indigenous compared to non-Indigenous Australians is even more striking. A gap of 40.8 percentage points²⁸ remains between Indigenous and non-Indigenous employment outcomes in the NT.²⁹ Further, the Indigenous employment rate in the Northern Territory fell by 6.8% from 2008-2013.³⁰

Beyond entrenched barriers to participation, the fact remains that in the vast majority of remote Aboriginal communities there is a severe shortage of jobs compared to the population.

The following data in relation to available jobs in some locations in the Top End was collated from the Australian Job Search website on 1 August 2014³¹ and 2011 Census population data:³²

Community/Region	Population	Available Jobs	Type of Job
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²² [Department of Social Services, 2014, p. 35](#)

²³ At the 2011 census 2,334 Aboriginal and Torres Strait Islander people reported they required assistance for daily activities, with almost 1 in 6 Aboriginal and Torres Strait Islander people providing unpaid assistance to a person with a disability. ([Havnen, 2012, p. 21](#)).

²⁴ In 2011, Aboriginal and Torres Strait Islander people aged under 65 were 2.4 times as likely to need help with core activities as non-Indigenous Australians in that age range ([AIHW, 2013a, pp. 196, 206-207](#)). Note that as the ABS Survey of Disability, Ageing and Carers (SDAC) excluded people living remotely, so these figures seem likely to be an undercount of the level of disability in the NT.

²⁵ Productivity Commission (2011) *Disability care and support: draft report [vol 1 & 2]*. Canberra: Productivity Commission (section 9).

²⁶ [COAG Reform Council, 2012-13, p. 65](#).

²⁷ See [COAG Reform Council, 2012-13, pp. 65-68](#).

²⁸ This compares with a nation-wide gap of 27.8 percentage points at 2012-13 review. The national gap had widened to this level from previous 21.2 percentage points in 2008 ([COAG Reform Council, 2012-13, p. 65](#)).

²⁹ [COAG Reform Council, 2012-13, p. 68](#)

³⁰ COAG Reform Council, 2012-13.

³¹ Australian Job Search, <http://jobsearch.gov.au/> (Accessed 1 Aug 2014)

³² The data is total population, not the working age population. It includes some rural towns.

Humpty Doo	4141	10	Housekeeper
Naiyu	545	1	Program Coordinator
Daly River	171	4	Retail assistant
Bees Creek	812	1	Childcare
Virginia	2852	1	Childcare
Galiwinku	2124	7	Store assistant, call centre, Nurse
Angurugu (Groote Eylandt)	835	20	Aged Care, Alcohol and Other drugs worker, Check Out operator, Farm Hand
Milyakburra (Groote Eylandt)	176	4	Ranger, Indigenous Engagement Officer
Umbakumba (Groote Eylandt)	581	6	Housing Maintenance Officer, Store Person, Shop Assistant
Nhulunbuy	4072	5	Project Manager, Nurse, Team Supervisor
Yirrkala	843	2	School Attendance Officer
Gapuwiyak	874	13	School Attendance Officer
Maningrida	2293	65	Sales Assistant, Labourers, Tenancy Management Officers, Checkout operator
Milingimbi	1081	0	None
Ramingining	833	2	Art Worker
Wurrumiyanga (Tiwi)	1528	7	Forestry worker, Assistant Teacher
Milikapiti (Tiwi)	447	0	None
Pirlangimpi (Tiwi)	371	0	None
Wadeye	2111	42	Admin Support, School Attendance Officer, AFLNT Trainee, Women's Centre
Nganmarriyanga (Palumpa)	377	10	Construction labourers, Storeman
Peppimenarti	189	0	None
Gunbalanya	1171	0	None
Jabiru	1129	0	None
Total	27,264	200	

Barriers to economic development in remote communities

There are number of significant, long standing barriers to economic development in remote communities in the Northern Territory which affect the labour market and subsequently employment opportunities:

These include major power, water and sewerage constraints and serious limitations on available serviced land. They also include the high cost of construction, the quality of infrastructure, low average incomes, the caution of mortgage lenders and a range of other market factors.³³

The Northern Land Council, in its submission to the Joint Select Committee Inquiry into the Development of Northern Australia, stated that (in regard to barriers to development):

A far bigger issue for investors and financial institutions are the risks inherent in lending into a dysfunctional or non-existent economy, such as asset devaluation and lender repayment/return capacity.³⁴

The recently released Pivot North report also identified a 'significant range of obstacles to the development of Northern Australia' including;

- A small, sparsely distributed population which impacts on the development of sustainable industries³⁵
- the absence of capital infrastructure - lack of sealed roads (80% of roads are unsealed according to the NT Cattleman's association), adequate water supply, sewerage systems and power supply networks;³⁶
- absence of social infrastructure like community halls, childcare centres, sporting facilities, cultural centres and the arts;³⁷
- affordability—especially with regard to development costs, power costs and insurance and the cost of living, cost of housing;³⁸
- Regulatory environment especially in regard to taxation, land tenure, approvals processes and air transport regulation;³⁹ and
- the need for standardisation across jurisdictions

Removing funds from the community via restrictions on welfare payments will do nothing to address these barriers to development and could contribute to a further reduction in the overall economic viability of communities – making it more difficult for communities to reach a critical economic mass and sustain a true employment market.

This inability to maintain a functional economy in turn creates a disincentive for further investment, reinforcing the cyclical nature of economic disadvantage in remote Aboriginal communities in the NT.

Mutual obligation

The current system of 'mutual obligation' penalises Aboriginal people at a far greater rate than non-Aboriginal people.⁴⁰

³³ Central Land Council, *Land Reform in the Northern Territory: evidence not ideology*, October 2013, p 3.

³⁴ <http://www.aph.gov.au/DocumentStore.ashx?id=a680c929-5a75-4e10-90bc-3a4d2ba7df52&subId=206652>

³⁵ Page 112

³⁶ Pivot Page 121

³⁷ Pivot p 124

³⁸ Pivot p 128

³⁹ Pivot p 139

⁴⁰ Senate Standing Committee on Education and Employment, Questions on Notice, *Additional Estimates 2012-13, Department of Employment Question No. EM0186_14*.

People in remote areas have been required to comply with participation requirements when Remote Area Exemptions for remote job seekers were totally removed on 30 June 2011. Before this, job preparation and placement services were not provided in remote communities.⁴¹

Aboriginal job seekers have been subjected to financial penalties to a much greater extent than non-Indigenous job seekers, further reducing household income. Despite totaling 10% of job seekers in 2012 to 2013, Aboriginal job seekers accounted for:

- 28% of all financial penalties imposed;
- 30% of smaller financial penalties imposed; and
- 34% of serious failures for 'serious non-compliance' imposed.⁴²

Given the significant structural barriers to development and the significant barriers to employment experienced by Aboriginal people, pursuing a penalty based approach has no benefit, it is only punitive.

We consider that the current penalty system plays a significant role in the high rate of Aboriginal men that are disengaged from the labour force in the Northern Territory.

Further, Aboriginal people do not access legitimate exemptions from participation requirements at anywhere near the rate that non Indigenous people do, despite experiencing the circumstances justifying the granting of an exemption at a much higher rate. At present there are approximately 11, 691 people on Newstart Allowance in the Northern Territory, and a significant proportion of these people would be Aboriginal.

There were 838 participation exemptions granted across Australia in 2011, for people experiencing a major personal crisis, for example homelessness. The number of people who are homeless in the NT on any one night is estimated at 4,785 people, and a significant proportion of this amount are Aboriginal people.

There were 28 participation exemptions granted across Australia in 2011, for people experiencing domestic violence or relationship breakdown. Despite the NT's relatively small population, domestic violence related assaults are common. In the year to May 2014, there were 4510 domestic violence related assaults recorded by NT Police.⁴³ In the NT, Aboriginal and Torres Strait Islander women are affected by domestic violence at disproportionately high rates.

We endorse the proposal of the National Welfare Rights Network to introduce a 'participation supplement' to assist with the costs of job search⁴⁴ and incentivise participation requirements.

High level of disengaged young men in the Northern territory

Disengagement from the labour market is already a significant problem in the Northern Territory.

⁴¹ Budget and Additional Estimates Statements, Indigenous Affairs Budget 2007-08, Enhancing opportunities for employment and participation in remote communities, 2007.

⁴² Senate Standing Committee on Education and Employment, Questions on Notice, *Additional Estimates 2012-13 Department of Employment Question No. EM0186_14*.

⁴³ NT Department of Attorney General and Justice, "Northern Territory Crime Statistics: Data through May 2014", accessed at <http://www.pfes.nt.gov.au/Police/Community-safety/Northern-Territory-crime-statistics/Statistical-publications.aspx> on 12 August 2014

⁴⁴ NWRN Submission, p 11

At the 2011 Census large numbers of Aboriginal people in the Northern Territory responded to the question on labour force status by indicating they were 'Not in the Labour Force' (NILF). Though more research is needed to understand the dimensions, motivations and aspirations of this NILF cohort, it is understood that census results indicate significant numbers of Aboriginal people are 'disengaged', that is they are not working, not receiving welfare payments, or have had their benefits suspended.⁴⁵

Despite a Closing the Gap target since 2008 aiming to halve the gap in employment outcomes for Aboriginal and Torres Strait Islander people within a decade, the rate of people indicating a NILF response at the 2011 Census remained the same as it had been for 20 years, at between 45% and 50%, and closer to 60% in the 15 to 24 year old age group.⁴⁶

The 2012 report of the NT Coordinator-General for Remote Services questioned the effect this has on the broader community:

Most services and assistance are only available to people registered for unemployment benefits or receiving other welfare support, such as single parents or disability support payments. If there are large numbers of people not receiving any regular income how are they supporting themselves? Are they being supported by family or are they resorting to crime or violence to fund their living expenses? What pressure do these people apply to other members of the community for cash or other support?⁴⁷

More research to understand the level of disengagement by Aboriginal people in Northern Territory is urgently needed, and it will also be important to track the impact of the proposed reforms on this cohort.

Digital divide

There is a very large digital divide between remote communities and the rest of Australia. Some communities lack mobile phone reception in addition to not having high speed internet. The rate of ownership of personal computers is low, but mobile phone usage is relatively high, with attendant high costs. The public phone network in remote communities has also reduced significantly, meaning that Aboriginal people find it very difficult to communicate with agencies that do not have a presence in the community or toll free contacts.

Government interventions

People on income support payments in the Northern Territory are subject to additional interventions as a result of the Northern Territory National Emergency Response and subsequently Stronger Futures suite of legislation.

Income Management

There are approximately 48,000 people on Centrelink benefits in the Northern Territory.⁴⁸ Of these, 24,771 being income managed.⁴⁹ The vast majority of these people are Aboriginal.

⁴⁵ [Havnen, 2012, p. 176](#)

⁴⁶ [Havnen, 2012, p. 175](#)

⁴⁷ [Havnen, 2012, p. 175](#)

⁴⁸ UNSW, Social Policy Research Centre, Evaluating New Income Management in the Northern Territory: First Evaluation Report, July 2012 at p 42.

⁴⁹ 2014-2015 Budget Estimates, Community Affairs, Document 1, 05/06/2014, 11.15am, Secretary Mr Finn Pratt, at p 1.

By virtue of Part 3B of the Social Security (Administration) Act 1999, 30-50% of the Centrelink payments of people under income management are paid into their bank account and the other 50-70% of their payment is put into a Centrelink administered account to spend on their 'priority needs'.⁵⁰

People are income managed in the Northern Territory for a number of reasons: substantiated child protection concerns (66)⁵¹, vulnerability (630)⁵², compulsory (length of time on payment)⁵³, voluntarily (3720)⁵⁴, and by order of the Alcohol Mandatory Treatment Tribunal of the NT.⁵⁵ The vast majority of people, 15,567, are on compulsory income management.⁵⁶

By contrast, there are 4725 people subject to income management in 13 locations around the rest of Australia. They are income managed on different criteria: namely vulnerability, voluntary or child protection concerns. Under the Cape York Welfare Reform System, 212 people are subject to income management.

Income management in the NT does not involve case management or a wrap around service provision, this is in contrast to the system in Cape York, where income management is part of a broader system involving case conferencing and referral to community support services.⁵⁷

A long term welfare payment recipient or a disengaged youth can be exempted from income management if they engage in full time work or study or their children meet school attendance requirements or other age appropriate activities for children not of school age.⁵⁸ As at 5 June 2014, of the 24,711 people on income management in the Northern Territory, there were 64 exemptions in place for regular paid work, 482 for full time students, 1721 for parenting requirements. The majority of exemptions granted have been to non-indigenous people.⁵⁹

Among other impacts⁶⁰, including costs to individuals who are income managed,⁶¹ income management means that there is a lower amount of cash available for the support of family members who are without income.

The evaluation of income management in the Northern Territory by the University of New South Wales Social Policy Research Centre states that

⁵⁰ Section 123 TH of the *Social Security (Administration) Act 1999* defines priority needs as food; non-alcoholic beverages; clothing, footwear; basic personal hygiene items; basic household items; housing, including rent; home loan repayments; repairs; and maintenance; household utilities, including: electricity, gas; water; and sewerage; and garbage collection; and fixed-line telephone; rates and land tax; health, including: medical, nursing, dental or other health services; and pharmacy items; and the supply, alteration or repair of artificial teeth; and the supply, alteration or repair of an artificial limb (or part of a limb), artificial eye or hearing aid; and the supply, alteration or repair of a medical or surgical appliance; and the testing of eyes; and the prescribing of spectacles or contact lenses; and the supply of spectacles or contact lenses; and the management of a disability; child care and development; education and training; items required for the purposes of the person's employment, including: a uniform or other occupational clothing; and protective footwear; and tools of trade; funerals; public transport services, where the services are used wholly or partly for purposes in connection with any of the above needs; the acquisition, repair, maintenance or operation of: a motor vehicle; or a motor cycle; or a bicycle; that is used wholly or partly for purposes in connection with any of the above needs.

⁵¹ 66 people are income managed under section 123UC, *Social Security (Administration) Act 1999*.

⁵² Section 123UCA, *Social Security (Administration) Act 1999*.

⁵³ Section 123UCB -Under 25s on Special Benefit, Youth Allowance, Newstart Allowance or Parenting Payment are income managed if they have been on payments for 13 of the past 26 weeks. Section 123UCC, for over 25s on Special Benefit, Youth Allowance, Newstart Allowance or Parenting Payment, if on that payment for the past 12 of 24 months.

⁵⁴ Section 123UFA.

⁵⁵ Section 34, *Alcohol Mandatory Treatment Act 2013* (NT).

⁵⁶ 2014-2015 Budget Estimates, Community Affairs, Document 1, 05/06/2014, 11.15am, Secretary Mr Finn Pratt, at p 1.

⁵⁷ Dr L Buckmaster, 'Does Income Management Work' Parliamentary Library Briefing Book, 44th Parliament, Canberra <http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook44p/IncomeManagement>

⁵⁸ Section 123UGC, section 123UGD *Social Security (Administration Act) 1999*.

⁵⁹ 2014-2015 Budget Estimates, Community Affairs, Document 1, 05/06/2014, 11.15am, Secretary Mr Finn Pratt, at p 1.

⁶⁰ J Rob Bray, Matthew Gray, Kelly Hand, Bruce Bradbury, Christine Eastman and Ilan Katz, University of New South Wales Social Policy Research Centre *Evaluating New Income Management in the Northern Territory: First Evaluation Report*, (July 2012) xviii, xix

⁶¹ J Rob Bray, et al p 266

there appears to be a large number of people subject to Compulsory Income Management who are unlikely to benefit from this measure, and for whom the restrictions of income management can create unnecessary frustrations and challenges...

There is little evidence to date that income management is resulting in widespread behaviour change, either with respect to building an ability to effectively manage money or in building 'socially responsible behaviour' beyond the direct impact of limiting the amount that can be spent on some items. As such, the early indications are that income management operates more as a control or protective mechanism than as an intervention which increases capabilities.⁶²

Despite concerns regarding its effectiveness and its high cost (it costs \$6600 to \$7900 per annum to income manage a person living in a remote area⁶³) it does not appear that the income management regime in the Northern Territory will change in the near future, leaving a large proportion of income support participants in the Northern Territory subject to interventions not currently imposed on the vast majority of income support recipients across Australia.

Income Inequality impacting on Health, Housing, Education and Employment

- i) *The impact of income inequality on access to health, housing, education and work in Australia, and on the quality of the outcomes achieved;*
- ii) *The specific impacts of inequality on disadvantaged groups within the community, including mental illness, refugees, single parents, those on a low income, people at risk of poverty in retirement as well as the relationship between gender and inequality;*

Aboriginal people are some of the most disadvantaged in Australia and particularly in the Northern Territory.

Growing income inequality only exacerbates an already alarming problem faced by Aboriginal people in accessing housing and health, and engaging in education and employment and the quality of outcomes in those areas.

Impact on access to housing and homelessness

Homelessness

The Northern Territory has the highest rate of homelessness in Australia. Primarily, homeless Aboriginal people in the NT live in severely overcrowded conditions, at a rate 187 times higher than non-Aboriginal people.⁶⁴

As a consequence 1 in 4 Aboriginal people in the Northern Territory were homeless according to 2011 Census data (2,462 per 10,000 population).⁶⁵ The effects of homelessness pervade the lives of Aboriginal people; in health, education, employment and family relationships.

Housing

⁶² J Rob Bray, et al p xix

⁶³ ANAO Audit Report No.19 2012–13, *Administration of New Income Management in the Northern Territory* p 16, 17. The cost of providing Income Management services is in the order of \$6600 to \$7900 per annum for a customer living in a remote area.

⁶⁴ Ibid.

⁶⁵ AIHW *Homelessness among Indigenous Australians Report 2014*, table 2.1.

The Northern Territory is the least affordable state or territory in which to rent.⁶⁶ Between June 2006 and December 2013, the median rent for a three bedroom house in the NT increased by between \$165 and \$336 per week (depending on the region), and for a 2 bedroom unit the increase in median rents has been between \$110 and \$265 a week.⁶⁷ By comparison, Commonwealth Rent Assistance increased by just \$11.20 per week⁶⁸ during this period.

Anglicare has recently described the lack of affordable housing as the Territory's biggest social issue.⁶⁹

The Anglicare Australia Rental Affordability Snapshot of 2014 shows that of the 794 private rental properties surveyed:

None were affordable and appropriate (therefore suitable) for people on Youth and NewStart Allowances, Parenting Payment or Disability Support Pension and only 6 were suitable for people on some benefits and minimum wages.⁷⁰

Housing security for those Aboriginal people with low incomes is fragile,⁷¹ with almost no housing options outside the public housing authority, Territory Housing. The waiting time for public housing in Darwin is approximately 7 years and 12 to 24 months for priority applicants – those in urgent need of housing because of homelessness, serious medical or serious social problems. The current wait time for Alice Springs is 7 years for a one bedroom house and in Tennant Creek 7.3 years for a 3 bedroom house.⁷²

There is no 'wait list' for public housing in remote communities as there is no surplus housing; all housing allocations are based on priority needs – homelessness, overcrowding, frail, aged, people with disabilities and their carers, domestic and family violence, local employment; people who meet the eligibility criteria for public housing in terms of income and assets alone will never be able to 'wait it out' and be allocated a house.

The vast majority of remote communities in the NT did not receive additional houses as a result of the National Partnership Agreement on Remote Indigenous Housing, which has meant that overcrowding has worsened in some communities. Families are often forced to split up between houses and it is common for children to not live with their parents because of overcrowding.

In remote communities, where overcrowding is at its worst, there is no vacant habitable housing or private housing market and demand for public housing properties is incredibly high.

For example, in Maningrida, Territory Housing is in the process of allocating two houses – a two bedroom and a three bedroom house. There are 100 families which have applied for these two houses. There are no plans to construct further houses in Maningrida.⁷³

⁶⁶ REIA/Adelaide Bank (2013), Real Estate Institute of Australia/Adelaide Bank: Housing Affordability Report June 2013 quoted in NT Council of Social Service Inc., *Cost of Living Report*, Issue 2 (December 2013), p. 4.

⁶⁷ REINT (2013) Real Estate Institute of the NT – Quarterly RELM Analysis June 2005-June 2013.

⁶⁸ Centrelink (2013), A Guide to Australian Government Payments, released quarterly. Australian Government, Canberra, 1 July-19 Sept Figures

⁶⁹ <<http://www.abc.net.au/news/2014-04-30/housing-affordability-hits-crisis-point/5422374>>

⁷⁰ Anglicare Australia *Rental Affordability Snapshot* April 2014, p 37.

⁷¹ H Dannatt 'Living on a Knife's Edge: Public Housing Insecurity in the Northern Territory' *Parity*, May 2014, Vol 27, Issue 4, pp 20-22.

⁷² Department of Housing http://www.housing.nt.gov.au/public_housing/accessing_public_housing/wait_times accessed 1 August 2014.

⁷³ Personal communication between Territory Housing and APO NT member.

Overwhelmingly, people in remote locations are unable to move to major centres such as Darwin and Katherine because of the lack of affordable housing.

Any forced movement into major centres for employment opportunities, where affordable housing for those on low incomes is essentially limited to public housing (where rent assistance is not payable), will only serve to increase rate of homelessness and social exclusion by placing pressure on other public housing tenancies, adversely impacting on health and the ability to participate in society, to actually apply for jobs or undertake training and ultimately try to bridge the gap in income inequality.

The Lord Mayor of Darwin has recently acknowledged this issue in her submission to the enquiry *Developing the North* “if you do not have affordable housing, then the people who are coming into the city looking for opportunities are actually not going to achieve it”. She urged investment in social housing and venture housing.⁷⁴

Rent assistance and rent stress

A high proportion of Aboriginal people in the Northern Territory live in public housing as it is the only affordable housing available; the alternative is homelessness. In remote communities there is no choice: public housing is the only housing available irrespective of income or employment status.

Rent Assistance is available to Centrelink recipients who do not live in public housing and pay rent over \$112-\$118 a fortnight.⁷⁵

People in public housing in urban and remote areas do not have access to rent assistance, despite paying rent of up to \$500 a fortnight.⁷⁶ In its factsheet on remote rent, Territory Housing uses an example of a remote household of four income earners paying a total of \$230 a week in rent to live in a 3 bedroom house. But for living in public housing, a couple with three children would receive \$167.30 in Rent Assistance.

We are increasingly seeing Aboriginal families in remote communities particularly in rent stress as a result of the lack of rent assistance and a relatively high proportion of the families’ income being spent on rent. This can act as a disincentive to work.

Currently 29% of low income renters in the NT are in housing stress, which equates to 3,904 Northern Territory households, which spend more than 30% of their already low income on rent.⁷⁷

The Federal Government should consider paying Rent Assistance to people living in public housing.

Impact on access to food

Food insecurity exists ‘whenever the availability of nutritionally adequate and safe foods or the ability to acquire acceptable food in socially acceptable ways is limited or uncertain’.⁷⁸ There are

⁷⁴ Pivot Page 123

⁷⁵ Havnen, 2012, p. 176

⁷⁶ <http://www.humanservices.gov.au/customer/enablers/centrelink/rent-assistance/payment-rates>

⁷⁷ ABS (2013d) 640109 Consumer Price index Australia Tables September 2013, Tables 12 & 13; NT Council of Social Service Inc., *Cost of Living Report*, Issue 2 (December 2013), p. 11.

⁷⁸ Radimer, K. (2002) ‘Measurement of Household Food Security in the USA and other Industrialized Countries’ *Public Health Nutrition*, 5(6A), 859-864.

three key components to food security as identified by the World Health Organisation; food access; food availability; and food use.⁷⁹ Food insecurity is most prevalent in developed countries like Australia amongst disadvantaged groups, including Aboriginal people. 30% of Indigenous adults have reported being worried about going without food⁸⁰ and rates of food insecurity are at their highest in remote communities.⁸¹ Although Aboriginal people in urban areas are not excluded from the prospect of food insecurity, they are also vulnerable to food insecurity due to factors such as poor incomes and housing options.⁸²

As mentioned previously, Aboriginal people in remote communities pay significantly higher prices at the community general store when compared to a Darwin supermarket. The higher cost for food coupled with the low income of many residents in remote communities means that those in remote communities spend a greater percentage of their income on food.⁸³

Impact on access to employment

Aboriginal and Torres Strait Islander job seekers are more likely to experience barriers to participation, with 82.7% experiencing five or more barriers to employment.⁸⁴

For example, many adults in remote communities have limited literacy and numeracy skills,⁸⁵ this severely affects their ability to obtain, retain, and perform well in jobs.

Some of the additional barriers to employment in remote communities in the Northern Territory include lack of transport (including from remote Outstations into a community or town), lack of access to internet and reliable phone coverage, caring responsibilities due to the high rate of disabilities and lack of disability support services, unreliable mail services and social problems such as family breakdown and substance abuse.

70% of Aboriginal and Torres Strait Islander job seekers have limited employment history, almost half (48%) have transport difficulties, while 31% have an ex-offender history and 29% experience mood disorders or have a psychological or psychiatric condition.⁸⁶ A criminal history affects the ability of a job applicant to obtain an Ochre Card (working with children check), and restricts an applicant from any job involving children

Inadequate resourcing for disadvantaged job seekers is a major weakness of the existing system and this makes it difficult for these job seekers to overcome a lifetime of disadvantage or a series of setbacks.

⁷⁹ World Health Organisation (2011) 'Food Security' <www.who.int?trade/glossary/story028/en/>

⁸⁰ Strategic Inter-Governmental Nutrition Alliance of the National Public Health Partnership (2001) *Eat Well Australia: An agenda for action for public health nutrition 2000-2010*. Melbourne: National Public Health Partnership.

⁸¹ Browne, J, Laurence S & Thorpe, S (2009) *Acting on food insecurity in urban Aboriginal and Torres Strait Islander communities: Policy and practice interventions to improve local access and supply of nutritious food*. <www.healthinfonet.ecu.edu.au/health-risks/nutrition/other-reviews>

⁸² Ibid.

⁸³ Saethre, E (2005) *Nutrition, economics and food distribution in an Australian Aboriginal Community*. *Anthropological forum*, 15(2), 151-169.

⁸⁴ Senate Standing Committee on Education, Employment and Workplace Relations, *Questions on Notice, Additional Budget Estimates, 2011-12*, DEEWR Question No. EW1045_12.

⁸⁵ There is no comprehensive measure of the literacy and numeracy skills of adults within Indigenous communities.

⁸⁶ Senate Standing Committee on Education, Employment and Workplace Relations, *Questions on Notice, Additional Budget Estimates, 2011-12*, DEEWR Question No. EW1045_12.

Beyond entrenched barriers to participation, the fact remains that in the vast majority of remote Aboriginal communities there is a severe shortage of jobs compared to the population (see pages 8 and 9).

Impacts on access to health in the NT

Most Aboriginal people have reasonable access to either a community controlled or government Aboriginal Primary Health Care ('PHC') service. Although funding has grown over recent years, health needs are very high due to the growing burden of chronic disease and the ongoing health problems due to poverty and overcrowding (such as frequent infections). The health funding of Aboriginal PHC services needs to continue to grow whilst the social determinants of poor health are addressed. The NT is the only jurisdiction that is on track close the life expectancy gap by 2031. Clearly the impressive health gains made in the NT⁸⁷ will not be continued if the social determinants of health including education, housing and employment remain poor for Aboriginal people. Furthermore, addressing chronic disease in those already diagnosed with a chronic disease as well as preventing or delaying chronic disease in those at risk will improve productivity of the workforce and the capacity of people to look after their families.

There are barriers to accessing many essential health services which require transport to regional towns but which are not included in PATS (Patient Assisted Transport Scheme). These include dental treatment (apart from the infrequent visits of dentists to remote communities) and screening mammograms. Aboriginal families are also severely disadvantaged when a loved one is seriously ill as there is little support for families required to be in town for long periods. This places a severe financial and emotional strain on families.

The NT has one of the highest rates of renal failure in the world.⁸⁸ The renal dialysis system here is under severe strain. People from remote areas who require dialysis usually need to relocate to larger towns. Again there is very little support for those families in terms of housing. The vast majority of Aboriginal people would prefer to undertake dialysis on country but many of those people require nursing support in order to achieve this. A community controlled Aboriginal Organisation (Western Desert Nganampa Walytja Palyuantjaka Tjutuka Corporation) has successfully implemented nurse assisted dialysis in some of the most remote communities in the NT.⁸⁹ Another organisation (Miwatj Aboriginal Health Corporation) is also undertaking dialysis in Nhulunbuy for the first time but still most people have to relocate to undertake this life saving treatment. Some people choose not to undertake dialysis treatment because they don't want to leave their communities.

6 Impact of the Government policies on inequality, particularly changes proposed in the 2014-15 Budget

- iii) *The likely impact of Government policies on current and future rates of inequality particularly the changes proposed in the 2014-15 Budget;*

⁸⁷ COAG Reform Council. 2012. Indigenous Reform 2010 2011 Comparing Performance Across Australia. Sydney: COAG Reform Council

⁸⁸ Stumpers S, Thomson N (2013) *Review of kidney disease among Indigenous people*. Retrieved [access date] from <http://www.healthinonet.ecu.edu.au/chronic-conditions/kidney/reviews/our-review>

⁸⁹ <http://www.westerndesertdialysis.com/>

APO NT believes that the proposed budget measures will have a disproportionately negative effect on disadvantaged and low income people, this includes especially, Aboriginal people in the Northern Territory.

It is difficult to foresee the actual impact of any future government policies on the rate of inequality, particularly the proposed changes in the 2014-15 Budget. However, it is clear that greater hardship will be placed on Aboriginal and Torres Strait Islander people in the Northern Territory, especially in remote communities, if these budget measures were passed by the Senate.

Impact of Budget changes for young people and their families

The reduction in household income as a result of the six months exclusion period will throw many young people and their families into severe financial hardship and an enforced dependence on family and friends for six months of the year. Many young people in the Northern Territory have families of their own, and children will be adversely affected by the preclusion period proposed.

With yearly income support payments slashed to half their current level, it is not conceivable that young people will be able to:

- Buy food for themselves or their families;
- Pay rent or contribute to other household costs;
- Train or apply for jobs;
- Travel or move to places employment opportunities exist, but family/community support and housing is not available;
- Acquire job-seeking necessities, such as appropriate attire;
- Pay for tools of communication like mobile phone credit to contact prospective employers; and
- Access the resources to apply for jobs and produce job applications.

Withdrawing income for 6 months will in fact jeopardise the daily survival for many young people and their families; the practical effects of the measure on Aboriginal people in the NT cannot be understated.

The most palpable impact of this policy is the transfer of responsibility for the welfare of unemployed persons subject to income exclusion from the Federal Government to family, friends and the local community, many of whom may already experience significant hardship. These responsibilities include the basic human needs, such as food and housing.

Access to adequate food, income and shelter are fundamental social determinants of health and in turn are more readily achieved with good health.⁹⁰ Structural barriers to social inclusion and health are already significant in remote Aboriginal communities, including the high cost of food and other living expenses, poor housing conditions and housing shortages leading to overcrowding. If excluded from accessing Centrelink benefits for six months, the ability to access food, nutrition and shelter will be completely compromised and result in adverse physical and mental health consequences and increased cost to the State.

When health is undermined by a lack of adequate income, shelter or food, a person's physical or mental capacity to participate in education and employment is also undermined. The prospect of

⁹⁰ *The Ottawa Charter for Health Promotion*, First International Conference on Health Promotion, Ottawa, 21 November 1986. See also Committee on Economic, Social and Cultural Rights, *General Comment 14* (2000): The right to the highest attainable standard of health (UN doc. E/C.12/2000/4). The World Health Organisation notes that "social and economic conditions and their effects on people's lives determine their risk of illness and the actions taken to prevent them becoming ill or treat illness when it occurs...The poorest of the poor, around the world, have the worst health." See World Health Organisation, *Social Determinants of Health – Key Concepts*, accessed on 1 August 2014 at http://www.who.int/social_determinants/thecommission/finalreport/key_concepts/en/

food and shelter deprivation for young children is particularly alarming because the impacts on their health and education are likely to flow on into adulthood, perpetuating the inequality.

APO NT predicts that the imposition of exclusion periods will lead to homelessness and or rent stress. Territory Housing does not charge rent on the basis of the actual income of the household, if a household member does not have a job or does not have income support, Territory Housing deems the person to have a minimal income.⁹¹ This means that the family of the person will continue to pay rent on an income that is not being received, putting the family at risk of eviction on the basis of rent arrears should they not be able to stay 14 days in advance of their rent payments.⁹² A reduction of the preclusion period to 28 days or a month will not alleviate this risk.

If family or friends are able to cover the young person's rent payments, they are likely to suffer from rent stress and prioritise rent payments over other essentials such as food and health so as to maintain their housing.

Impact on people on income management

The Federal Government considers that people eligible for income management in the NT require a higher degree of intervention due to a number of different vulnerabilities. Income management has the object of 'reducing immediate hardship and deprivation' of the welfare payment recipient, their children and their partner and to 'encourage socially responsible behavior, including in relation to the care and education of children.'⁹³ The exemption criteria have been crafted so as to reward socially responsible behavior, that is, engagement in work or study and socially responsible parenting.

The objects of the income management regime will be undermined by the imposition of an income preclusion period, as immediate hardship and deprivation will increase.

APO NT recommends that an exemption to the income exclusion period be granted to income recipients in the NT on income management, or who have been exempted from income management,⁹⁴ if the preclusion period remains.

Impact of proposals to raising Newstart Allowance age and Age Pension age

APO NT has concerns about the proposal to raise the Newstart Allowance age and the Aged Pension age.

Raising the Newstart Allowance age from 22 to 24 will have a disproportionate effect in the NT where the median age is 23 and the youth unemployment rate has been assessed at 18.5%.⁹⁵

A young person living away from the parental home would receive \$207 a week on Youth Allowance, which is a reduction of \$48. It is difficult to see how a young person's cost of living is lower as a 22 versus a 24 year old, particularly in remote communities where the cost of living is very high.

The Federal Government has proposed to raise the qualifying age to receive the Aged Pension from 67 to 70 years of age. This rise impacts the ability of older people to access income support, forcing people to work longer or remain on a lower payment rate because of the limited job opportunities, particularly for older people in the NT. Further, the reform raises pension eligibility to an age that many Aboriginal people in the NT will never reach.

⁹¹ Northern Territory Government, Department of Housing, *Rental Rebate Policy*
http://www.housing.nt.gov.au/__data/assets/pdf_file/0008/152819/Rental_Rebate.pdf accessed 1 August 2014.

⁹² Section 96A, *Residential Tenancies Act* (NT).

⁹³ Section 123TB, *Social Security (Administration) Act* 1999.

⁹⁴ See Recommendation 1 in the list provided above. Specifically see attachment A to this submission.

⁹⁵ http://www.bsl.org.au/pdfs/MyChanceOurFuture_Youth_unemployment_snapshot_Feb2014.pdf

Aboriginal people in the Northern Territory are largely unable to supplement their income with the early release of superannuation:

In 2011, 55.4% of Aboriginal and Torres Strait Islander people 15- 64 years old were participating in the labour force in mainstream employment or in the Remote Jobs and Communities Program. In comparison, 66.5% of non-indigenous people were participating in the workforce. As a result, fewer Aboriginal and Torres Strait Islander people in this age bracket will have superannuation at all in their retirement.⁹⁶

In its submission on the Social Services Bills, APO NT recommends as a temporary measure that the eligibility age for the Aged Pension be reduced for Aboriginal and Torres Strait Islander people to 60 years of age until the life expectancy of Aboriginal people improves to the same level as non-Indigenous Australians.

Impact of proposed changes to the Disability Support Pension

Under the proposed reforms, stricter assessment rules and activity requirements will apply to persons under 35 with disabilities who seek to receive the Disability Support Pension (DSP). Under 35s on the DSP will be reassessed via revised impairment table. Those deemed eligible for work under the revised criteria will be transferred to a lower rate of support on Newstart Allowance.

Others who partially qualify for the DSP (those who are only “partially impaired” and able to work 8 hours or more per week) are required to participate in Commonwealth-funded support and or readiness programs.

These changes will disproportionately impact Aboriginal people in the Northern Territory both as recipients and as carers of people with a disability, due to the high level of disability experienced by Aboriginal and Torres Strait Islander people.

In 2011, 18.1% of Aboriginal and Torres Strait Islander women and 13.1% of Aboriginal and Torres Strait Islander men provided unpaid assistance to a person with a disability, which was a 34% increase from 2006.⁹⁷ The potential ineligibility of recipients of the Disability Support Pension under the proposed reforms, coupled with the lack of employment opportunities and disability support services, will condemn already vulnerable people to further hardship.

The high proportion of Aboriginal people with disabilities in the Northern Territory, and the lack of employment opportunities available for people with disabilities, particular in remote communities, means that withdrawal of the DSP from people who have some capacity to work will be incredibly detrimental.

The Remote Jobs and Community Programs providers in the Northern Territory largely do not have the capacity to provide specialist services to assist people with disabilities to secure and maintain sustainable employment.⁹⁸

We have concerns regarding the robustness of the Job Capacity Assessments conducted for claimants of the DSP in remote communities. As there a very small number of assessors (3-4) in the NT, they are conducted over the phone, which limits the assessor’s ability to accurately assess the functional impairment, especially when the assessor is unable to access medical records regarding

⁹⁶ Public Interest Advocacy Centre Inc, *Securing better outcomes for Aboriginal and Torres Strait Islander people in superannuation* 5 April 2013 p 4.

⁹⁷ Olga Havnen, 2012, pp. 21.

⁹⁸ See APO NT Submission at page 35 for discussion.

the claimant.⁹⁹ This combined with language and literacy barriers may result in Aboriginal people being unfairly excluded from being granted the DSP.

The lack of employment opportunities in remote communities for people without disabilities and the lack of support services available for people with disabilities , means that there are virtually no opportunities for people with disabilities to be supported to enter the workforce; withdrawing DSP will increase hardship and deepen poverty for Australia's most disadvantaged people.

Increasing the Newstart Allowance would ameliorate some of our concerns with the DSP proposals.

Impacts of the Budget measures on health and inequality

The budget for Aboriginal Primary Health Care has been cut for this financial year but will then return to a slow growth pattern. We do not believe that the growth in funding is sufficient to cope with the rising rates of chronic disease whilst simultaneously providing the preventative programs that we know will make a difference in areas such as early childhood. A trajectory of significant growth is required to cope with the current workload and broaden comprehensive PHC to include Alcohol and Other Drugs, Social and Emotional Well Being Services (SEWB), early childhood and family support programs, health promotion and prevention and care of the frail and those with a significant disability.

In the Northern Territory, Aboriginal people make up over half of all public hospital admissions including dialysis.¹⁰⁰ The Federal Government's proposed reduction in hospital funding of around \$1.8 billion over the next four years will have a significant impact on the quality of care and outcomes received by Aboriginal people. The two major hospitals in the NT operate at above capacity for most of the time with growing workloads.

In the Northern Territory there is a huge burden of renal disease amongst Aboriginal people. The loss of the promised funding over the next four years will put Aboriginal people and our health care system into a realm of unpredictability.

It is not clear how the NT will be able to afford to deal with the ongoing epidemic of renal disease with rationed funding and there is a possibility that life saving treatments will be rationed in the face of rising demand. This is clearly inequitable and unethical given that Aboriginal people on dialysis in the NT are up to twenty years younger than non-Aboriginal dialysis patients across Australia.¹⁰¹ Already the situation in Alice Springs is that the dialysis facilities are already over capacity and there is no plan to expand them. The extension of the innovative nurse assisted dialysis model of renal dialysis in remote communities is now under threat even though we believe that this mode of dialysis will have much better outcomes in terms of health, adherence to treatment and participation in community life. As stated already, the burden of chronic disease impacts greatly on individual and community productivity in terms of work and supporting families.

Further to the cuts in hospital funding nationally, APO NT foresees the difficulty in Aboriginal people accessing adequate health services with the introduction of the GP co-payment. Disadvantaged

⁹⁹ See APO NT Submission at page 31-32 for discussion.

¹⁰⁰ Li S, Pircher S Guthridge S, Condon J, Wright J 2011:Hospital admission in the Northern Territory 1976 to 2008. : http://www.health.nt.gov.au/Health_Gains/Publications/index.aspx.

¹⁰¹ Chronic Kidney Disease in Aboriginal and Torres Strait Islander people , 2011Australian Institute of Health and Welfare Canberra.

people often have to make difficult choices about what to spend their limited income on. As highlighted previously, having an added cost such as the GP co-payment could see disadvantaged, including Aboriginal, people choosing to forego necessary health treatments simply because they cannot afford them, or alternatively sacrificing food or housing costs just so that they are able to access health services.

Many Aboriginal Community Controlled Health Services (ACCHSs) in the NT believe that they will not be able to charge the co-payment to their clients because it will reduce access significantly and they do not want to deny their own people vital health care. However modeling has shown that this will reduce ACCHS income significantly. The ACCHSs will lose not only \$ 5.00 for each GP consult but also the bulk billing incentive for each consult with a health care card holder. They will also need to pay seven dollars for pathology and X-ray tests for their clients. This will be logistically challenging as well as expensive for ACCHSs. The increased PBS co-payments will affect Aboriginal people living in Darwin and the many Aboriginal visitors to Darwin who require medication. Again the Aboriginal Medical Service in Darwin will need to decide if it is going to subsidise this considerable cost for patients or not.

A further reason to oppose a co-payment is that wealthier, better educated people will continue to access care when they most need it, thereby increasing the inequity gap in Australia. The wealth of the seven richest Australians now exceeds that of the bottom 1.73 million households. This reflects that, in Australia, inequality is back to the levels prior to the Great Depression and World War II.¹⁰² This should be a concern for everyone and regressive taxes like co-payments are only going to make this worse.

The growing level of inequality in Australia, including policies such as the co-payment and increasing higher education fees, require action, because 'inequality is not an accident but rather a feature of capitalism that can be reversed by government intervention'.¹⁰³ The OECD's Economic Policy Reforms support a reduction in inequality as a key driver of economic growth and employment.¹⁰⁴ The International Monetary Fund has also joined the chorus of key global institutions recommending the need to use progressive taxation as a means to address inequality.¹⁰⁵

Given the strong evidence about the damage excessive inequality does to peoples' health, there is a persuasive argument for pursuing new forms of taxation on capital rather than attempting to raise revenue through regressive measures like a co-payment and higher 'out of pocket' cost to attend university. If Australian policy makers do not address these real concerns, Australia could soon be dealing with the complications experienced in other developed nations, including the loss or minimisation of a middle class and declining levels of health amongst society especially those who are already most disadvantaged. In this environment the improvements to the health of Aboriginal people could halt or even worse, it could regress.

¹⁰² D Richardson, R Denniss, Income and Wealth Inequality In Australia, The Australia Institute, Policy Brief No. 64, 2014.

¹⁰³ T Piketty, Capital in the Twenty First Century, Harvard University Press, 2014.

¹⁰⁴ Going for Growth, OECD Report, Part II, Chapter 5, 2012.

¹⁰⁵ J Ostry, A Berg, C Tsangarides, Redistribution, Inequality and Growth, International Monetary Fund Staff Discussion Note, 2014

Cut backs in this budget will have major impact on health outcomes for Aboriginal people by increasing income inequality through changes to social security payments (particularly the changes to people under 30).

Impacts of government policies on employment – public housing policies

There are a number of structural disincentives to work, from the interaction of public housing policies and the lack of affordable housing, as demonstrated by the following case studies.

Case study 1

Hetty, a single mother with three children under 10, lived in public housing in Katherine. She got work as an Aboriginal Health Worker in a community 70 kilometres from Katherine. When Hetty obtained work, Territory Housing applied its policy of gradually increasing the rent over 6 months. This policy is intended to make the financial impact of the increased rent less severe. At the end of the 6 month period Hetty was no longer eligible for the rent rebate and was charged market rent.

Hetty did not realise when the 6 month period ended and did not change her direct rent deduction. She built up \$1400 of rent arrears over several months. Territory Housing evicted Hetty based on the rent arrears. NAAJA became aware of the case only after Hetty unsuccessfully exhausted all appeal options as a self represented litigant. We were unable to assist Hetty to appeal the decision.

Hetty became homeless and moved her family to temporary accommodation in a caravan park, 20 kilometres from Katherine; Hetty was unable to afford private rental accommodation. Within several months Hetty lost her job as an Aboriginal Health Worker as she found it impossible to manage her work, family and travel commitments whilst being homeless.

Case study 2

Martina lives in a remote Aboriginal community in North East Arnhem Land. Martina has worked as a carer at the Aged Care centre in her community for the past 10 years and receives a regular weekly wage.

Martina supports her adult son, her husband, and her two young children.

Her son and her husband cannot find jobs in their community. They are too ashamed to claim Centrelink payments. Martina's husband and son seek work as rangers, mechanics, or doing manual work outside, rather than receiving a Centrelink payment. The only available positions in their community are as shop assistants and childcare workers; jobs which do not match their skills. As their community is on an island, they cannot travel easily to another community to work. The shortage of affordable housing in urban areas means they would be homeless if they moved into town for work.

Territory Housing calculates the rent Martina pays on the basis of her income and the income that her husband and son are deemed to receive, but do not actually receive.

Martina is considering stopping working and applying for a Centrelink payment rather than continue to work and support her entire family.

7 Principles to Underpin Policy on Social Security Payments

iv) *The principles that should underpin the provision of social security payments in Australia;*

APO NT believes that where possible, any measures that are proposed by Government to amend provisions of social security payments in Australia should allow for necessary exemptions to accommodate those most disadvantaged, including Aboriginal people.

Where so many conditions combine to broaden the inequality of income experienced by remote Aboriginal people in the NT and those living in larger towns or cities, fundamental principles of fairness and equality should apply to social security provisions.

Income inequality leads to hardship by those with low incomes and this is only perpetuated further when those disadvantaged are faced with more barriers to access appropriate and adequate, health care, education, housing and employment.

An appropriate principle that should underpin policy measures on social security should be that those most disadvantaged should not be placed in a more onerous and disadvantaged position.

Such measures to address income inequality should be short term, medium term and long term, so that we can ensure that we continue on a trajectory of income equality.

The National Welfare Rights Network have provided the following principles, of which APO NT endorses –

- ❖ Australia's system of income security should provide a basic level of financial support to cover the needs of people too old or infirm to work and to assist people with caring responsibilities for people with disabilities and children.
- ❖ It should also provide an adequate standard of living for those out of work or studying.
- ❖ It should not leave people in poverty, or discourage them from seeking employment or working extra hours. Income support arrangements should provide extra assistance to meet the additional costs of study, training or caring.
- ❖ Life changes, such as a child turning 16, or when a person ceases caring because a loved one moves into a nursing home, should not result in a significant loss of income or leave people in severe financial difficulty.
- ❖ Australia's welfare system should not be overly complex, should be simple to understand, and not based on out-dated notions of "deserving" and "undeserving" recipients.
- ❖ Payment rates should be based upon people's actual living costs and maintained over time. Activity requirements need to take account of individual needs and circumstances.
- ❖ Employment assistance should be individually tailored, improve life skills and be supported by training, wage subsidies and paid work experience.

- ❖ Compliance measures should be used as a last resort, and should not leave people in financial difficulties.
- ❖ The system should be administered by a Government agency, be underpinned by legislation, and decisions should be reviewable by internal and external mechanisms.
- ❖ Adequate support should be available to assist people who experience difficulties navigating the social security system. As activity testing becomes more widespread, complex and “risky” (in terms of the likelihood of sanctions, penalties or loss of payments), consideration should be given to the funding of an Employment Services Ombudsman, to ensure fair treatment for job seekers and increase awareness about their rights, responsibilities and obligations.

Practical measures to address income inequality

- v) *The practical measures that could be implemented by Governments to address inequality, particularly appropriate and adequate income support payments*

5.1 Improve payment adequacy

We echo the concerns of the National Welfare Rights Network, the Business Council of Australia and other stakeholders regarding the adequacy of the Newstart Allowance.

This inadequacy is magnified in remote areas, where the costs of living are high and job opportunities are minimal. A large proportion of the population of the Northern Territory live in remote and very remote areas, where the cost of fresh food is 150% to 180% higher than in capital cities¹⁰⁶ and the cost of fuel in remote communities can double the national average.¹⁰⁷ People in remote areas are reliant on private vehicles for transport due to the absence of public transport; the NT is the only jurisdiction where households spend more money on transport than on food.¹⁰⁸

People whose major source of income is unemployment benefits and study payments spend a greater proportion of their income on fuel than other households, and spend more absolutely than most other low income households.¹⁰⁹

Compounding this, between 2012 and 2013, average household expenditure on utilities increased by \$800 per year per household in the Northern Territory.¹¹⁰

The high cost of living in remote communities is not adequately ameliorated by the Remote Area Allowance; singles receives \$18.20 per week, couples \$15.60 each and \$7.30 for each dependent child.¹¹¹

A lower rate of payment cannot be an ‘incentive’ to work if there are no job opportunities to pursue. The lack of affordable housing in the Northern Territory further restricts labour mobility.¹¹²

¹⁰⁶ Olga Havnen, 2012, pp. 89

¹⁰⁷ <http://www.ntnews.com.au/news/northern-territory/diesel-in-wadeye-hits-366-a-litre/story-fnk0b1zt-1226859097843>

¹⁰⁸ NT Council of Social Service Inc., *Cost of Living Report*, Issue 3 (April 2014), p. 4.

¹⁰⁹ NT Council of Social Service Inc., *Cost of Living Report*, Issue 3 (April 2014), p. 5.

¹¹⁰ NT Council of Social Service Inc., *Cost of Living Report*, Issue 1 (October 2013), p. 6.

¹¹¹ <http://www.humanservices.gov.au/customer/enablers/centrelink/remote-area-allowance/payment-rates>

¹¹² Anglicare Australia *Rental Affordability Snapshot* April 2014, p 37

Proposal: That the NewStart Allowance be increased by \$50 per week¹¹³

Proposal: That the Remote Area Allowance be increased to more adequately compensate for the higher cost of living in remote and very remote areas in Australia

National Welfare Rights Network has proposed and APO NT supports the following:

Proposal: A \$50 per week increase to the single Newstart Allowance and other single allowance recipients (including Widows Allowance, Special Benefit, Youth Allowance, Austudy and Abstudy for young people living independently);

Proposal: Indexation of the above payments to wages, instead of the Consumer Price Index;

Proposal: Lifting the \$31 per week 'income free area' (initially by \$50 per week); and

Proposal: A significant expansion and re - focussing of the \$5.4 billion employment assistance programs provided by Job Services Australia. This requires a focus on supporting highly disadvantaged jobseekers through better education and training opportunities, such as the successful Wage Connect Subsidy which has been a success, with 47 per cent of participants in the program still employed after the wage subsidy ceases.¹¹⁴

Disincentives to employment

Proposal: Identify and remove disincentives to employment currently built into public housing policies of rent setting, which use a tenant's gross income to calculate rent.

Income management

Proposal: Remove income management in the NT for everyone but vulnerable, voluntary, trigger based and divert funds into remote housing and job creation.

Proposal: Make the Basics Card a stand alone too available to every welfare payment recipient, irrespective of whether they are income managed.

Housing

Proposal: Remove the ability of public housing authorities to use without grounds notices of terminations

Proposal: Ensure that public housing stock is not reduced

Proposal: Ensure remote housing adequately funded for cyclical maintenance

Proposal: Continue to invest in new houses in remote communities to keep pace with population growth

Increase access to technology in remote areas

¹¹³

¹¹⁴ National Welfare Rights Network *Submission to the Inquiry by the Standing Committee on Education, Employment and Workplace Relations on the Social Security Amendment (Supporting More Australians into Work) Bill 2013* 11 June 2013 <https://www.welfarerights.org.au/sites/default/files/news/Senate%20Submission%20June%202013.pdf> p. 3.

Given the importance of access to affordable technology to find and get jobs, emphasis should be placed on equipping every remote community with a community services hub, where people are able to access computer, internet and printing facilities, faxes and telephones to assist in their job seeking activities.

Increase consumer protection

Proposal: Consumer protection and advocacy should be increased. The Consumer Affairs Watchdog should be given broader powers to have greater effect.

Proposal: Residential Bond Authority should be reshaped to give people more equitable/just access to their bond (considering access to housing is big issue – this simple change might alleviate that in some way, plus there could be an option to use the interest to fund a remote tenancy advice service).

Proposal: Greater rigour should be applied to ex-tenancy debt from public housing tenants - 1) to reduce the cost of housing post eviction impacting on income whilst homeless, 2) to prevent 'sexually transmitted debt' to partners who aren't liable but prevented from accessing housing due to untested debts.

Conclusion

Recent studies show that income inequality is rising in Australia, the result of that inequality impacts greatly on those who are already disadvantaged in our society. Those who are at the lower range of the income scale find it harder to access health, education, employment and housing and when they do find it more difficult to have an appropriate outcome that suits their needs.

Australian Governments should be alarmed at the growing rate of income inequality in Australia and should be developing policies that help to decrease the rate of inequality as well as protect those who are impacted hardest by the inequality.