

# **Aboriginal Peak Organisations Northern Territory (APO NT)**

**An alliance of the Central and Northern Land Councils and  
Aboriginal Medical Services Alliance Northern Territory**

**INQUIRY INTO THE ADEQUACY OF NEWSTART AND  
RELATED PAYMENTS AND ALTERNATIVE MECHANISMS TO  
DETERMINE THE LEVEL OF INCOME SUPPORT PAYMENTS  
IN AUSTRALIA**

**30 SEPTEMBER 2019**

# Aboriginal Peak Organisations Northern Territory (APO NT)

An alliance of the Central and Northern Land Councils and  
Aboriginal Medical Services Alliance Northern Territory

Committee Secretary  
Senate Standing Committee on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Via email: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Monday 30 September 2019

Dear Committee Secretary,

**RE: APO NT's submission on the adequacy of Newstart and related payments and alternative mechanisms**

Aboriginal Peak Organisations Northern Territory (APO NT) welcomes the opportunity to make this submission in relation to the adequacy of Newstart and related payments.

The Aboriginal Peak Organisations is an alliance comprising the Central Land Council (CLC), the Northern Land Council (NLC) and the Aboriginal Medical Services Alliance of the Northern Territory (AMSANT). Since its establishment in 2010, APO NT has been working to develop constructive policies on critical issues facing Aboriginal people in the Northern Territory and to influence the work of the Australian and Northern Territory Governments. As representatives from peak organisations in the Northern Territory, our goal is to protect and promote the rights and wellbeing of Aboriginal people.

APO NT has long been interested in remote employment and social security arrangements, and undertook extensive work on this issue during 2010-2011. More recently, APO NT has been increasingly concerned with the inadequacy of the base rate of social security payments such as Newstart to cover the high living costs of remote communities. Our concern is heightened because of damage being caused by the Government's Community Development Program (CDP), in particular the extraordinarily high rate of financial penalties being imposed on Aboriginal and Torres Strait Islander people in remote communities and evidence that many people are disengaging from income support altogether.<sup>1</sup>

In our submission, we call on the Government, not just to raise the rate of unemployment benefits, but to make positive investments that enable Aboriginal and Torres Strait Islander people to enjoy the rights to employment, education, health and cultural participation that all Australians expect.

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<sup>1</sup> See APO NT's submission to the inquiry of the Senate Community Affairs Committee into the *Social Security Legislation Amendment (Community Development Program) Bill 2018*.

Aboriginal income support recipients in the Northern Territory have been subject to more than a decade of costly, paternalist interventions, including income management and Work for the Dole. Over this period poverty and unemployment have worsened.<sup>2</sup>

It is time for the Commonwealth Government to take a new approach which provides a real prospect of people in remote communities securing employment and, where this is not possible, provides a safety net that allows people to live a decent life. This requires an immediate increase in Newstart and related payments and investment in new jobs across remote areas that allow people to aspire to and find work.

If you wish to discuss this submission in any greater detail, please contact Brionee Noonan, APO NT Coordinator, by phone on (08) 8944 6672 or via email [brionee.noonan@amsant.org.au](mailto:brionee.noonan@amsant.org.au) to arrange a meeting.

Yours Sincerely,



**Mr. John Paterson**  
CEO AMSANT



**Ms. Marion Scrymgour**  
CEO NLC



**Mr. Joe Martin-Jard**  
CEO CLC



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<sup>2</sup> Markham, F. & Biddle, N., 2018. Income, Poverty and Inequality: 2016 Census Paper 2, ANU & Venn, D. & Biddle, N., 2017. Employment Outcomes. 2016 Census Papers. Paper No 5., CAEPR, ANU.

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## **The impact of current income support payment levels on Aboriginal and Torres Strait Islander people in the Northern Territory**

There is widespread acceptance across the community sector, business and others that the rate of Newstart and related payments is too low. In its 2018 Poverty Report, the Australian Council of Social Service (ACOSS) reported that the gap between the poverty line (set at a conservative fifty percent of median income) and Newstart for a single person with no children, paid at the maximum rate, was \$105 per week.<sup>3</sup> For a couple with two children it was \$150 week.

In December 2018, there were 17,190 people receiving Newstart or Youth Allowance in the Northern Territory, of whom seventy four percent were identified as Aboriginal or Torres Strait Islander people (compared with around twenty five percent of the overall Northern Territory population who were identified in the Census as Aboriginal or Torres Strait Islander). On a per capita basis, the Northern Territory has the highest rate of use of these two benefits (Figure 1). Forty five percent of Aboriginal and Torres Strait Islander households in the NT are in poverty.<sup>4</sup> The inadequacy of Newstart and related payments is a major factor in the incidence of poverty across the Northern Territory, particularly in remote Aboriginal communities.

Figure 1 also highlights the extent to which Territorians are underrepresented amongst those receiving the still low, but more generous, aged pension. Of those claiming the aged pension in the Northern Territory only twenty one percent are identified as Aboriginal or Torres Strait Islander. It is a stark reminder of the effects of ongoing poverty on Aboriginal people. Whereas, on average, non-Aboriginal Australians will live into their 80s, the average life expectancy of Aboriginal men in the NT is only 66.6, and women 69.9.<sup>5</sup> Many do not live to receive the old age pension. In considering the impact of the current rate of Newstart and related payments, the Government must consider the effects of long term poverty on the health, wellbeing and life expectancy of Aboriginal people.

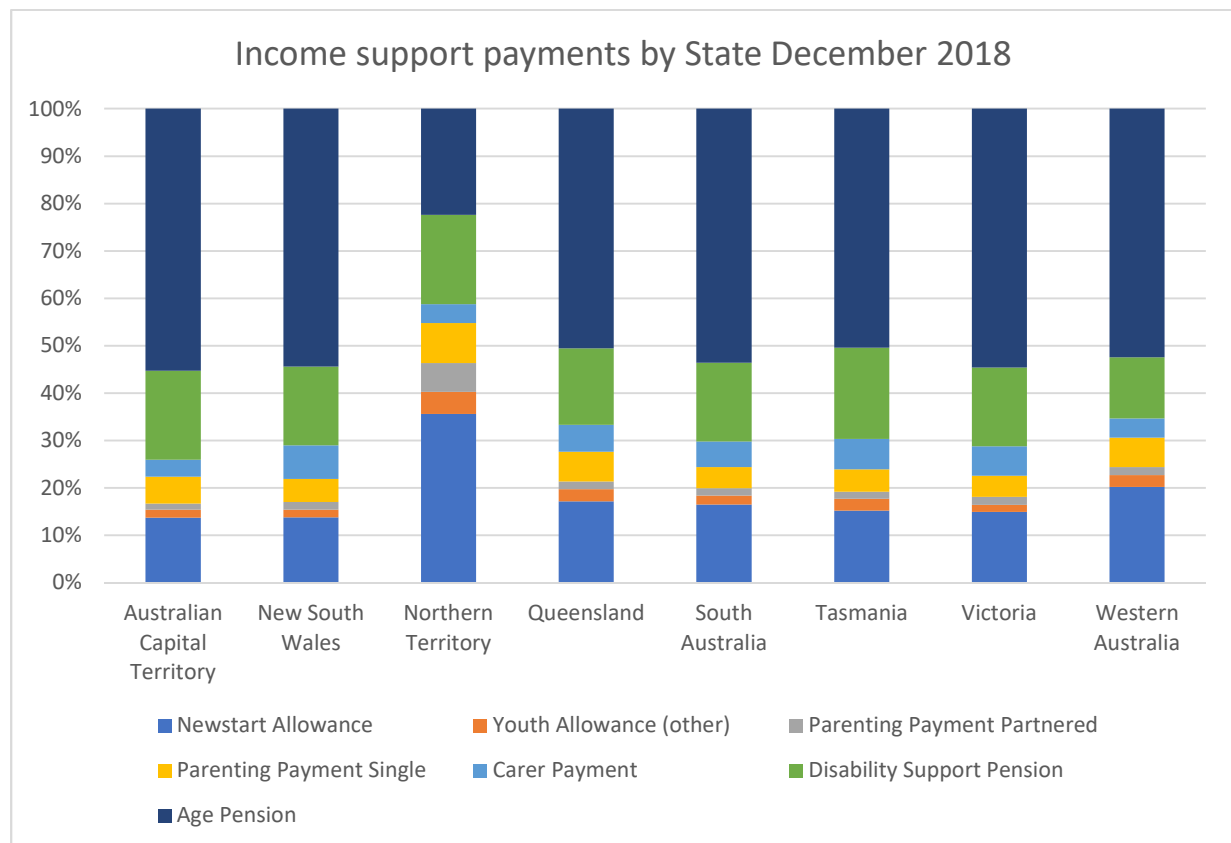
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<sup>3</sup> Davidson, P, Saunders, P., Bradbury, B. and Wong, M. (2018), *Poverty in Australia 2018, ACOSS/UNSW Poverty and Inequality Partnership Report No.2*, Sydney, ACOSS, p.54.

<sup>4</sup> Altman, J. (2017). 'Deepening Indigenous poverty in the Northern Territory' Retrieved from <http://regnet.anu.edu.au/news-events/news/7002/deepening-indigenous-poverty-northern-territory>

<sup>5</sup> Australia (2019). *Closing the Gap report 2019*. Department of the Prime Minister and Cabinet, Canberra: ACT. Non-Indigenous life expectancy rates are 80.2 for men, and 83.4 for women.

**Figure 1 Percent of people on different payment types by State/Territory**



Source: DSS income support data, December 2018

Nearly eighty percent of Aboriginal Territorians live in areas defined as ‘remote’ or ‘very remote’. Recent analysis of census data shows that while there has been some narrowing of the income gap between Aboriginal and non-Aboriginal people in urban centres, not only is the gap widening in remote areas, but there has been a real *decline* in disposable incomes of low income households in very remote areas.<sup>6</sup> The analysis found that most of those in the lowest income quintile were on Newstart, Youth Allowances, or related payments.<sup>7</sup> The authors also noted that there was a significant group of people who received no income at all, an issue covered in more detail below. They concluded:

For the first time that we are aware of, more than half of the Indigenous population in very remote Australia was in income poverty, with rates in most very remote regions well above fifty percent in 2016. Indigenous incomes in very remote areas fell further behind non-Indigenous incomes, with the median Indigenous income in these areas averaging just forty percent of the median non-Indigenous income. The structural causes of this increase in poverty require urgent action.<sup>8</sup> (Markham & Biddle 2018, p33).

<sup>6</sup> Markham, F. & Biddle, N., 2018. Income, Poverty and Inequality: 2016 Census Paper 2, ANU. p.11

<sup>7</sup> Ibid, p.10

<sup>8</sup> Ibid, p.33.

### **Recommendation 1:**

*The inadequacy of Newstart, Youth Allowance and related payments is contributing to a widening income gap between Indigenous and non-Indigenous Australians in remote areas. It is simply unacceptable that the prevalence of poverty has risen in remote Indigenous communities and the gap in incomes continues to widen. Urgent action is required to increase Newstart and related payments. APO NT calls on the Government to immediately increase these payments by \$75 per week and to establish new arrangements for setting payments that ensure that they do not further entrench poverty.*

## **An already low rate buys much less in the NT, particularly in remote communities**

The difficulty of living on around \$278 per week on Newstart or \$228 on Youth Allowance has been well documented by organisations like ACOSS and by researchers. Many income support recipients report forgoing meals and being unable to afford basics like power and transport.<sup>9</sup> Others have highlighted the effects on ability to look for work, or to support children to participate in social and school life. There is research that shows that financial hardship increases the likelihood of mental illness over time.<sup>10</sup>

Financial stress associated with the low rate of payments is compounded for Aboriginal people living in remote communities where the cost of many essential items is substantially higher. For example, the Northern Territory Council of Social Services (NTCOSS) has shown that the cost of a healthy food basket in a remote store is sixty percent more than the same basket in an NT supermarket – a difference that has been increasing over time.<sup>11</sup> The cost of fuel is also significantly higher than the national average – for example in March 2019 the average cost of Diesel was 145.7 cents per litre in Darwin, while the regional average was 186.2.<sup>12</sup> In June 2019, unleaded low aromatic fuel cost 144.3 cents per litre in Darwin, 201.2 in the Central Australian region, and 191.7 in the Barkly.

Deep poverty and high costs have ripple effects across peoples' lives. Fuel costs make it harder to travel to find cheaper food, to access health care or specialist support. People get stranded away from home. People get hungry and exhausted, so children find it hard to concentrate at school and adults find it harder to cope with stress.

The Remote Area Allowance, granted to some income support recipients living in remote areas by the Department of Human Services is currently set at \$18.20 per week for a single person, and \$15.60 each for couples, with \$7.30 for each dependent child. This allowance is inadequate to address the higher cost of living faced by people in remote communities. APO NT recommends that it be increased to better reflect these costs. This is not proposed as a substitute for increasing the base rate – it must occur as part of an overall package to address the adequacy of payments.

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<sup>9</sup> McKenzie, H. J., & McKay, F. H. (2017). Food as a discretionary item: The impact of welfare payment changes on low-income single mother's food choices and strategies. *The Journal of Poverty and Social Justice*, 25(1), 35-48., Morris, A., Wilson, S. (2014) Struggling on the Newstart unemployment benefit in Australia: The experience of a neoliberal form of employment assistance, *The Economic and Labour Relations Review*, 25 (2), 202-221.

<sup>10</sup> Kiely, KM., Leach, L.S., Olesen, S.C., Butterworth, P. (2015). How financial hardship is associated with the onset of mental health problems over time, *Social Psychiatry and Psychiatric Epidemiology*, 50 (6) pp.909-918.

<sup>11</sup> NTCOSS 2019, *Cost of Living Report Issue No.24*. <https://ntcoss.org.au/ntcoss-cost-of-living-report-no-24/#more-121929>

<sup>12</sup> Ibid, p.60.



**Recommendation 2:**

*The Remote Area Allowance should be increased to better reflect the additional costs of essentials in remote areas. The amount of increase should be determined by an independent review.*

Further evidence of the inadequacy of Newstart Allowance is its failure to provide sufficient income to cover proper housing. In its 2018 *Rental Affordability Snapshot*, Anglicare NT identified that there were no properties that were affordable and appropriate for Territorians currently receiving the Newstart Allowance, Single Parenting Payment, Disability Support Pension or Youth Allowance or on an Age Pension and living alone.<sup>13</sup> This lack of affordable housing is further compounded for Aboriginal people in the Northern Territory who are already marginalised in the private rental market, where landlords favour non-Aboriginal applicants for tenancies.<sup>14</sup> The combined effect of these issues can be seen in the alarming rate at which homelessness occurs in the NT, including severe overcrowding in urban areas. The Northern Territory has fifteen times the national rate of homelessness, at 599 per 10,000 people, of whom 484 per 10,000 live in severely crowded dwellings.<sup>15</sup> Again, lack of ability to afford housing has an impact across a range of areas. It impedes the ability of people to escape family violence, or to move to pursue education or work. It compounds the other health and wellbeing effects of poverty.

**Recommendation 3:**

*Income support payments (including rental assistance) must be set at a level that allows recipients to have a reasonable prospect of securing housing in the private rental market.*

## **Ongoing arrangements for reviewing income support and its rates**

In March this year, APO NT made a submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs in support of the establishment of a Social Security Commission. We reiterate that support here. We believe that access to an adequate safety net is a critical fundamental right that warrants independent review and examination. The complexities of addressing issues like remote area cost of living and taper rates also require proper and independent review. In addition, as we said in that submission, a Commission should be able to examine the appropriateness of conditions attached to income support and any factors that make it difficult for people to practically access support. These issues are considered further below.

**Recommendation 4:**

*That the government establish a Social Security Commission that would: independently assess the appropriate rate of income support payments, allowances and other aspects of payment*

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<sup>13</sup> Anglicare NT. (2018). Retrieved from <https://www.anglicare-nt.org.au/wordpress/wp-content/uploads/2018/05/2018-Rental-Affordability-Snapshot-Northern-Territory.pdf>

<sup>14</sup> Racial discrimination in the private rental market reported by Tenancy Support Workers, Darwin Regional Accommodation Action Group meetings, 2018.

<sup>15</sup> Report of Government Services, Homelessness Services, Table 19A.2 (The ROGS notes that these figures are likely to be underestimated).

*structures; consider the appropriateness and proportionality of conditions attached to payments and; review any obstacles to people accessing the income support safety net.*

## **Indigenous people in remote communities have limited access to jobs**

Several Government representatives have justified the current low rate of payment of unemployment benefits on the basis that it has been designed to be short term and transitional. It has been argued that substantial tax cuts will stimulate the economy so that, rather than relying on income support, people who are currently unemployed will be able to find work.

However, for most people in remote communities, it is work – not welfare – which is short term. There is simply not enough work to go around and when it comes, it is often temporary or seasonal. As officials from the Prime Minister’s Department told a Senate Committee in 2016:

Even if all jobs in remote communities were taken by local job seekers there would be significant labour over supply. For example in the larger remote communities in the Northern Territory, if every job was taken up by job seekers in that community the employment rate would still only be half of the national average.<sup>16</sup>

There is no sign that this is changing. The latest Closing the Gap Report reported that the employment gap between Indigenous and non-Indigenous Australians widened over the ten years from 2006 to 2016.<sup>17</sup> According to the 2016 Census the employment rate of Indigenous people in remote areas between the ages of 15 and 64 was 35.2 percent compared with a non-Indigenous rate (nationally) of 71.5 percent.<sup>18</sup>

Lack of employment opportunities in many remote areas means that, while unemployment benefits are a transitional payment for some, many in remote communities stay on benefits for years. In these communities, children are more likely than not to be born into severely impoverished households and will remain in poverty for much of their lives. Unless something is done, entrenched, intergenerational poverty will continue to play out in poor mental and physical health and lower life expectancies across Northern Territory Aboriginal communities.

In addition to increasing the base rate of payments, the Government should look at ways of allowing people who get access to temporary or seasonal employment to retain more of their benefits to smooth out their income over the year. Poor provision of Centrelink services and complex rules mean that many who engage in temporary work end up with overpayments, which in turn contributes to financial stress. For example, in 2018 the Department of Prime Minister and Cabinet (DPM&C) reported that twenty percent of CDP participants had an overpayment.<sup>19</sup> The causes of and solutions to high levels of

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<sup>16</sup> Department of the Prime Minister and Cabinet. (2016). Submission to the Senate Finance and Public Administration Legislation Committee, Inquiry into the Social Security Legislation Amendment (Community Development Bill) 2015. Retrieved from [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Social\\_Security/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Social_Security/Submissions)

<sup>17</sup> Department of the Prime Minister and Cabinet. 2019. *Closing the Gap Report 2019*. Australian Government, Canberra.

<sup>18</sup> Venn, D. & Biddle, N. 2017. Employment Outcomes. 2016 Census Papers. Paper No 5., CAEPR, ANU.

<sup>19</sup> Senate Finance and Public Administration Legislation Committee, Answers to question on notice, Additional Budget Estimates 2017-8, Ref PM133.

overpayments in remote communities should be investigated with leadership from affected communities.

**Recommendation 5:**

*That the Commonwealth recognise that the circumstances of remote communities mean that many people are not able to find work, and ensure that payment rates are such that this does not condemn them to poverty.*

**Recommendation 6:**

*The Government should ensure that income support arrangements encourage people to take up work when it is available. The causes of and solutions to high levels of overpayments in remote communities should be investigated with leadership from affected communities.*

## **The Community Development Program is inappropriate and discriminatory**

While lack of employment opportunities is the principal reason that Aboriginal people in remote Northern Territory communities can't get work, researchers have identified a number of other factors that are important. These include: lack of formal education and training; poorer health; higher levels of interaction with the criminal justice system; discrimination and poor job retention.<sup>20</sup> However, rather than address these issues or invest in job creation, the focus of Commonwealth employment assistance in remote areas has been on mandatory, continuous Work for the Dole, administered through the CDP.

In the Northern Territory the 'mainstream' jobactive program and Disability Employment Services operate only in Darwin and Alice Springs (other than town camps). Most unemployed Aboriginal people in the Northern Territory are required to participate in the Commonwealth's CDP which operates across remote Australia. At 30 June 2018 in the Northern Territory there were 12,709 people in the CDP, of whom 94 percent were Indigenous. There were 4,620 participants in Jobactive, of whom 57 percent were Indigenous.

The Community Development Program was introduced across remote Australia in June 2015. Under the program people assessed as having full time working capacity were initially required to Work for the Dole, twenty five hours per week, five days per week for at least forty six weeks of the year (1150 hours per year). The obligation was reduced to twenty hours per week in March this year. But this is still a total of at least 920 hours per annum – substantially higher than the maximum 650 hours of Work for the Dole that can be required of (predominantly non-Indigenous) unemployed people in non-remote areas. In addition, unlike their counterparts in non-remote areas, Work for the Dole obligations start straightaway for people in remote areas. Participants in jobactive can only be forced into Work for the Dole after a year of employment assistance. Most choose another means of meeting their obligations, like training or part time work.<sup>21</sup> Under CDP guidelines, participants aged 18–49 have no option but to fulfil their obligations through Work for the Dole, while many older participants who were entitled to choose other options are placed in Work for the Dole for lack of practical alternatives. CDP participants cannot meet their mutual obligation through participating in training or education unless it is directly

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<sup>20</sup> Gray, M., Hunter, B. & Lohar, S. (2012). *Increasing Indigenous employment rates*, Closing the Gap Clearinghouse.

<sup>21</sup> Senate Standing Committee on Education and Employment, Supplementary Budget Estimates 2017–2018, QON Ref EMSQ17-004468.

related to a job or part of Work for the Dole, and completion of vocational qualifications is not counted as an 'outcome'.

It is important to distinguish between the current CDP and the former Community Development Employment Projects scheme (CDEP). The CDEP was voluntary and people within it received an award wage for the hours they worked. Because CDEP wages were treated as wages, additional income could be earned without withdrawal of the base rate of income support. This meant that many on CDEP could earn incomes above the poverty line.<sup>22</sup> There was also considerable flexibility to manage hours locally (for example allowing missed time to be made up). By contrast, under CDP people stay on unemployment benefits and receive only a \$20.80 per fortnight 'participation allowance'.<sup>23</sup> In effect, a single person is paid \$14.41 per hour for their 'work' – substantially less than the current minimum wage of \$18.93. Where wages are earned they attract a high effective marginal tax rate through loss of benefits. In addition, the discriminatory and top down nature of the CDP scheme mean that it is poorly regarded and is not generally associated with meaningful or valuable work. While APO NT and others had some criticisms of CDEP, its closure has meant loss of income for many and contributed to a wider sense of despair and disillusionment at the loss of community control.

In remote areas, unlike in non-remote areas, people can be assigned to do their Work for the Dole hours in jobs that are ordinarily performed by paid workers, and in private sector workplaces. The availability of an involuntary, unpaid, free labour force would normally be expected to mean downward pressure on job creation and on wages. While this issue was not addressed in the Government's evaluation of the scheme, there is anecdotal evidence that employers are using CDP participants to do work that they would once have paid workers to do. In other words, the CDP is reducing the opportunity for people to earn additional income or to move off benefits and into work.

**Recommendation 7:**

*Unemployed people in remote areas must be entitled to receive award wages for their work. They should not be forced to work in jobs normally done by paid workers as a condition of income support, as is currently allowed under CDP.*

The penalties associated with the CDP and its discriminatory nature have also reduced the level and stability of income support for people in already poor communities. In 2018 the DPM&C reported that, in every quarter since January 2016, one third of CDP participants received at least one penalty and three to five percent received at least one serious penalty (lasting up to eight weeks).<sup>24</sup> In 2017 alone there were 112,511 financial penalties applied to Northern Territory participants in the CDP.<sup>25</sup> Of these, 17,367 were penalties for 'persistent non-compliance', which can last up to eight weeks. In 2017, NT CDP participants received forty five percent of all persistent non-compliance penalties across all programs nationally, even though they represented less than two percent of the national caseload.

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<sup>22</sup> Altman, J. & Gray, M. (2005). The economic and social impacts of the CDEP scheme in remote Australia. *Australian Journal of Social Issues*, 40(3), pp.399–410.

<sup>23</sup> The \$100 weekly allowance paid to people during internships the Youth PATH program is not available in remote areas.

<sup>24</sup> Department of the Prime Minister and Cabinet. (2018). *The Community Development Programme: evaluation of employment and participation outcomes*. Australian Government, p.34.

<sup>25</sup> Regional data released by PM&C under FOI.

According to DPM&C's evaluation of the first two years of CDP the most common amount for people who received penalties to lose was between 2% and 5% of their quarterly payments. However eight percent of people penalised lost ten percent or more of their payments to penalties.<sup>26</sup>

DPM&C's evaluation also found that the burden of penalties was much higher for Indigenous people:

CDP participants that identify as Indigenous were estimated to be 3.3 times more likely than other [CDP] participants to experience a penalty, and 2.7 times more likely to go on to experience a zero-rate [ie. serious] penalty. Among those penalised, participants identifying as Indigenous were estimated to have a higher value of total penalties over the year (\$166 higher).<sup>27</sup>

The evaluation also noted that Indigenous people were less likely to receive medical exemptions from participation. Given the poor health status of many Indigenous people in remote communities, this suggests a systemic failure to recognise and accommodate ill health. In addition it has been shown that DHS officials who assess whether instances of non-compliance have been caused by something outside a job seekers control (eg. illness, crisis, disability) are substantially more likely to find against Aboriginal and Torres Strait Islander people, and decide that they have been 'wilfully' and 'deliberately non-compliant'<sup>28</sup>. Aboriginal and Torres Strait Islander people are disadvantaged by their limited access to local health and other services, and by compliance assessment processes conducted over the phone without the use of interpreters.<sup>29</sup> The effects of an already discriminatory Work for the Dole scheme are compounded by the failure of Government systems to deliver income support that recognises the circumstances of remote communities and provide culturally appropriate services.

***Recommendation 8:***

*Existing discriminatory arrangements under the CDP must be terminated. These discriminatory arrangements include requiring more hours of Work for the Dole over the course of each year and a reduced range of choices for mutual obligation.*

***Recommendation 9:***

*Mechanisms for assessing capacity to participate and the causes of non-compliance must be changed so that they no longer discriminate against Aboriginal and Torres Strait Islander people in remote areas.*

In addition to reduction of income support through penalties, CDP has led people to leave, or become excluded from income support. Across the country the CDP caseload declined from 36,803 in June 2015 to 30,380 in June 2018.<sup>30</sup> The caseload in the Northern Territory has dropped by around 2000.

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26 Department of the Prime Minister and Cabinet. (2018). The Community Development Programme: evaluation of employment and participation outcomes. Australian Government, p37.

<sup>27</sup> Ibid, p42.

28 Fowkes, L. (2019). The application of income support obligations and penalties to remote Indigenous Australians, 2013-2018.

29 Note that in 2010 this issue was identified by Disney, J. et al 2010. Impacts of the new Job Seeker Compliance Framework: Report to the Parliament by the Independent Review Panel.

30 Caseload data released under FOI.

Nationally, 90 percent of the caseload decline has been in the under 35 age group and 59 percent in the under 25s. These declines cannot be accounted for by people moving into work.<sup>31</sup>

DPM&C's evaluation of the first two years of CDP estimated that six percent of people who had been penalised in a single quarter in 2016 became disengaged from income support over that year (without first finding work), and found that: 'two in five of those *disengaged* participants were men under 30 years old'.<sup>32</sup> The presence of a significant number of people who reported that they received no income at all was also noted in analysis of Census data.<sup>33</sup>

The adequacy of Australia's income support 'safety net' is not just a function of the payment rate. For a safety net to function it must be accessible to those who need income support, and the conditions attached to it must be fair and proportionate. There is substantial evidence that a large number of Aboriginal people in remote areas are not able to access the income support safety net or face conditions that are unreasonable given their circumstances. This failure must be urgently addressed.

***Recommendation 10:***

*That the Government work with Aboriginal organisations to investigate and address the factors that are leading to disengagement or lack of access to income support.*

While the financial harm being caused by CDP is evident, its benefits are less clear. PM&C's evaluation suggested that the program might have improved 26 week employment outcomes by one percent, however most of the benefits flowed to those who had been unemployed for a short period. Aboriginal job seekers also received a lower share of outcomes than their representation on the caseload.

More recently the Government has released 1,000 partial wage subsidies which, it says, are intended to enable jobs to be created for CDP participants. Very little information has been released about how these will work. However, a survey of remote employers conducted by APO NT in 2018 suggested that they would have only a very limited effect in very remote communities where jobs are needed most. Indigenous community organisations surveyed reported that the level of subsidy and its short duration meant that they would not be able to use it to convert existing voluntary or Work for the Dole places into jobs.

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<sup>31</sup> Fowkes, L., (2019). The application of income support obligations and penalties to remote Indigenous Australians, 2013-2018. CAEPR Working Paper, ANU.

<sup>32</sup> Department of the Prime Minister and Cabinet. (2018). The Community Development Programme: evaluation of employment and participation outcomes. Australian Government, p.vi.

<sup>33</sup> Markham, F. & Biddle, N., 2018. *Income, Poverty and Inequality: 2016 Census Paper 2*, Centre for Aboriginal Economic Policy Research, ANU.

## **Focus needs to shift from measures to control peoples' lives to giving them the means to live**

For more than a decade, while Newstart has fallen further behind and poverty in remote Indigenous communities has increased, Governments have implemented programs that have reduced individuals' ability to make decisions about their lives, and increased Government control.

For example, CDP providers are paid up to \$12,000 per annum to manage an individual in Work for the Dole - nearly as much as a single person on Newstart receives in a year (the single rate of Newstart is \$14,448.20 per year). A total of \$432m was allocated to CDP 2017-8<sup>34</sup>, while the 2018-9 Budget Papers include an allocation of \$1.1b over 4 years for the CDP.

Income management has been compulsory for almost all Newstart and Youth Allowance participants in the NT since 2010. While the per person cost is not available, one estimate puts the cost over 2005-6 to 2014-2015 at \$1billion. Over that time, as Census data shows, people in remote areas have become poorer. The Cashless Debit Card trial cost \$128.8 million over four years and further investment of hundreds of millions of dollars is currently proposed in extending the measure. The Government recently advised that, the expected operational costs of the Cashless Debit Card (excluding set up costs) would 'go below' \$2000 per person.<sup>35</sup> Not one cent of these considerable amounts of funding has found its way into the pockets of those on income support. In the case of CDP, the Government's own evaluation shows that the program has made many people poorer.

It is time for a re-think of these approaches. Rather than invest more funds in programs and services like Work for the Dole or income management, we are proposing more investment in ensuring people have adequate resources to live. These positive, enabling, approaches include investment in increasing the rate of unemployment payments and in creating more jobs in remote communities for people to aspire to.

## **Proposal to address unemployment and poverty in remote areas - The Fair Work Strong Communities Scheme**

APO NT has worked with a coalition of Aboriginal and non-Indigenous organisations, including CDP providers, NGOs and peaks,<sup>36</sup> to develop a proposal that creates real job opportunities in remote communities and is based on dignity and local community control, in place of the existing, discriminatory CDP.

The key program elements of the proposed Fair Work Strong Communities scheme are as follows:

- Government funding to create 10,500 part time jobs in local Indigenous organisations across CDP areas, working on specified projects and services. The funding would cover 20 hour per week jobs at the minimum wage and on costs. These would be ordinary jobs, paid at award wages with standard employment rights and conditions, including superannuation. The jobs would be open to local unemployed people. Any community based Indigenous organisation

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<sup>34</sup> Australian National Audit Office. (2017). The design and implementation of the Community Development Program, p 21. Retrieved from <https://www.anao.gov.au/work/performance-audit/design-and-implementation-community-development-programme>

<sup>35</sup> Cited in Morton, R 'Newstart: the human cost of Morrison's Plan'. The Saturday Paper, 14 September 2019.

<sup>36</sup> In 2018 the coalition adopted the name Fair Work Strong Communities Alliance.

would be able to apply for funding to employ people. A training account would be available to enable skills development, including workplace literacy and numeracy.

- There would be 1500 new 6-9 month paid training places for young people working in teams. These could be on environmental or similar projects. They would give young people leaving school an alternative to immediate entry into income support and full-time Work for the Dole.
- Unemployed people who are able to work but don't have one of the new jobs would have to do some sort of activity, but no more hours than people in non-remote areas. Local providers would have discretion as to when to recommend penalties, with community input into the rules. Local program providers would also be able to identify unemployed people who cannot work - for example because of poor health or family crisis. These people would have minimal requirements (for example a quarterly catch up interview).
- The current focus on 26 week job outcomes would be dropped in favour of a focus on getting more people into long term jobs across the community. The focus would be on making a net improvement in employment rates, not on simply counting placements in what are often short term jobs.
- Local people would have a say in setting the objectives for the program and evaluating how it is going.
- At the national level the program would move to an independent body with an Indigenous led board. Regional governance bodies may also be established.

The [full proposal](#) is detailed and includes an implementation plan. However it also recognises the need for area by area consultation and negotiation over how the program will operate.

### **Costs and benefits**

In 2018 the Fair Work Strong Communities Alliance contracted NATSEM at Canberra University to do independent modelling of the costs of the job creation measures in the Fair Work Strong Communities Scheme, including identifying offsetting reductions in income support.<sup>37</sup>

The direct wage cost of the proposal in 2018 was \$225.7m (excludes on-costs) – a net cost of \$128.1m once income support and other offsets were taken into account. Funding for on-costs and a training allowance add another \$67.7m, bringing the total annual cost of these new jobs to \$195.8m. It is worth noting that an increase in Newstart would reduce the net cost of this initiative because of a reduced gap between unemployment benefits and the minimum wage.

According to the modelling, the implementation of the proposed job creation initiatives would, *on its own*:

- reduce the population wide poverty rate in affected regions from 22.7% to 20.1%; and
- increase the population wide employment rate in affected regions from 48.2% to 57.8%. This means that the gap between non-Indigenous and remote Indigenous employment rates would immediately be reduced by one third.

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<sup>37</sup> Fowkes, L., Li, J., 2018. Designing a remote employment program: Lessons from the past and a proposal for the future. *Journal of Australian Political Economy*, (82), pp.57-83.



These are simply day one effects. Significant additional benefits would be expected to flow over time through increased economic activity, service provision and improved health and justice outcomes.

***Recommendation 11:***

*That the Government adopt the Fair Work Strong Communities proposal as the basis for a new remote employment scheme, and immediately enter into negotiations with affected communities with a view to its implementation.*

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