



**NACCHO**

National Aboriginal Community  
Controlled Health Organisation  
*Aboriginal health in Aboriginal hands*

[www.naccho.org.au](http://www.naccho.org.au)

## **The impact of inadequate income support payments on Aboriginal and Torres Strait Islander people**

**Submission to the Senate Community  
Affairs References Committee Inquiry**

**September 2019**

## **About NACCHO**

NACCHO is the national peak body representing 144 Aboriginal Community Controlled Health Organisations (ACCHOs) across the country on Aboriginal and Torres Strait Islander health and wellbeing issues.

In 1997, the Federal Government funded NACCHO to establish a Secretariat in Canberra, greatly increasing the capacity of Aboriginal and Torres Strait Islander peoples involved in ACCHOs to participate in national health policy development.

Our members provide about three million episodes of care per year for about 350,000 people across Australia, which includes about one million episodes of care in very remote regions.

ACCHOs specialise in providing comprehensive primary care consistent with clients' needs. This includes: home and site visits; provision of medical, public health and health promotion services; allied health; nursing services; assistance with making appointments and transport; help accessing childcare or dealing with the justice system; drug and alcohol services; providing help with income support; and more.

Collectively, we employ about 6,000 staff, 56 per cent whom are Aboriginal and Torres Strait Islander people, which makes us the single largest employer of Aboriginal and Torres Strait Islander people in the country.

### **Any enquiries about this submission should be directed to:**

National Aboriginal Community Controlled Health Organisation (NACCHO)

Level 5, 2 Constitution Avenue, Canberra City ACT 2601

Telephone: 02 6246 9300 Email: [reception@naccho.org.au](mailto:reception@naccho.org.au) Website: [naccho.org.au](http://naccho.org.au)

## Introduction

Closing the gap in inequities experienced by Aboriginal and Torres Strait Islander people as compared to other Australians in income, employment, education, housing, justice, health and wellbeing and other areas of life should be a priority of the Australian Government. The legacy of colonisation, continuing impacts of racism and a range of social determinants of health results in many Aboriginal and Torres Strait Islander people living well below an 'acceptable standard of living'. Dispossession from land and resources has made the rest of the nation rich while many Aboriginal and Torres Strait Islander people and communities are impoverished.

While we agree with the call to increase Newstart Allowance and other income support payments from Labor, the Greens, most Nationals and the majority of Crossbenchers, we also call for:

- a greater investment in jobs with adequate pay for Aboriginal and Torres Strait Islander people across urban, rural and remote Australia;
- greater access to the pension to Aboriginal and Torres Strait Islander people who are entitled to it;
- the Community Development Program (CDP) to be enhanced;
- consideration of additional vulnerabilities when determining income support payments;
- the periodical review of the adequacy of payments in light of community living standards, with appropriate increases made and indexation applied (in alignment with wage and rent increases);
- an increase of housing schemes to assist Aboriginal and Torres Strait Islander people to purchase their own homes;
- one-off payments to assist in the purchase of household essentials, e.g. white goods, air conditioning etc.; and
- extending an identified workforce to help Aboriginal and Torres Strait Islander people navigate Newstart Assistance and other income support payment rights and obligations.

These reforms would go a long way to closing the gaps in inequities experienced by Aboriginal and Torres Strait Islander people as compared to other Australians.

NACCHO has developed this submission with input from two of our affiliates—Aboriginal Health & Medical Research Council (AH&MRC) and Aboriginal Health Council of Western Australia (AHCWA). A full list of recommendations is presented at the end of this submission.

## Responding to the Terms of Reference

### An acceptable standard of living

Many Aboriginal and Torres Strait Islander people across Australia do not experience what this Inquiry refers to as an 'acceptable standard of living'. Compared to other Australians, Aboriginal and Torres Strait Islander people have higher unemployment rates, earn lower household incomes and are more likely to receive a government allowance as their main source of income. In 2015, the proportion of Aboriginal and Torres Strait Islander people with incomes in the bottom 20 per cent of weekly household incomes was 37 per cent (twice as high as other Australians)<sup>1</sup>.

High levels of unemployment and under-employment are largely due to a lack of available jobs and inadequate pay. Financial stress is often experienced as a result, with many payment recipients missing meals, sleeping rough and struggling through winter without electricity. Adequate housing is often overly expensive which can lead to overcrowding, while more affordable (but still expensive) housing is inadequate in terms of health, safety and cultural appropriateness. In addition, many recipients are unable to access mainstream healthcare and other services due to cost and distance, particularly in rural and remote communities. All these factors have a significant impact on physical, social and emotional health and wellbeing.<sup>2</sup>

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<sup>1</sup> AIHW, 2019, *Australia's Welfare 2017: in brief*, <https://www.aihw.gov.au/reports/australias-welfare/>

<sup>2</sup> Rosenberg, 2019, *Implementation not recommendation the key to PC success in mental health*, <https://croakey->

## Long term unemployment, under-employment and reliance on income support payments

There are a range of large, complex and intertwined issues facing Aboriginal and Torres Strait islander people and communities in regard to the lack of jobs, unemployment and reliance of income support payments. Some of the issues include:

- long term reliance on income support payments;
- difficulty affording costs associated with searching for employment, including suitable clothing for an interview, safety clothes and equipment, transportation (e.g. petrol, car registration, public transport, etc.) and communication costs (e.g. mobile phone credit, repairs, etc.);
- significant challenges meeting employment obligations and keeping a job due to transportation, communication and other costs, and family, cultural, land and other responsibilities/obligations;
- complications engaging with and meeting CDP obligations, which results in fines being received which reduces their already low income support payments;
- intergenerational trauma of working with faith-based organisations that run CDP and that were often involved in the removal of Aboriginal children from their families/running missions;
- poor health conditions and inequities in social determinants of health (including housing, education, social relationships, income and poverty) compounding challenges in finding and keeping a job; and
- the disincentive of accepting extra employment shifts/hours when the additional income exceeds Centrelink income limits.

### Newstart Assistance

Despite large increases in living costs over the last 25 years, there has been no increase to Newstart Assistance. When Newstart Assistance was introduced in 1997, it was not intended for long-term reliance, but for short-term assistance while a recipient looked for work. An alternative pension was provided for long-term assistance, which was only slightly higher to Newstart Assistance. Even seven (7) years ago, in 2012, a Senate Committee Inquiry deemed Newstart Assistance to be inadequate.<sup>3</sup>

Today, more than ever, the payment does not provide recipients with the capacity to purchase basic essentials, let alone provide an adequate safety net.<sup>4</sup> Aboriginal and Torres Strait Islander people comprise a large proportion of those most impacted, and particularly those in rural and remote communities where unemployment and the costs of goods and services are much higher. Accordingly, we support the call led by ACOSS for a \$75 per week increase to Newstart Assistance to better help recipients meet daily living expenses and to create an estimated 12,000 new jobs in regional communities,<sup>5</sup> and for people in rural and remote communities and who experience vulnerabilities (outlined in this submission) payments should be even higher—according to individual circumstance, opportunity and need.

### Rent Assistance

Rent Assistance falls far short from meeting the high rental costs across urban, rural and remote regions. As with Newstart Assistance, over the years Rent Assistance has not increased despite rent and other living expenses greatly increasing. According to the Grattan Institute, a 40 per cent increase in the maximum rate of Rent Assistance would provide the same real level of assistance to low-income earners as it did 15 years ago.<sup>6</sup> Other than increasing Rent Assistance, it is also important in terms of rent and home ownership that Aboriginal and Torres Strait Islander people are given more options to buy the home they are renting, and a 'Relocation Assistance' that would assist families to move for employment, education and other opportunities.

### Ongoing increases and indexation

While increasing the rate of Newstart Assistance, Rent Assistance and other income support payments must be an initial measure, ongoing increases to ensure recipients continue to enjoy an appropriate standard of living into the future are essential.<sup>7</sup> This should involve periodically reviewing the payments

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<sup>3</sup> Parliament of Australia, 2019, *The adequacy of the allowance payment system*, <https://www.aph.gov.au/>

<sup>4</sup> UNSW, 2019, *Budget Standards: A new healthy living minimum income standard*, <https://www.sprc.unsw.edu.au/>

<sup>5</sup> ACOSS, 2019, *Raise the Rate*, <https://raisetherate.org.au/>

<sup>6</sup> The Grattan Institute, 2019, *The inadequacy of income support payments*, [https://grattan.edu.au/?s=Newstart Assistance&asl](https://grattan.edu.au/?s=Newstart+Assistance&asl)

<sup>7</sup> McClure Review, 2019, [https://www.aph.gov.au/about\\_parliament/parliamentary\\_departments/parliamentary](https://www.aph.gov.au/about_parliament/parliamentary_departments/parliamentary).

against community living standards and costs of goods and services. As recommended by ACOSS, payments should be indexed to annual increases in wages (rather than CPI alone) and Rent Assistance according to actual rental costs.

### **The changing nature of work and insecure work in Australia**

While contract, casual, part-time and seasonal work is welcomed by some Aboriginal and Torres Strait Islander people, in many ways it is undesirable, and can result in:

- many families and households not receiving adequate income to cover living expenses, which is compounded by high numbers of dependents and people with vulnerabilities living under the same roof—including children and youth, people with a disability, people with a burden of disease and/or other health condition/s, the elderly (due to high costs and lack of local aged care services) and people who do not speak English as a first language;
- frustration, anxiety and depression, generally affecting physical and mental health; and
- triggering or amplifying family/domestic conflict and violence.<sup>8</sup>

This chain of issues impact school attendance and performance, which in turn further impacts this chain.

### **The inappropriateness of current arrangements**

Current arrangements require review as to how to better support those experiencing underemployment and insecure employment. Disincentives to recipients accepting additional employment shifts/hours when the extra income would exceed additional income limits and reduce payments is one area that needs to be reviewed, along with current CDP arrangements.

CDP does not benefit Aboriginal and Torres Strait Islander people and their communities. The program does not achieve the goals it set out to do, and is discriminatory against Aboriginal and Torres Strait Islander people who comprise more than 80 per cent of participants across Australia. Fining members for missing a session, with no consideration at all to the complexities of the social determinants and cultural obligations facing Aboriginal and Torres Strait Islander people, is unacceptable and directly discriminates against them. A program that is targeted at remote employment and development must recognise that there is a significantly greater burden of disease and higher mental health conditions among Aboriginal and Torres Strait Islander people as compared to other Australians<sup>9</sup>, and that these issues can greatly impact on program attendance. Also, despite working more than 25 hours of work per week, CDP participants are not considered to be employees and are hence excluded from the Fair Work Act 2009 legislation<sup>10</sup>, do not receive superannuation and are excluded from occupational health and safety laws. The discrimination and harm of CDP has been ongoing, and reinforces the need for an Aboriginal-led model that ensures Aboriginal and Torres Strait Islander people are receiving an appropriate income, and addresses the unique social settings and limited labour markets within remote communities.

Already low income support payments attached to CDP are further reduced by \$50 a week (from \$244.85 to \$194.85) when recipients are unable to participate in mandatory CDP activities. Due to high costs, ill health, mental health conditions, homelessness, disability, remoteness, family, community, country and cultural obligations and language barriers, participants sometimes cannot avoid missing or being late for CDP activities, and being unable to notify activity organisers in advance. Communities with high numbers of Aboriginal and Torres Strait Islander participants were issued with the highest number of these fines in 2018, with participants in one Aboriginal community fined an average of 15 times.<sup>11</sup> Various aspects of the former CDEP program worked better for participants and communities than the current CDP, including the 'employment' of Environmental Health Workers and other workers.

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<sup>8</sup> Anderberg, Rainer, Wadsworth & Wilson, 2013, Unemployment and Domestic Violence, <http://ftp.iza.org/dp7515.pdf>

<sup>9</sup> Department of Prime Minister & Cabinet, 2017, Aboriginal and Torres Strait Islander Health Performance Framework, <https://www.niaa.gov.au/sites/>

<sup>10</sup> Australian Government Fair Work Ombudsman, 2019, *Fair Work Act 2009 legislation*, <https://www.fairwork.gov.au/about->

<sup>11</sup> ABC, 2018, Indigenous communities slapped with more fines, <https://www.abc.net.au/news/>

## The determination of payments should factor in specific vulnerabilities

A range of factors should be understood and factored in when determining individual income support payments. Particular consideration should be given to Aboriginal and Torres Strait Islander people with barriers to finding and keeping work, particularly those: with a disability; caring for people with a disability and/or young children (parents and other care-givers); living in rural and remote regions where jobs are scarce and costs are high; youth; and the elderly. Other specific factors that restrict employment and the accessibility of income support payments should also be given consideration, including: homelessness; mental health conditions; English proficiency; and discrimination and/or a lack of cultural competency from service providers. Greater support needs to be given to Aboriginal and Torres Strait Islander people to access the income support payments for which they are eligible. Assistance also needs to be extended to help with filling out forms, attending Centrelink appointments and understanding and fulfilling payment obligations. All Department of Human Services, Department of Social Services and National Disability Insurance Agency staff involved in social and health payments and services (e.g. income support payments) should receive training to help them assist Aboriginal and Torres Strait Islander people to access the services and payments for which they are eligible and need.

Greater consideration needs to be given to Aboriginal and Torres Strait Islander people with a disability. Aboriginal and Torres Strait Islander people are twice as likely to have a disability than other Australians, with 9 per cent (compared to 4 per cent ) having a severe condition.<sup>12</sup> Around 60,000 Aboriginal and Torres Strait Islander people have a significant disability that could make them eligible for NDIS support, which represents 13 per cent of the potential 460,000 NDIS participants. However, they comprise only 5 per cent of current NDIS participants,<sup>13</sup> and of these many have plans but do not receive assistance due to appropriate services not being available. An inquiry into these huge discrepancies is long overdue, and immediate assistance must be given to Aboriginal and Torres Strait Islander people with a disability to access the Disability Support Pension as well as NDIS support.

Aboriginal and Torres Strait Islander youth should be given concerted assistance to pursue further education and training, to assist them to secure long-term, secure and meaningful employment. The competing family and cultural responsibilities they face, the risk of not completing study or not finding work after study, and discrimination from education and training providers must be addressed.<sup>14</sup>

### Case study: Low payments and high living costs in the Northern Territory

While high unemployment and living costs are prevalent in many communities across Australia, Aboriginal and Torres Strait Islander people and communities in the NT are hardest hit. While 3.3 per cent of the total Australian population identify as being of Aboriginal and Torres Strait Islander descent, 25.5 per cent in the NT identify as such. A high proportion of these people in the NT live in rural and remote communities, and of these a high proportion are unemployed or underemployed, and rely heavily on income support payments (mainly Newstart Assistance). ALDI supermarkets are reported to sell the cheapest groceries in Australia<sup>15</sup>, but there is no ALDI in the NT (and WA and SA). Rural and remote communities in the NT and other jurisdictions often do not have an ALDI, or a Coles or Woolworths supermarket, with residents needing to shop at IGA and other small grocery stores that tend to be more expensive—if there are any stores at all.<sup>16</sup> Even in Darwin living costs are very high, including petrol.<sup>17</sup> Most Aboriginal and Torres Strait Islander people in Darwin cannot afford to purchase a house or unit, with the median unit price being \$391,500 (compared to the median unit price of \$337,500 across the Territory). Rent is approximately \$2,532 per month for an 85m<sup>2</sup> furnished residence in a high SES area, and \$1,813 in lower SES areas (which is still very high for those on a low income). Monthly utilities for two people in an 85m<sup>2</sup> residence is also very high at \$320.

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<sup>12</sup> AIHW, 2017, Aboriginal and Torres Strait Islander Health Performance Framework 2017 report, <https://www.aihw.gov.au/>

<sup>13</sup> NDIS, 2017, COAG Disability Reform Council Quarterly Report (Sep), <https://www.ndis.gov.au/about-us/publications/>

<sup>14</sup> Raciti, 2019, Career construction, future work and the perceived risks of going to <https://apo.org.au/node/251251>

<sup>15</sup> Choice, 2017, Which supermarket has the cheapest groceries?, <https://www.choice.com.au/shopping/>

<sup>16</sup> ABC News, 2018, Grocery shopping cheapest in ACT and most expensive in NT, <https://www.abc.net.au/news/>

<sup>17</sup> Expatistan, 2019, Cost of Living in Darwin, <https://www.expatistan.com/cost-of-living/darwin>



## **The impact of long term reliance on income support on payment recipients**

Reliance on Newstart Assistance and other income support payments, especially over a long-term, prevents recipients from purchasing a home, or from maintaining their mortgage repayments and keeping their home. Aboriginal and Torres Strait Islander people are often stereotyped and discriminated against from purchasing and renting private housing, and Aboriginal housing and other public housing is often unavailable or inadequate (often run down), and private housing often overly expensive to rent. More housing, that meets engineering standards and takes into consideration Aboriginal and Torres Strait Islander family systems, sizes of households and related infrastructure needs. Adequate Rent Assistance needs is also required.

Unemployment and under-employment impedes the ability of individuals, families and households to save for unexpected life events—including deaths and funerals. The ability to accrue superannuation is also hampered, affecting the ability to retire free from financial stress. Aboriginal and Torres Strait Islander people with a disability often do not receive the Disability Support Pension to which they are entitled—which is a significant \$144 per week more than Newstart Assistance. Centrelink’s determination of eligibility must be reviewed and changed, along with the entire superannuation, retirement and pension system, so that Aboriginal and Torres Strait Islander people receive the benefits to which they are entitled.

Perhaps most importantly, more real jobs are needed in rural and remote communities. A greater proportion of federal and state/territory budgets should be allocated to strengthening individuals, families and communities with accessible and adequate employment. Such an investment would reduce expenditure on child protection and detention services and optimise family and community health and wellbeing.

ACCHOs are best placed to reach Aboriginal and Torres Strait Islander people and communities as they are community controlled (operated by Aboriginal and Torres Strait Islander communities through a locally elected Board of Management). However, there remains great unmet need due to restricted funding and tight resources to reach into very remote regions. Greater funding for ACCHOs and other Aboriginal community controlled organisations (ACCOs) is required to further close the gap in disparities in Aboriginal and Torres Strait Islander health and wellbeing as compared to other Australians.

ACCHOs and other ACCOs must be involved in determining appropriate payments, given their expertise in working closely and collaboratively with Aboriginal and Torres Strait Islander people and communities.

## Recommendations

We call on the Australian Government to:

### Employment

1. Invest in more jobs (with adequate salary) for Aboriginal and Torres Strait Islander people in urban, rural and remote communities.

### Newstart Assistance

2. Increase Newstart Assistance by \$75 per week.

### Other allowances

3. Introduce a 'Relocation Allowance' for Aboriginal and Torres Strait Islander people looking to move for employment opportunities.
4. Provide Aboriginal and Torres Strait Islander people with more options to buy the home they are renting.

### Incremental increases and indexation

5. Periodically review and increase all income support payments to ensure an ongoing acceptable standard of living for recipients, and apply indexation to all income support payments in alignment with increases to wages, rent and other living costs (rather than CPI alone).

### Consideration of specific vulnerabilities

6. Provide higher payments to people living in rural and remote regions where employment opportunities are scarce and goods and services are expensive or unavailable.

### Review the system

7. Conduct an inquiry into why many Aboriginal and Torres Strait Islander people with a disability who should be on the Disability Support Pension are not receiving it.
8. Implement a 'watch dog' body that can monitor and report cases of Aboriginal and Torres Strait Islander people with a disability or parents or other care-givers of young children who are denied the pension (and NDIS and other disability support for those with a disability).

### CDP

9. Enhance CDP.

### Education and training

10. Invest in innovative services in the education and training sector that better assist Aboriginal and Torres Strait Islander youth and older people to overcome barriers and increase their readiness to pursue further education, training and qualifications for securing employment.
11. Provide free or subsidised training and higher education opportunities to Aboriginal and Torres Strait Islander people to get them into jobs and to avoid crippling HECS-HELP debts.

### Expanding ACCHO's service delivery remit

12. In consultation and negotiation with ACCHOs, provide additional, adequate funding for ACCHOs to deliver services that support people trying to access income support payments and to further extend existing financial counselling and social and emotional wellbeing services.
13. expand ACCHOs' service delivery reach into rural and remote communities to deliver a greater range of services that support people trying to access income support payments, such as extending financial counselling and social and emotional wellbeing.

### Training for Department of Human Services staff

14. That all Department of Human Services Department of Social Services and National Disability Insurance Agency staff involved in social and health payments and services should receive training to better assist Aboriginal and Torres Strait Islander people to access the services and payments for which they are eligible.