

**Submission to the Senate Standing Committees on Community Affairs' *Inquiry into the extent and nature of poverty in Australia.***

**Dr Francis Markham. 31 October, 2023.**

1. I thank the Committee for the opportunity to provide evidence in relation to the extent and nature of poverty in Australia at this late stage. My expertise as a non-Indigenous economic geographer informs this submission. Although I am employed at the Centre for Aboriginal Economic Policy Research at the Australian National University, I make this submission in a personal capacity. I have previously undertaken peer-reviewed research on the incomes of Indigenous people in Australia, and have provided both written and oral evidence to this Committee regarding social security system on previous occasions.<sup>1</sup> The views expressed in this document are mine alone, and do not represent those of the Australian National University in general, or the Centre for Aboriginal Economic Policy Research in particular.
2. In this submission, I aim to provide the Committee with some statistics relating to Indigenous poverty in Australia, and to discuss some of the policy causes of escalating rates of Indigenous poverty in remote Australia.

***A brief note on method***

3. In this submission I briefly describe the extent and spatial distribution of poverty among Indigenous people in Australia. These figures are based on currently unpublished analysis of the Australian Bureau of Statistics (ABS) 2021 Census of Population and Housing, augmented with unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey.<sup>2</sup> HILDA is used to calculate income distributions within the income brackets recorded in the Census data, as well as to convert from gross to disposable income.<sup>3</sup>
4. Any estimate of the extent of poverty can only be made with reference to a 'poverty line'. Those whose post-tax household income, adjusted for household size, is above some threshold is considered to be living in poverty. The setting of poverty lines is a political matter. Some, like the Antipoverty Centre (Submission #29) urge the adoption of the Henderson Poverty Line, which at the time of the last Census was \$613 per week for a single person before housing. In this submission, I use a poverty

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<sup>1</sup> See for example Markham and Altman (2019).

<sup>2</sup> The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this submission, however, are those of the author and should not be attributed to either DSS or the Melbourne Institute.

<sup>3</sup> The methods used in to calculate poverty rates in this submission essentially replicate those in Markham and Biddle (2018), but updated using the 2021 Census and HILDA Wave 21..

line set at 50% of the median disposable equivalised household income before housing, which works out as approximately \$492 per week. This definition is adopted for convenience rather than from conviction. To be clear, any assessment of the adequacy of social security payments should be made with reference to the needs of people in different life circumstances, not by using arbitrary poverty lines.

### ***Poverty in Australia is higher among Indigenous people, especially children***

5. Using the methods and definitions described above, 29.0% of Indigenous people reported living in households with incomes below the poverty line. Indigenous people are 2.2 times more likely to be in cash poverty than non-Indigenous people, with 13.3% of non-Indigenous people living in poverty in 2021 using the same measure and data source.
6. Among Indigenous people, poverty rates were higher among children aged 0–14 years, compared to the population aged 15 years or above. Specifically, 34.3% of Indigenous children were living in households with incomes below the poverty line in 2021, compared to 26.2% of Indigenous adults.

### ***Indigenous poverty rates are higher in remote areas***

7. Among Indigenous people, poverty *rates* follow the remoteness gradient. In 2021, Indigenous poverty rates were lowest in major cities (22.9%). They increase consistently with remoteness, with higher rates in inner regional areas (26.6%), higher rates still in outer regional areas (30.3%), and extremely high rates in remote (41.0%) and very remote areas (57.1%).
8. These extraordinarily high poverty rates in remote and especially very remote Australia should be considered a national policy crisis.
9. There is no comparable remoteness gradient for poverty among non-Indigenous Australians. Table 1, which compares Indigenous and non-Indigenous poverty rates by remoteness, shows that while Indigenous poverty rates are higher everywhere, poverty is patterned differently for Indigenous and non-Indigenous people by remoteness. For non-Indigenous Australians, while poverty rates are lowest in major cities (12.4%), very remote areas have comparable non-Indigenous poverty rates (12.9%). Accordingly, the ‘gap’ between Indigenous and non-Indigenous poverty rates is relatively low in major cities (10.5 percentage points) but extraordinarily high in very remote areas (44.1 percentage points).
10. Clearly, Indigenous poverty is most concentrated in very remote parts of Australia. However, there are also great numbers of Indigenous people living in poverty in urban areas and regional areas, as this is where most Indigenous people live. Table 1 shows that approximately 213,500 — or 73.6% of Indigenous people in poverty — live in urban or regional areas.

Table 1: Number and percentage of Indigenous and non-Indigenous people living in poverty in the 2021 Census by remoteness

	Indigenous		Non-Indigenous	
	Percentage in poverty	Number in poverty	Percentage in poverty	Number in poverty
Major Cities	22.9%	91,904	12.4%	2,250,007
Inner Regional	26.6%	64,925	15.7%	680,163
Outer Regional	30.3%	56,704	16.9%	320,430
Remote	41.0%	24,078	13.1%	31,623
Very Remote	57.1%	52,616	12.9%	13,392

Note: Estimates of the number in poverty adjusts for Census undercount and assumes that the incomes of households who returned a complete Census form are the same as the incomes of households who did not return a Census form or did not complete the income part of the Census questionnaire.

### ***Indigenous poverty is rapidly deepening in remote areas***

11. While the general picture outlined above is not new, what is most concerning is that *Indigenous poverty is deepening in remote Australia*. Figure 1 shows that poverty rates have been increasing consistently since 2006 in remote parts of Australia, an increase that has been escalating since 2016 in very remote areas. In the decade between 2011 and 2021, very remote Indigenous poverty rates escalated by 10.8 percentage points.
12. The high level of Indigenous poverty in remote Australia are alarming in themselves. But the trend whereby these high rates continue to increase rapidly signal a policy catastrophe.
13. The trends in non-remote Australia are quite different and are somewhat encouraging. While rates of Indigenous poverty remain far too high in urban and regional Australia, these rates have been falling consistently over recent years. In inner regional areas, poverty rates have fallen from 34.1% in 2006 to 27.1% in 2021, with similar but smaller reductions also taking place in major cities and outer regional areas.
14. Taken as a whole, Figure 1 paints a picture of spiralling Indigenous economic policy failure in remote Australia while living conditions gradually improve elsewhere. Spatial economic inequalities within the Indigenous population are widening.

### ***Something is going wrong in the Northern Territory***

15. When disaggregated by state and territory (Figure 2), there are clear differences in the level and trends of poverty rates by jurisdiction. In particular, the Northern

Territory is an outlier. Its Indigenous poverty rate is terribly high (54.6% in 2021), and has been escalating rapidly in recent years.

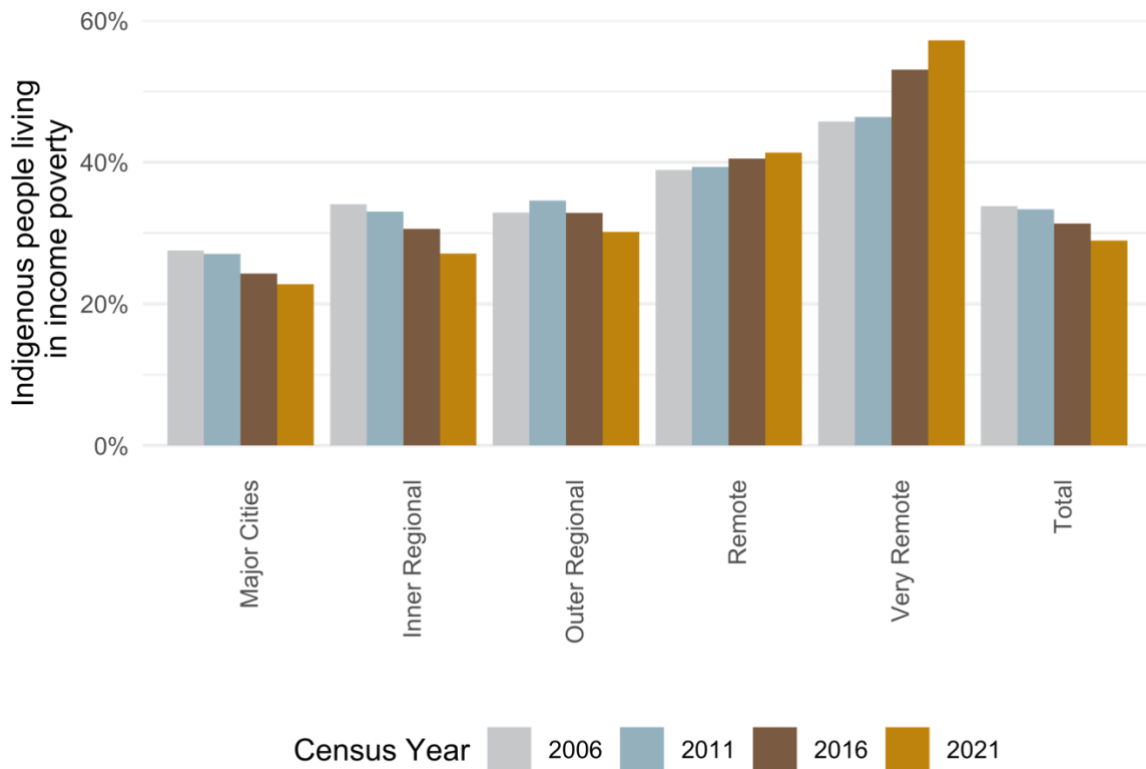


Figure 1: Indigenous poverty rates in the 2006, 2011, 2016 and 2021 Censuses, by remoteness<sup>4</sup>

<sup>4</sup> This chart uses a set of custom remoteness boundaries that are very similar to but not identical with the 2021 remoteness boundaries but that are spatially consistent over time.

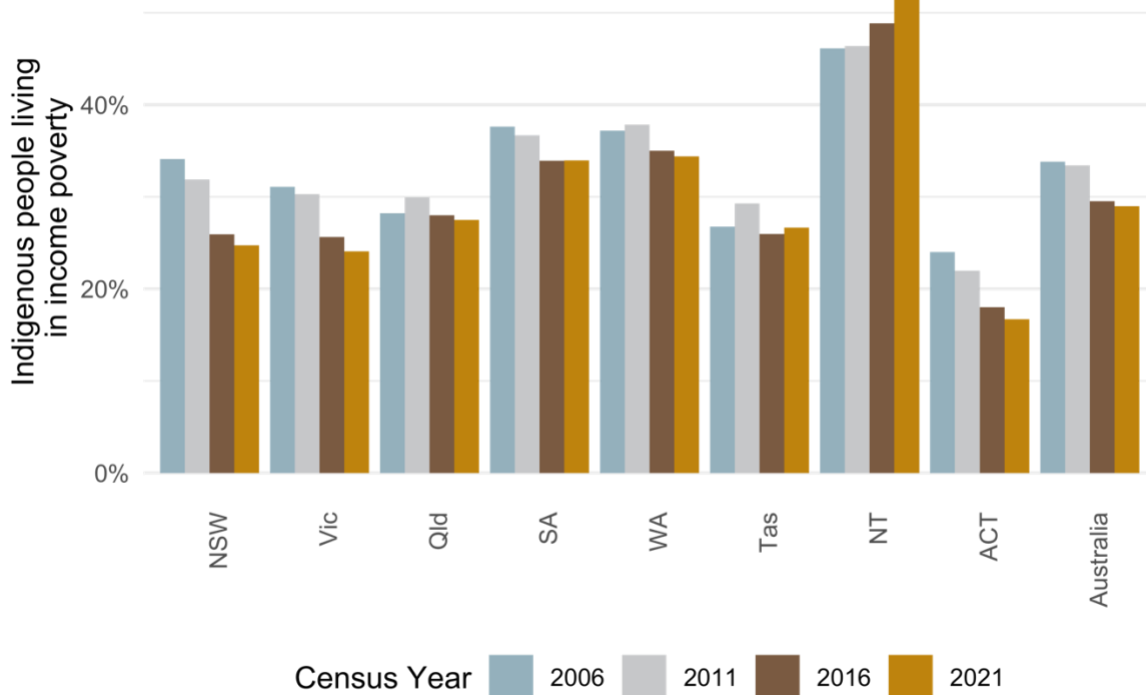


Figure 2: Indigenous poverty rates in the 2006, 2011, 2016 and 2021 Censuses, by state and territory

16. At the other end of the spectrum, the ACT has an Indigenous poverty rate in 2021 of just 16.7%. In between sit two clusters of states. The four east coast states of Queensland, NSW, Victoria and Tasmania where most Indigenous people live have Indigenous poverty rates in 2021 of between 24.1% (Victoria) and 27.5% (Queensland). In the two western states, South Australia and Western Australia, poverty rates are somewhat higher at 33.9% and 34.4% respectively. But are still much lower than those in the Northern Territory.
17. These uneven patterns of Indigenous poverty between states are partly but not entirely a proxy for remoteness. Figure 3 breaks down the geography of Indigenous poverty by region. Almost everywhere on the map, remoter regions have poverty rates that are higher than urban and regional areas. The three jurisdictions with the highest Indigenous poverty rates (NT, WA and SA) are those where the proportion of Indigenous people who live remotely are highest.
18. However, poverty rates are uniquely high in the very remote parts of the Northern Territory and the Kimberley. In these regions, poverty rates are in excess of 50%. In the Jabiru – Tiwi region, Indigenous poverty rates are estimated to be 74.8%. This level of impoverishment is unparalleled in Australia.

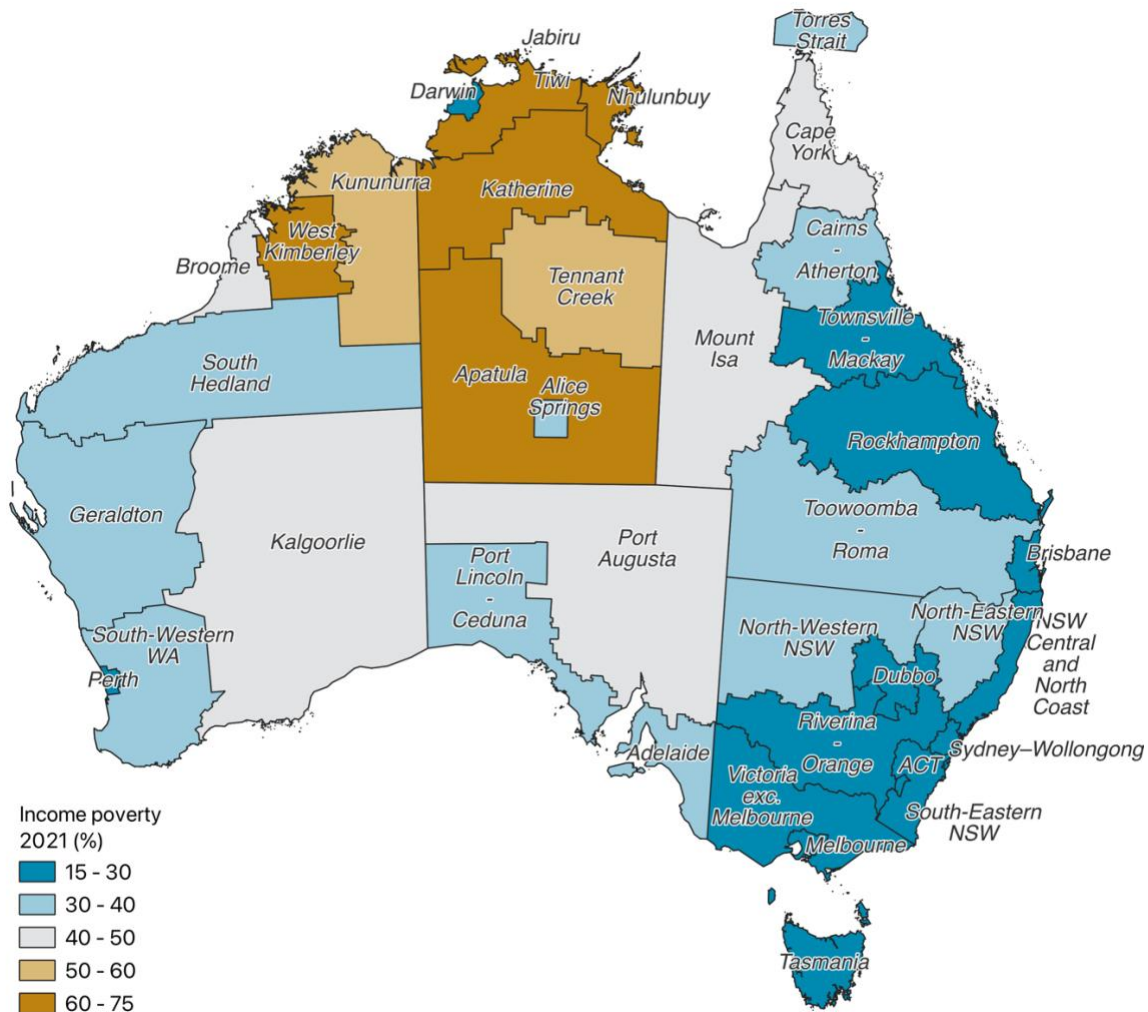


Figure 3: Indigenous income poverty rates by Indigenous Region in the 2021 Census

19. Similar patterns are apparent when the change in poverty rates between the 2016 and 2021 Censuses is broken down regionally. Outcomes are deteriorating most rapidly in regional parts of the Northern Territory and in the West Kimberley. Poverty rates are also rising in remote parts of Queensland and South Australia, albeit more gradually.
20. Overall, the situation is dire and deteriorating across remote parts of Australia. However, the levels of poverty in very remote Northern Territory are uniquely calamitous and are escalating most rapidly. Something is going wrong in the Northern Territory. And the worsening outcomes are not limited to incomes and poverty, but are evident across a range of social indicators not explored here.<sup>5</sup>

<sup>5</sup> Indigenous outcomes across a range of Census indicators are deteriorating rapidly in the Very Remote Northern Territory, see Biddle and Markham (2023)

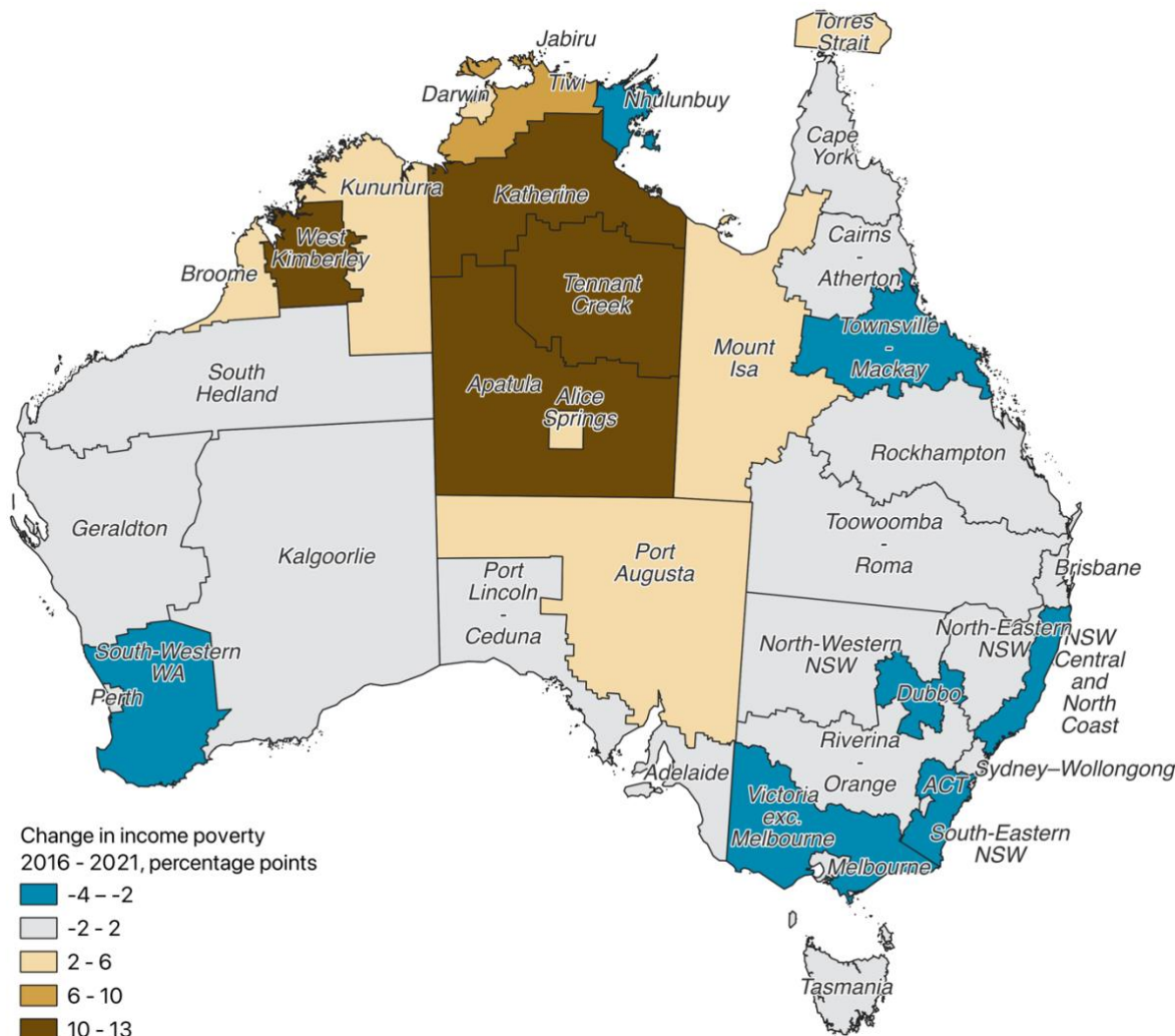


Figure 4: Change in Indigenous income poverty rates by Indigenous Region between the 2016 and 2021 Censuses

### **Some observations about policy and remote poverty**

21. In order to address poverty in remote Australia, it is important to know something about its causes. The first of these is the employment situation in very remote communities across Australia. In remote Australia, the predominant obstacle to paid employment is the limited availability of private sector jobs. Numerous initiatives have been implemented over the years in attempts to address this issue, yet the mainstream economy remains largely absent in these areas. Almost all waged employment in remote Indigenous communities is supported directly or indirectly by government funding rather than the private sector. Accordingly, persistent unemployment in remote locations is a structural characteristic. It cannot be wished away or ignored by policymakers.<sup>6</sup>

<sup>6</sup> See Staines et al. (2021)

22. Accordingly, many Indigenous people in remote areas tend to rely on income support for very long periods of time. Unemployment is not exceptional and temporary in remote Indigenous communities. Around two-thirds of remote community residents are either unemployed or not in the labour force, primarily due to the lack of suitable jobs. Accordingly, reliance on social security is long term and structural.
23. Recent attempts to increase employment in remote Indigenous communities have been wholly unsuccessful and indeed counterproductive. The Community Development Program (CDP), which the current government plans to replace, is a mutual obligation scheme that formerly centered around work-for-the-dole activities. At its heart was a system of penalties and suspensions for those who failed to comply, designed to hassle remote living people into jobs that simply do not exist. The inflexible, Kafkaesque and indeed racially discriminatory nature of this program has led to dire outcomes. First of all, it has not increased employment in remote Indigenous communities. Secondly, it has reduced the incomes of participants relative to the former Community Development Employment Projects (CDEP) scheme. Thirdly, it has resulted in a series of unintended negative consequences for those unlikely enough to find themselves compelled to participate in this program in order to receive income support.<sup>7</sup>
24. Ultimately, the social security system does not provide adequate incomes, especially not for those relying on it for years at a time, and especially not for those where entire families are reliant on income support. A different set of arrangements for employment and social security in remote Australia are urgently needed. They must recognise the structural failure of the labour market to provide adequate incomes.
25. The former CDEP scheme raised incomes of participants by approximately \$100 per person per week. This was primarily through the 'top up' hours that CDEP organisations could make available to part-time CDEP workers. While the CDEP scheme was imperfect, it provided for greater incomes in remote Indigenous communities than any subsequent program.<sup>8</sup>
26. The social security system also discriminates against Indigenous people in Australia. For many years, Indigenous people did not have the same access to income support payments as non-Indigenous people. Today, discrimination continues in the form of the so-called 'enhanced income management' in the Northern Territory. Until recently, other discriminatory measures which prevented equal access to social security included the CDP work-for-the-dole obligations and the School Enrolment and Attendance Measure. Racial discrimination in the social security system needs to cease as a matter of principle. It also does not work in practice. Enhanced income management in the Northern Territory should not continue without the consent of the Aboriginal Peak Organisations Northern Territory.

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<sup>7</sup> For a concise summary of the literature on this topic, see Staines et al. (2021).

<sup>8</sup> See Altman and Gray (2005).



27. I note with concern that access to social security services in remote areas appears to be decreasing. Before COVID, Remote Servicing Teams completed 734 face-to-face remote servicing trips to 319 individual communities. But in 2021-22, they made just 75 face-to-face remote servicing trips to 103 individual communities. Part of the 2021-22 reductions could be attributed to COVID restrictions. But from 18 October 2021, Services Australia re-commenced face to face service delivery to remote communities.<sup>9</sup> Many communities are hours drive away from the nearest Services Australia office. This effectively makes access to a Services Australia office to resolve the inevitable complexities of the social security system near impossible without a time consuming and expensive visit to town. It means that complicated issues such as resolving child maintenance queries for remote-living Indigenous single mothers are likely to remain unaddressed, thereby reducing access to full Family Tax Benefit entitlements.

28. There also needs to be a recognition that remote poverty alleviation will require more than just changes to employment services and the income support system. Part of the Northern Territory's unique trajectory of deepening poverty must be attributed to the disinvestment from and disempowerment of remote communities by the Northern Territory and Commonwealth Governments. This includes, but is not limited to:

- education funding that funnels NT Government resources to urban schools rather than remote communities;
- inadequate social housing provision at a time when the NT Government is raising rents through its new Remote Rent Framework;
- the abolition of the CDEP;
- the Northern Territory Intervention;
- the dissolution of community councils and their replacement with regional shires;
- the absence of needs-based Commonwealth funding allocations for local government which leaves historic infrastructure deficits unaddressed;
- the discriminatory provision of electricity in remote Indigenous communities which sees households disconnected from electricity at alarming frequency.

A fundamental inter-governmental reset of policy for remote Indigenous communities is needed, with particular focus on the dire and worsening outcomes in the Northern Territory and the Kimberley.

### ***Recommendations***

I wish to make just a few brief recommendations:

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<sup>9</sup> Source: Senate Estimates Portfolio Question Number SQ23-000464.  
<https://www.aph.gov.au/api/qon/downloadattachment?attachmentId=15623f7a-b1c0-4e72-bf25-9a7525c6a172>

1. That the replacement to the CDP sees adequate incomes available for all in remote Australia, perhaps through a guaranteed job program which would provide state-funded part time work to all who want it (the Aboriginal Peak Organisations Northern Territory's *Fair Work and Strong Communities* model is the most developed policy proposal along these lines<sup>10</sup>).
2. That any replacement for the CDP include poverty alleviation as an explicit objective.
3. That any replacement for the CDP be funded adequately to deliver on poverty alleviation.
4. That a better social safety net be introduced for those who are unable to work, including but not limited to:
  - a. an increased rate of social security payments across the board,
  - b. assistance for remote-living people with disabilities to demonstrate their eligibility for the Disability Support Pension, and
  - c. an increased rate for the Remote Area Allowance by an amount commensurate to the higher cost of living in remote communities for basic commodities such as food, fuel and energy, and the Remote Area Allowance be indexed to the prices of these basic goods
  - d. a serious return to face-to-face servicing of remote communities by Services Australia.

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<sup>10</sup> See Aboriginal Peak Organisations Northern Territory (2017).