



**NTCOSS Submission to the Senate Inquiry into the Adequacy of Newstart and Related Payments and Alternative Mechanisms to Determine the Level of Income Support Payments in Australia**

September 2019

## **NORTHERN TERRITORY COUNCIL OF SOCIAL SERVICE INC (NTCOSS)**

The Northern Territory Council of Social Service (NTCOSS) welcomes the opportunity to respond to the Senate and Community Affairs References Committee inquiry into the adequacy of Newstart and related payments, and alternative mechanisms to determine the level of income support payments in Australia.

NTCOSS is a peak body for the social and community service sector in the Northern Territory (NT), and an advocate for social justice on behalf of the people and communities who may be affected by poverty and disadvantage. The community sector in the NT is made up of community managed, non-government, not for profit organisations that work in social and community service delivery, sector development and advocacy. The community sector plays a vital role in creating social wellbeing for all Territorians and in building safe and healthy communities by providing services that enable people to access and participate in health services, education, employment, economic development, and family and community life.

NTCOSS' vision is for a 'fair, inclusive and sustainable NT where all individuals and communities can participate in and benefit from all aspects of social, cultural and economic life'. NTCOSS' mission is to 'promote an awareness and understanding of social issues through the NT community and to strive towards the development of an equitable and just society'.

## Introduction

NTCOSS represents a varied service sector, with members bringing different experiences and perspectives from across the region. The diversity of the social and community sector across the NT is in part a response to meeting the changing needs of a complex and culturally diverse population. For example;

- The NT has the highest proportion of Aboriginal and Torres Strait Islander peoples in Australia;<sup>1</sup>
- Twenty per cent of the NT population was born overseas;<sup>2</sup>
- More than 100 Aboriginal languages and dialects are spoken in the NT;<sup>3</sup>
- The NT has the highest rate of people experiencing homelessness in Australia; and<sup>4</sup>
- The NT has the deepest poverty rates, with nearly 45% of all Aboriginal households living below the poverty line.<sup>5</sup>

The primary purpose of Australia's social security system is to provide individuals with a 'minimum adequate standard of living'.<sup>6</sup> This includes adequate food, water and housing and to the continuous improvement of living conditions.<sup>7</sup> Ensuring the adequacy of social security payments to assist individuals in meeting this standard is of crucial importance in supporting those experiencing poverty and disadvantage in our communities.

Newstart is one of the critical support payments available to individuals who are experiencing unemployment or looking for work. The rate of Newstart, however, has not been increased in 25 years, while the cost of living has continued to climb. The NTCOSS Cost of Living reports identify how this increase particularly impacts those living in the NT; remote areas are unfairly burdened by high costs relating to transport<sup>8</sup> and increased rental costs,<sup>9</sup> prices have increased in key expenditure areas (such as utilities, education and health) and those living in the region (and in particular in remote localities) pay substantially higher rates for produce and other food items.<sup>10</sup> As a result of this, vulnerable people face further challenges with damaging effects on people's, health, social wellbeing and long term security, and poverty and disadvantage are becoming further entrenched in our communities.

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<sup>1</sup> Australian Bureau of Statistics, 2016 Census QuickStats, Northern Territory

[https://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/7?opendocument](https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/7?opendocument) accessed 18th June 2019

<sup>2</sup> *ibid*

<sup>3</sup> Aboriginal languages in NT <https://nt.gov.au/community/interpreting-and-translating-services/aboriginal-interpreter-service/aboriginal-languages-in-nt>, accessed 18th June 2019

<sup>4</sup> Australian Bureau of Statistics, Census of Population and Housing: Estimating homelessness, 2016 <https://www.abs.gov.au/ausstats/abs@.nsf/mf/2049.0>

<sup>5</sup> Land Rights News – Northern Edition in School of Regulation and Global Governance, 2017, 'Deepening Indigenous poverty in the Northern Territory', Australian National University <http://regnet.anu.edu.au/news-events/news/7002/deepening-indigenous-poverty-northern-territory>

<sup>6</sup> Australian Government, Australian Law Reform Commission, 2012 'Australia's social security system', September 2019, <https://www.alrc.gov.au/publication/grey-areas-age-barriers-to-work-in-commonwealth-laws-dp-78/5-social-security/australias-social-security-system/>

<sup>7</sup> Australia Government – Attorney – General's Department, 'Right to an adequate standard of living, including food, water and housing' viewed September 2019, <https://www.ag.gov.au/RightsAndProtections/HumanRights/Human-rights-scrutiny/PublicSectorGuidanceSheets/Pages/Righttoanadequatestandardoflivingincludingfoodwaterandhousing.aspx>

<sup>8</sup> NTCOSS, 2018 Cost of Living Report – Issue 21

<sup>9</sup> NTCOSS, 2019, Cost of Living Report – Issue 23

<sup>10</sup> NTCOSS, 2019, Cost of Living Report – Issue 24

*‘The need to break cycles of disadvantage and promote development for Aboriginal people (is) particularly acute in remote and very remote regions of the Northern Territory. These areas experience the lowest median incomes, highest rates of poverty, and the highest rates of income inequality in the country as compared to non-Indigenous people.’<sup>11</sup>*

Considering the high rate of poverty and homelessness experienced in the NT, addressing the inadequacy of Newstart and other payments, along with issues regarding access and engagement, is of crucial importance. The Australian Government must strive for a social security system that is not only strengths based, but supports access, engagement and equity for all.

### Current inadequacy of payments

The current weekly single rate of Newstart is \$278, with this equating to an annual amount of \$14,456 or less than \$40.00 per day. Newstart recipients receive \$175 less per week than the pension, and their payment is 40% less than the minimum wage in Australia.<sup>12</sup> The NT has the highest proportion of Newstart recipients (relative to population) than any other state or territory in Australia.<sup>13</sup>

The below table taken from the ABS monthly Labour Market and Related Payments profile for July 2019, demonstrates that the number of people on Newstart and Youth Allowance in regional and remote areas is increasing.

State by SA3	June 2019	July 2019	Variation
			%
Northern Territory			
Alice Springs	3,703	3,754	1.4%
Barkly	922	927	0.5%
Daly - Tiwi - West Arnhem	2,772	2,746	-0.9%
Darwin City	546	553	1.3%
Darwin Suburbs	1,324	1,249	-5.7%
East Arnhem	1,751	1,784	1.9%
Katherine	2,456	2,494	1.5%
Litchfield	437	437	0.0%
Palmerston	965	924	-4.2%

\*SA3 data is derived using the Australian Statistical Geography Standard (ASGS 2011) from the Australian Bureau of Statistics.

<sup>11</sup> Reference from paper – Francis Markham and Nicholas Biddle, “Income, Poverty and inequality,” 2016 Census paper (Canberra: Centre for Aboriginal Economic Policy research, ANU, 2018).

<sup>12</sup> Australian Council of Social Service (2018c) Raise the Rate – Everyone benefits, Fact Sheet, Mar 2018 [https://www.acoss.org.au/wp-content/uploads/2018/03/Raise-the-rate\\_fact-sheet\\_29032018.pdf](https://www.acoss.org.au/wp-content/uploads/2018/03/Raise-the-rate_fact-sheet_29032018.pdf)

<sup>13</sup> Deloitte Access Economics, 2018, Analysis of the impact of raising benefit rates – Australian Council of Social Service

The Australian Bureau of Statistics (ABS) reports that the rate of increase in the cost of living for people on Centrelink Income Support Payments has risen at a faster rate than the rise of payments, especially for single Newstart recipients with children. This higher cost of living is attributed to the types of goods people are purchasing; people on Newstart are prioritising the purchase of essential goods and services (such as housing), which are also the necessary services which costs are rising at a higher rate.<sup>14</sup>

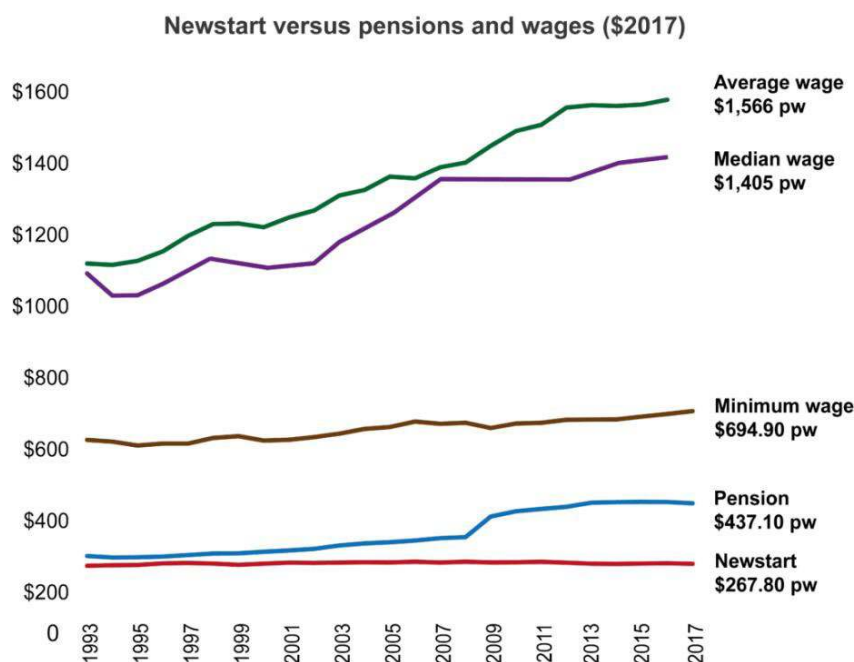


Figure 1 ACOSS (2018c)

Case studies supplied to NTCOSS (Appendixes A-E) provide examples of how this inadequacy severely impacts on individual wellbeing. Common themes in these case studies are:

- Due to the rising costs of living and the prioritising of essential goods and services (such as housing and transport), people often make significant sacrifices in other areas (food, social support, medical).
- To maintain payments, maintaining housing and transport is crucial – if any unforeseen costs arise and people cannot maintain their ability to find work, use a phone, access the internet to engage with job seeking services and report appropriately to Centrelink, they are at risk of being breached and having their payment quarantined. If this occurs, and they cannot afford to pay rent on their home, they are at risk of entering into homelessness. This is particularly concerning for those living in public housing, where people often sit on a waitlist for up to 10 years to access appropriate accommodation.

### Access and breaches

In order to access social welfare, service users must navigate complex and opaque systems, with significant impacts. These systems can often have the effect of impeding an individual's ability to maintain their payment through restrictive and demanding reporting requirements, with punitive measures for non-compliance that have significant impacts on wellbeing.

<sup>14</sup> Australia Bureau of Statistics, Consumer Price Index, 2019

ABC, 'Newstart recipients' standard of living going backwards, ABS data confirms', viewed September 2019,

<https://www.abc.net.au/news/2019-08-08/newstart-recipients-are-becoming-worse-off-abs-confirms/11394022>

These onerous conditions have a substantial effect on people's mental health, with the psychological impacts of applying for benefits and complying with bureaucratic processes found to be significant.<sup>15</sup> Further, those with pre-existing conditions (such as cognitive or intellectual impairments) are often those with less education, smaller social support networks and other vulnerabilities, and are more likely to be adversely affected by such programs.<sup>16</sup>

*'The Auntie caring for the youngest two children is on Centrelink payments... (and) has health issues including kidney disease and a heart condition. Often she was unable to meet her job network requirements due to her health issues, resulting in payments being suspended.... When payments are suspended this adds an additional burden to already vulnerable families'.* - Appendix A

### Breaches

The recent review of CDP found that its participants are the most penalised group of social security recipients. There are around 35,000 participants in CDP, of which roughly 80% are identified as Aboriginal and/or Torres Strait Islander and living in remote communities.<sup>17</sup> These Aboriginal CDP participants are 25 times more likely to be penalised than non-remote job seekers, and 50 times more likely to have a penalty imposed on them for 'persistent non-compliance' (up to 8 weeks).<sup>18</sup>

In conjunction with this, navigating the Centrelink system reportedly contributes to stress, anxiety and mental health problems for job seekers.<sup>19</sup> Tangentyere Council has previously identified that this high level of breaching is related to the significant level of participation required from remote income support recipients.<sup>20</sup>

This considerable breach rate, in conjunction with negative associations with the Centrelink system, mean that a high number of people in remote communities are not receiving income support or engaging with the social welfare system. This failure impacts pointedly upon vulnerable families and individuals, and often means that people are forced to seek financial support from family members who are rarely equipped to provide it.

The below graph demonstrates a high percentage of individuals in remote localities are listed as 'not in the labour force'. It can be extrapolated that those identified as not partaking in the labour force are not receiving any income at all<sup>21</sup> and there is a likely correlation between this high rate of disengagement and the high rates of poverty experienced in the NT.<sup>22</sup>

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<sup>15</sup> Prof. A. Collie, 2019, The Health of Disability Support Pension and Newstart Allowance Recipients, Monash University, available at <https://www.afdo.org.au/wp-content/uploads/2019/09/03A-DSP-NSA-Health-Study.pdf>

<sup>16</sup> Collie, 2019, The Health of Disability Support Pension and Newstart Allowance Recipients

<sup>17</sup> Department of the Prime Minister and Cabinet, 'An evaluation of the first two years of the Community Development Programme', accessed at <https://www.pmc.gov.au/sites/default/files/publications/cdp-evaluation-first-2-years.pdf>

<sup>18</sup> The Guardian, Work for the Dole an 'intergenerational time bomb' for Indigenous Communities, viewed September 2019, accessed at <https://www.theguardian.com/australia-news/2018/oct/11/work-for-the-dole-an-intergenerational-time-bomb-for-indigenous-communities>

<sup>19</sup> Australian Government, National Indigenous Australian Agency, 2019, 'The many pathways of the Community Development Programme'

<sup>20</sup> Tangentyere Council, 2017, submission to the Senate Finance and Public Administration Committee Inquiry into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of the Community Development Program

<sup>21</sup> Ibid.

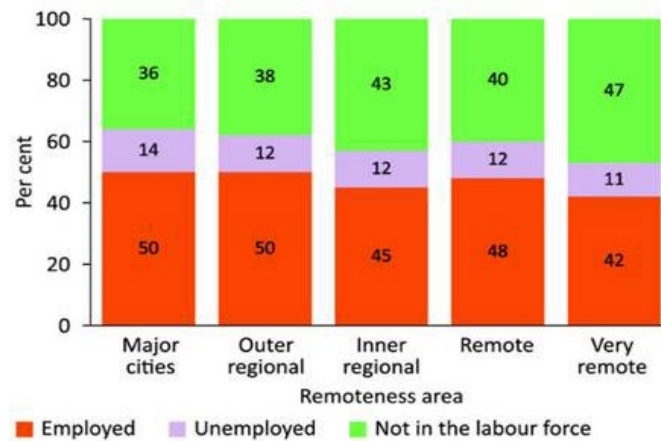
Central Australian Youth Link Up Service (CAYLUS), 2019, submission to the Productivity Commission Inquiry into the Expenditure on Children in the NT; and

Central Australian Aboriginal Congress (CAAC), Appendix A

<sup>22</sup> CAYLUS, 2019

Source: ABS and AIHW analysis of 2012–13  
AATSIHS and 2012 SEW

**Figure 2.07-3 Labour force status of  
Indigenous persons aged 15–64 years,  
by remoteness, 2012–13**



#### [Access](#)

Key to addressing the high rate of breaches in the NT, along with lack of engagement with social welfare, is addressing the numerous access issues people face when engaging with the various systems in place around payments.

The onus is on the individual to 'prove' their ongoing eligibility for receiving a payment, which not only includes meeting Centrelink reporting requirements, but engaging with third party providers of job seeker programs. Complexities around meeting these rigid requirements are exacerbated in a rural and remote setting.

These access issues include;

- Centrelink access (on site) is limited for those not in urban spaces – while Centrelink agents are situated in various communities, they have limited access to Centrelink's online systems. Where individuals require one on one engagement for assessments (such as Employment Assessment Services for the CDP) or need extra support to navigate the system, they are forced to travel to urban centres to visit a Centrelink office or wait until the remote Centrelink team visits their community.
- The inability to access appropriate assessments means that many individuals have to engage with programs (such as having to meet greater requirements regarding hours of work) at a much higher level than they otherwise may have to if an appropriate assessment occurred.
- There are often significantly long wait times to the Centrelink call centre, which is a significant issue for people experiencing financial hardship and may not be able to afford to own or maintain a mobile telephone. Where people are forced to visit a provider or support service to use a telephone, this adds another obstacle to the process, particularly when taking into account transport issues (such as distance from public transport/lack of public transport, cost of taxi, etc).

- The reliance on myGov is a significant barrier for people in remote localities where access to computers and reliable internet connection is limited, and is a particular issue for people with low computer literacy.
- Onerous reporting requirements, complex/technical methods for reporting and engagement, and the need to engage with not only Centrelink but also third party organisations is restrictive for those whose primary language is one other than English. This presents as a significant barrier for people in the NT whose primary language is an Indigenous language, as it is not common practice to have interpreters in these languages within many of these services.

The inadequacy of payments and lack of necessary social supports exacerbates disadvantage, particularly where policies do not take into consideration other intersecting factors (such as Income Management and CDP) that can contribute to people experiencing hardship.

Case studies from NTCOSS member organisations (Appendixes A-D) demonstrate client experiences and the obstacles people face in meeting the rigid requirements set out for them, along with the impacts that breaching these requirements have on their livelihood.

## Income Management

Income Management (IM) is not only financially restrictive, but adds an extra layer of complication and administration within already multifarious systems. IM systems are not only expensive to administer, but are also stigmatising for those who are made to participate.<sup>23</sup>

On the Basics Card, 50% of an individual's income is quarantined, reportedly making it difficult for people to access money to spend on things that are considered to be non-essential services.<sup>24</sup> Evaluations of IM and the Cashless Debit Card systems (including monitoring and evaluation) have provided no evidence that they have reduced social harms.<sup>25</sup> With the lack of an evidence base about effectiveness, the current rhetoric around expanding IM within the NT (rolling out the Cashless Debit Card across the entire region which will quarantine 80% of people's income) is ill advised and potentially an expensive policy misstep.

*'We have had clients indicate to us that due to the financially restrictive nature of the BASICS card (income managed), they have been unable to utilise their funds to secure emergency accommodation because they are waiting until the next BASICS payment to be paid. That is due to the nature of the BASICS card guidelines as we understand them to be, namely that certain % of their Centrelink entitlements is set aside for necessity costs, such as accommodation.'*

*Our clients have then indicated that because they are required to meet the ongoing costs of their public housing rental when they flee for safety reasons, their money has already been allocated and they do not have any additional available funds to be able to secure additional emergency housing.'*

*Both scenarios place victims of DV at risk because they are being financially micro-managed and there is no flexibility to loosen the restrictions in cases of DV.'*

- Appendix B

<sup>23</sup> Australian Council of Social Service, 2014, Compulsory Income Management: A flawed answer to a complex problem  
Queensland Council of Social Service (QCOSS), 2017, Review of the Cashless Debit Card Trial and Evaluation

<sup>24</sup> Appendix C explains issues around using the Basics Card outside of the Northern Territory, while Appendix B and Appendix D highlight concerns around the impact income management can have on those requiring emergency relief.

<sup>25</sup> Australian National Audit Office, 2018, The Implementation and Performance of the Cashless Debit Card Trial, accessed at [https://www.anao.gov.au/sites/default/files/Auditor-General\\_Report\\_2018-2019\\_1.pdf](https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2018-2019_1.pdf)



## CDP

Since the introduction of the CDP, incidences of poverty crime have reportedly increased, including; breaks in (predominantly committed by children) to steal food, an increase in domestic and family violence, financial coercion, increases in mental health problems and hunger.<sup>26</sup>

Further, those who have been penalised for not meeting CDP requirements were found to go for longer periods without income than those in urban areas and were less likely to be exempted from programs on medical grounds, 'despite a much higher burden of disease in remote Aboriginal and Torres Strait Islander communities.'<sup>27</sup> The most penalised cohort were men aged under 35 who had lower English literacy levels, lower education level, limited online access to deal with Centrelink and less mobility.

### Benefits to increasing payments

Increasing the rate of Newstart and other payments would have positive effects on economic growth across Australia.<sup>28</sup> The NTCOSS Cost of Living Report – Issue 21 analysis demonstrates that if Newstart had been increased on July 1 2018, it would have boosted the NT's overall economy by \$58 million in the 2018/2019 financial year,<sup>29</sup> representing the increase in 'disposable' income that would have become available to recipients. Further, this benefit would have been experienced across all regions.

Along with the measurable economic benefits, increasing the rate of social security payments would have positive impacts in numerous other areas. The Health of Disability Support Pension and Newstart Allowance Recipients report by Monash University found that there is a significantly increased burden of ill health within the cohort of Australian Newstart recipients (and DSP recipients) compared to employed people of working age.<sup>30</sup> Poverty and financial pressure directly correlate to poor health outcomes and the reduced ability to engage and participate in employment. Furthermore, it's positioned that health (and in particular mental health) can be improved by reducing the burden of engaging with Government.<sup>31</sup>

*'Alex can see that his capacity to sustain a contributing life in the community is diminishing over time, in part because of the inadequacy of his income and in part because of the effect this (long term DSP and Newstart recipient constantly facing obstacles when navigating the welfare system) is having on his physical and emotional well-being'.*

- Appendix C

Health outcomes can be improved when addressing the social determinants of health – these being the 'conditions in which we grow, work, live and age'.<sup>32</sup> These social determinants of health are inclusive of areas such as accessing housing, social support services, social engagement/ inclusion, and nutritious food and education. All of these areas are severely impacted by the inadequacy of current payments,<sup>33</sup> particularly in the NT where there are high rates of poverty, exacerbated by increased costs of living.

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<sup>26</sup> Australian Government, National Indigenous Australian Agency, 2019, 'The many pathways of the Community Development Programme'

<sup>27</sup> Department of the Prime Minister and Cabinet, An evaluation of the first two years of the Community Development Programme

<sup>28</sup> Deloitte Access Economics, 2018, Analysis of the impact of raising benefit rates – Australian Council of Social Service

<sup>29</sup> NTCOSS, 2018, Cost of Living Report – Issue 21

Australian Council of Social Service (ACOSS) 2018b Media Release, Raising Newstart and Youth Allowance would boost jobs, wages and inject millions into local communities, 17 September 2018

<sup>30</sup> Prof. A. Collie, 2019, The Health of Disability Support Pension and Newstart Allowance Recipients, Monash University

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Refer to case studies from Appendixes A-E for member input

By addressing the inadequacy of payments, not only would it stimulate economic growth, but it would decrease pressure on health systems while allowing recipients to receive effective support needed to receive an adequate standard of living, and better equip them to eventually disengage from the system. The Central Australian Aboriginal Congress (CAAC) found that when vulnerable families and individuals are effectively supported by the social welfare systems in place (such as receiving sufficient income support and housing) they are able to do well and have a greater chance of good health outcomes.<sup>34</sup>

## Recommendations

- NTCOSS endorses the recommendations put forward by the Australian Council of Social Service (ACOSS) in their submission 'Surviving, not living: the (in)adequacy of Newstart and related payments'. In particular, the emphasis placed on the need for an urgent increase of at least \$75 per week in single rates of Newstart and related allowances (along with improvement to other payments including an increase in Rent Assistance) and phasing out IM.
- Aboriginal people living in remote communities should be able to access income support without having to meet more onerous conditions than those that are applied in urban centres.
- Requirements around reporting and access need to consider the obstacles vulnerable people, particularly those in remote communities face, including culturally appropriate assessment and engagement models and language and/or literacy barriers.
- Centrelink should be better supported to work effectively and in a culturally appropriate manner, with continuity and regularity a key pillar of its engagement in remote communities.
- Reassess the expectation on individuals to use myGov to engage with Centrelink.
- Abolish CDP and adopt the Remote Development and Employment Scheme as proposed by Aboriginal Peak Organisations NT (APONT).

## Contact

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<sup>34</sup> Central Australian Aboriginal Congress, Appendix A

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# MHACA

## CASE STUDY

Alex is a 51 yo man who is currently on Newstart and lives alone in a Public Housing property. He has had a lifelong struggle with his emotional health and well-being and has received treatment since he was child. He is fiercely independent and has worked hard to do the best that he can in life. He is religious about paying his rent as he knows that without an Office of Housing property, he would be unable to survive.

He was assessed as eligible for the Disability Support Pension in 1995 and remained on the pension until 2003. His condition had stabilised, and he felt able to re-enter the workforce, however it was difficult for him to sustain employment due to the fluctuating nature of his mental health difficulties and struggles with substance use. In 2009 he was again assessed as eligible for the Disability Support Pension. Once again, he felt able to enter the workforce in 2017 but was unable to sustain employment and reapplied for the Pension in 2018. His application was refused on the basis that his mental health is episodic and the Disability Support assessment tables no longer assess him as eligible for the DSP. A subsequent appeal also failed. Since April 2018 he has been on Newstart but due to his mental health condition has had a medical exemption ever since.

He was recently prescribed a medication by his psychiatrist which appeared to assist in lifting his However, the medication is not on the PBS and whilst the first script was free it will cost approximately \$200 a month to continue. He has been unable to afford to purchase the medication and despite his hope that he had finally found a medication that works, he is unable to continue with it.

Alex describes the deep social impact of the inadequacy of Newstart and how it contributes to his social isolation, and depression. He is unable to participate in his community due to the lack of disposable income and he says, "it eats away at my emotional energy, just trying to get by". His mental health has been extremely poor in the past eighteen months and he sees no way out for himself – "I have no choices and live in fear of an impending disaster. No amount of financial counselling can solve the problems of an inadequate income."

He has been trying to keep a car on the road, because like many people in Alice Springs, he wants to be able to visit family who live interstate. However, the car now needs repairs and whilst he has been able to get a Centrelink loan, it is not sufficient to meet the costs. And because he is on income management, he doesn't have a choice because, though there is a cheaper option, that repairer is not registered for Centrelink.

He is in a dilemma. He can't afford to keep the car on the road but without it, his capacity to be involved in his community and maintain connection with family interstate will be diminished. Last year his mother passed away in Victoria and he was unable to use his Basics Card to purchase fuel on the trip down to Melbourne, leaving him without any money at all for that fortnight.

He would like to access residential rehabilitation, but he has a dog and cannot afford to put the dog in a kennel for the duration of the stay.

Alex lives in an NT town where the cost of food is at least 20% higher than the capital cities of the Eastern States. Fuel is also significantly more expensive than in a city environment. He is constantly having to make decisions about how to eke out his meagre income and his diet is impacted. He is often hungry but sees food as the one area he can cut back. This is not good for his health or his mental health, and his energy is low.

He is surrounded in his home by other people struggling in a similar manner, and he can see the toll on people's health and the terrible situations living in long-term poverty is creating.

*Mental Health Matters*

Alex cannot see himself ever being in a position of going back to work and the stress of living on Newstart is contributing to a decline in his mental health. He can see that his capacity to sustain a contributing life in the community is diminishing over time in part because of the inadequacy of his income and in part because of the effect this is having on his physical and emotional well-being.

