

30 October 2024

To the Committee,

### **Cost of living in remote Northern Territory and the urgent need to reform the Remote Area Allowance**

The Northern Territory Council of Social Service (NTCOSS), the Central Land Council (CLC), North Australian Aboriginal Justice Agency (NAAJA), Aboriginal Medical Services Alliance Northern Territory (AMSANT) and the Northern Land Council (NLC) welcome the opportunity to provide input to this inquiry.

We acknowledge and refer to submissions to this inquiry from the CLC and the Australian Council of Social Service (ACOSS). We make this submission to highlight the cost-of-living pressures faced by Territorians living in remote areas and receiving income support payments, and the urgent need to reform the Remote Area Allowance (RAA) to provide the intended relief for these recipients.

As such, this submission will be addressing the following terms of this inquiry:

- (a) the cost-of-living pressures facing Australians;
- (c) ways to ease cost of living pressures through the tax and transfer system;

As peak and representative bodies, service providers, Aboriginal Community Controlled Organisations (ACCOs) and non-government organisations (NGOs) from across the NT, we write to the committee to express our deep concern with the impact of poverty across our regions.

#### *Poverty*

In the Northern Territory (NT), almost 40% of the population live in remote or very remote areas.<sup>1</sup> Living and working remotely poses unique challenges to service delivery and support and adds particular pressure to the cost of meeting people's basic needs. The signatories to this submission work with people and organisations dispersed across these regions and see the impacts of this every day.

As detailed in CLC's submission to this inquiry,<sup>2</sup> poverty rates are dire in remote communities.

Recent analysis by Dr Francis Markham shows the change in Indigenous income poverty rates between 2016 and 2021. While in most parts of the country, Indigenous poverty rates are decreasing (albeit to a small degree), in remote NT, the poverty rates have escalated significantly – rising between 10-13 percentage points from 2016 to 2021.<sup>3</sup>

#### *Cost of living*

While these figures provide important context to the depth of poverty experienced in remote NT, these figures are income based and do not capture the impacts of the substantially higher cost of living in remote areas.

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<sup>1</sup> Australian Bureau of Statistics (2021) 'Very Remote Australia (NT) and Remote Australia (NT), 2021 Census All Person Quick Stats, accessed 18/10/2024

<sup>2</sup> Submission 184 Central Land Council, (2024), Select Committee on Cost of Living. ([weblink](#))

<sup>3</sup> Submission 251 Dr Francis Markham, (2023), Senate Standing Committees on Community Affairs' Inquiry into the extent and nature of poverty in Australia, p.7 ([weblink](#))

Further analysis by Dr Francis Markham estimates that the relative cost of living in remote Indigenous communities is 138.8 percent of capital cities.<sup>4</sup> NTCOSS' latest cost of living factsheets highlight that for example a healthy basket of food costs on average 40 percent or almost \$300 more in remote stores than district centre supermarkets across the NT.<sup>5</sup> Fuel is almost double the cost on the Tiwi Islands than in Darwin.<sup>6</sup> These highlight just some examples of the additional cost of living pressures faced by those living remotely.

The way these additional costs compound and intersect cannot be overstated – the limited availability of goods and services in remote areas means that travel is essential and the cost of transport over long distances prohibitive.

The following quotes from community members in Central Australia (as told to CLC staff) highlight the extent of hardship that remote community and homelands residents are experiencing:

“Before, we would walk into the shop with \$150 and come out with a box full of shopping. Now we just come out with a paper bag or something.”

*Remote community resident, 560km from Katherine*

“[The local] shop is really dear. We can't save money, we have to buy dear things. Like fridge [food] is dear, all the other vegetables and all that, they're all dear. We have to go into town to do shopping. I have to wait for the bush bus, costs us \$80 and another \$80 to come back home.”

*Remote community resident, 200km from Alice Springs*

“Yes we have this tough living out [...] remote because you have food costs and rent going up, and also health problems and fuel costs. It's still hard if you're employed because the costs in the store are pretty high. Sometimes I do a bit of shopping when I'm in town then travel back if I've got business in town... [Responding to question: once you have paid for fuel do you think you come out on top?]... “No, not really, because you've gotta fill up the tank so say if you have just about an empty tank and you have to fill up the tank it's already got you over \$100 bucks.”

*Remote community resident, 200km from Alice Springs*

“Meat costs something like \$52 for two chops. A bottle of soft drink costs \$8. Our power card costs like \$50 and that probably lasts four days. To do shopping in town, it costs \$150 in fuel to get to town.”

*Remote community resident, 200km from Alice Springs*

“I try to shop locally but the prices are high out in the remote areas. With the stuff that we constantly eat the prices are up. When you go into town those prices are half of the prices out bush [...] We have to think smarter in how we do our shopping. Most of our shopping we buy in bulk. We are constantly planning on the outstations to survive and thrive out there.”

*Homelands resident, 230 km from Alice Springs*

### *Remote Area Allowance*

The stated goal of the RAA payment is to compensate for the known higher cost of remote living. At only \$9.10 a week for a single person, it is failing miserably at this goal.

A 2020 Productivity Commission inquiry into Remote Area Tax Concessions and Payments<sup>7</sup> recommended that payment rates be reset as their real value has fallen since the RAA was introduced. Despite this, the rate of RAA has not increased since 2000.

<sup>4</sup> Markham, Francis, (2024), *The Poor Pay More: Why the Remote Area Allowance Needs Urgent Reform*, Austaxpolicy: Tax and Transfer Policy Blog, 12 February 2024. ([weblink](#))

<sup>5</sup> NTCOSS, (2024), *Cost of Food in the Northern Territory: October 2024*. ([weblink](#))

<sup>6</sup> NTCOSS, (2024), *Cost of Transport in the Northern Territory: October 2024*. ([weblink](#))

<sup>7</sup> Productivity Commission 2020, *Remote Area Tax Concessions and Payments*, Study Report, Canberra. ([weblink](#))

The same study also found a refresh of boundaries was required as they no longer reflected contemporary definitions of remoteness and as such did not effectively target support to those more impacted by remoteness.<sup>8</sup>

There is a compelling case for a substantial increase to the RAA and reform of the payment settings as a well-targeted measure to deliver immediate and lasting relief from the cost-of-living pressures for those who need it the most.

### **Recommendation 1: Substantially increase the Remote Area Allowance.**

The Remote Area Allowance must be substantially increased to appropriately account for the higher cost of living in remote areas.<sup>9</sup>

To ensure the payment is fit for purpose, we recommend a review of payment settings, to advise on an appropriate increase based on the evidence of high living costs in remote communities, appropriate indexing arrangements and the following policy considerations:

- Appropriate geographic eligibility
- A potential tiered design of payment rates depending on area
- Ongoing data collection to measure prices and household expenditure in remote areas.

The review should commence as soon as possible and be undertaken in consultation with Aboriginal community-controlled organisations.

There are many other key policy measures that would make a tangible difference to the lives of Territorians and provide cost of living relief that have been explored in detail by this Committee and others, including through our respective submissions to the *Inquiry into the extent and nature of poverty in Australia* in 2023.<sup>10</sup> We encourage the committee to consider additional recommendations previously made by the signatories to this submission regarding job creation, housing, transport, and food and energy security.

Given the existing evidence, some key recommendations regarding ways to ease cost of living pressures on Territorians through the tax and transfer system and the provision of government services are listed only briefly below.

### **Other recommendations:**

- Raise the base rate of Jobseeker and other working age income support payments to at least \$82 a day, to support people to afford the basic costs of living and provide for ongoing appropriate indexation of all payments.
- Department of Social Services and Services Australia undertake a program of work to ensure Aboriginal people living in remote communities are in receipt of the income support payments for which they are eligible, and that this is a matter monitored by the Economic Inclusion Advisory Committee.<sup>11</sup>

<sup>8</sup> As above.

<sup>9</sup> Initial estimates by Dr Markham suggest an increase of approximately \$120 – \$300 per week is needed (in addition to the changes needed to lift rates of Jobseeker and other payments nationally). See Markham, Francis, (2024), *The Poor Pay More: Why the Remote Area Allowance Needs Urgent Reform*, Austaxpolicy: Tax and Transfer Policy Blog, 12 February 2024. ([weblink](#))

<sup>10</sup> NTCOSS, (2023), Submission to the Senate Standing Committees on Community Affairs Inquiry into the Extent and Nature of Poverty in Australia ([weblink](#)); CLC, (2023), Submission to the Senate Standing Committees on Community Affairs Inquiry into the Extent and Nature of Poverty in Australia ([weblink](#)); Aboriginal Peak Organisations NT (APONT), (2023), Submission to Senate Community Affairs References Committee Inquiry into the Extent and Nature of Poverty in Australia ([weblink](#))

<sup>11</sup> The high numbers of Aboriginal people classified as Not in the Labour Force (NILF) and widespread anecdotal evidence indicate that a significant number of Aboriginal people in remote Australia are not employed and not receiving any form of government support. This is a result of a number of contributing factors, including the high rates of penalties that were applied under the CDP program, and the withdrawal of face-to-face Centrelink services that has made it even more difficult for Aboriginal people, particularly those living in remote communities, to navigate the system. An estimated 6,000 mostly young people 'disappeared' from CDP during the scheme's most punitive years (from its introduction in 2015

- Expand access to face-to-face Centrelink service provision, including increasing the number of staffed Service Centres, in remote areas of the NT.<sup>12</sup>
- Further investment in job creation in remote communities through an increase in funding under the new Remote Jobs and Economic Development (RJED) program.

We thank you for considering our submission,



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o 2018). 60 per cent of those who disengaged from the scheme at this time were under 25, and another 31 per cent were 25-34 year olds. See 'Work for the dole an 'intergenerational time bomb' for Indigenous communities, L. Allam, 12 October 2018 ([weblink](#)). Having no income not only affects the wellbeing of these individuals, but puts significant strain on family members, with ripple effects felt through communities. Evidence presented by the Commonwealth Ombudsman in 2016 also suggests that Aboriginal people living in remote communities eligible for the Disability Support Pension may not be receiving the payment due to barriers in the eligibility and assessment processes. ([weblink](#))

<sup>12</sup> Central Australia, for example, only has five staffed service centres for a vast region that is almost the same size as NSW. Two of these are in the urban centres of Tennant Creek and Alice Springs, meaning only three remote communities have access to this service in their hometown and residents of other remote communities must travel hundreds of kilometres to receive the same service, or spend sometimes hours on the phone.