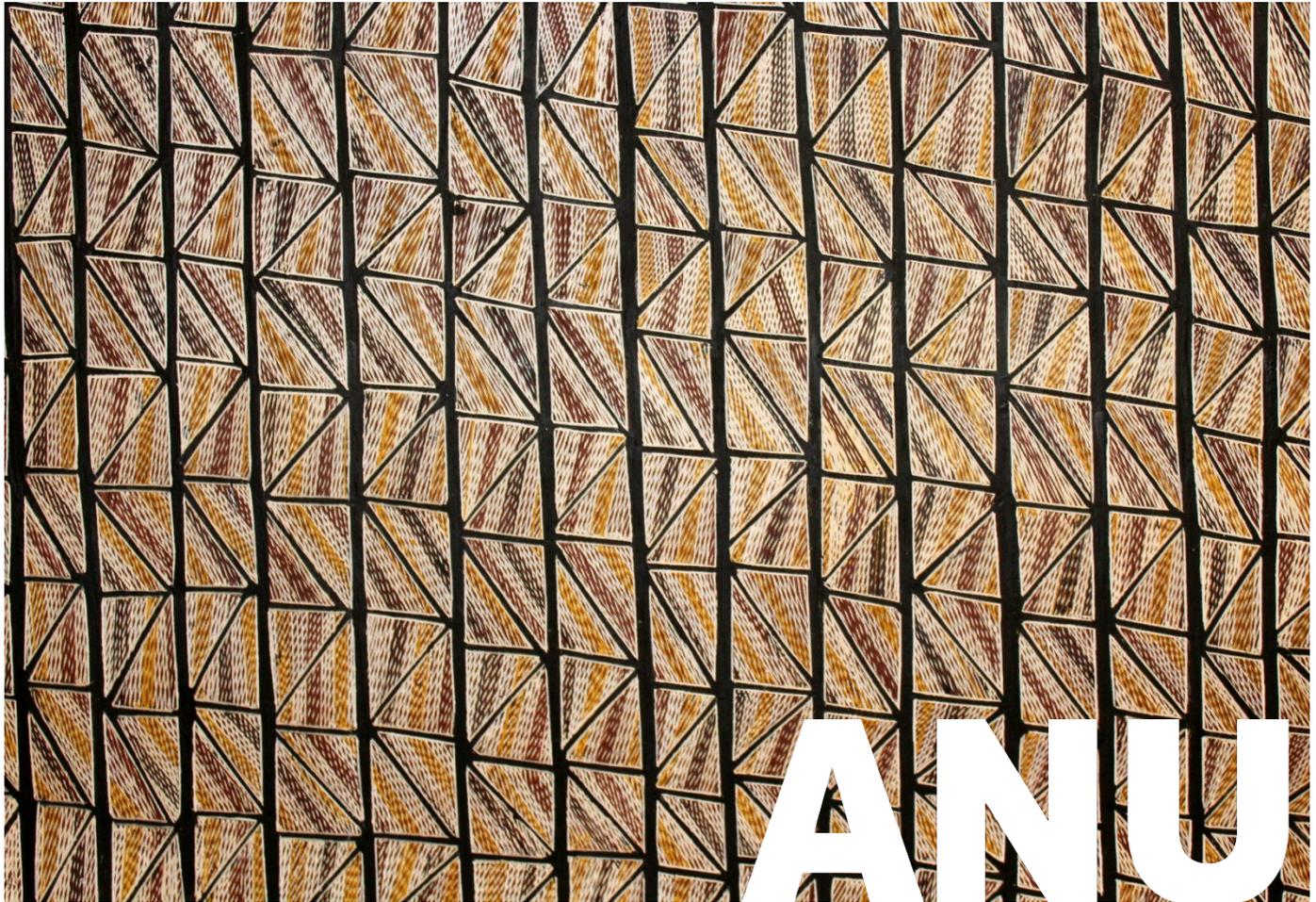




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TRENDS IN SOCIAL SECURITY RECEIPT
AMONG INDIGENOUS AUSTRALIANS:
EVIDENCE FROM HOUSEHOLD SURVEYS
1994–2015

D. VENN, N. BIDDLE AND W. SANDERS

Centre for
Aboriginal Economic
Policy Research
ANU College of
Arts & Social
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Trends in social security receipt among Indigenous Australians: Evidence from household surveys 1994–2015

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Abstract

This paper uses data from National Aboriginal and Torres Strait Islander Social Surveys to examine trends in social security receipt among the Indigenous population between 1994 and 2014/15 as well as documenting the declining receipt of Community Development Employment Project (CDEP) wages.

In non-remote areas, social security receipt among Indigenous Australians fell between 1994 and 2008 for both men and women. During this period of buoyant labour market conditions, falls in receipt of social security and CDEP wages were offset by increases in the proportion of people with non-CDEP wages as their main source of income. From 2008 to 2014/15, the level of social security receipt in non-remote areas was not significantly changed.

The situation in remote areas is more complicated, as trends in social security receipt have been greatly influenced by the decline of the CDEP scheme. Overall, the proportion of Indigenous people in remote areas in receipt of either social security payments or CDEP wages was lower in 2014/15 than in 1994. However, the proportion receiving social security payments was similar in both years for women and significantly higher for men in 2014/15.

Trends in social security receipt and the decline of the CDEP scheme contributed to strong income growth between 2002 and 2008, and then stagnating or even falling average incomes between 2008 and 2014/15.

Keywords: Social security income, Indigenous Australians, trends in social security receipt, CDEP, household surveys, remote and non-remote comparison

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Acronyms

ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
ANU	Australian National University
CAEPR	Centre for Aboriginal Economic Policy Research
CDEP	Community Development Employment Projects
DSP	Disability Support Pension
DVA	Department of Veterans' Affairs
MADIP	Multi Agency Data Integration Partnership
NATSIS	National Aboriginal and Torres Strait Islander Survey
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
PM&C	Department of the Prime Minister and Cabinet
RJCP	Remote Jobs and Communities Programme

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Introduction

There is a long, inequitable history of interaction between the social security system and Aboriginal and Torres Strait Islander (Indigenous) Australians. Since the introduction of social security in Australia in the early 1900s, there have been many periods in which Indigenous Australians either did not have the same access to social security as the rest of the Australian population, or the support was received in a different way (for example through third parties or more recently through a 'basics card'), or had greater conditionality placed on payments.

Currently, Indigenous Australians have much higher rates of social security receipt than non-Indigenous Australians. The most recent estimates suggest that 46% of Indigenous Australians aged 15 years and over have a government pension or allowance as their main source of income, compared to 21% of the non-Indigenous population.¹ This gap is due to a range of factors, including differences in the age and income distribution of the populations and larger numbers of children among the Indigenous households. There are also significant differences in the types of benefits received. Indigenous people are more likely to receive working-age payments, particularly unemployment benefits and benefits for low-income parents (Parenting Payment), than the non-Indigenous population, whereas they are less likely to receive the age pension (Australian Institute of Health and Welfare (AIHW), 2015; Productivity Commission, 2016, p. 9.34).

Changes to social security policy since the 1990s are likely to have had a disproportionate impact on the Indigenous population. Reforms to tighten eligibility, decrease relative generosity and increase conditionality of social security payments have generally focused on working-age payments, to which Indigenous Australians have a greater exposure. In addition, several measures have been introduced to impose extra conditionality on social security recipients in remote areas or in areas with large Indigenous populations (e.g. cashless welfare cards, School Enrolment and Attendance Measure).

Over the same period, the Community Development Employment Projects (CDEP) scheme, which provided jobs for Indigenous people who might otherwise be receiving social security payments, was gradually wound down. Introduced in remote areas in the late 1970s, the CDEP scheme was extended to non-remote areas from 1989, with the number of participants peaking around 2003. A series of reviews saw CDEP cease to operate in urban areas from 2007, with new entrants in remote areas receiving Newstart instead of CDEP wages from 2009. From 2013, CDEP was replaced by the Remote Jobs and Communities Program (RJCP), with grandfathered wages for long-standing CDEP participants replaced by Newstart in 2015.

Social security receipt among the total Australian population fell from the mid-1990s to 2008 and has been relatively stable since (Department of Social Services, 2014; Whiteford, 2017). The trend was driven by social security receipt patterns within the working-age population, which in turn appear to be correlated with the strength of the labour market. AIHW (2015) and Productivity Commission (2016, p. 9.32) show that the proportion of the Indigenous population in receipt of social security payments or CDEP wages followed a similar trend to that for the total population after 2002. However, these analyses tell us little about trends over a longer time horizon, or about changes in the types of benefits received by Indigenous social security recipients over the longer period in which major welfare reforms were enacted. The aim of this paper is to use data from household surveys of Aboriginal and Torres Strait Islander people conducted by the Australian Bureau of Statistics (ABS) to create a longer-term view, covering the period 1994 to 2015. In contrast to administrative data sources (e.g. Productivity Commission, 2016), representative household surveys allow us to examine a range of characteristics associated with social security recipients, including basic demography, income, and participation in employment, compared to the characteristics of those who do not receive social security payments.

¹ These estimates are taken from the 2014/15 NATSISS and the 2014 General Social Survey non-Indigenous sample. Both surveys were undertaken by ABS.

The paper is structured as follows. The next section provides a discussion of the data used – the 1994/95 National Aboriginal and Torres Strait Islander Survey (NATSIS) and the 2002, 2008 and 2014/15 National Aboriginal and Torres Strait Islander Social Survey (NATSISS). We then present the main results on receipt of social security among Indigenous men and women in remote and non-remote areas, by family type and payment type. The later sections of the paper examine employment patterns of social security recipients, trends in the main source of income for the Indigenous population, as well as the impact of social security trends on personal incomes. The final section summarises results and makes concluding comments.

Data and definitions

This paper primarily uses data from the 1994 NATSIS and the 2002, 2008 and 2014/15 editions of the NATSISS conducted by the ABS. The surveys were conducted in remote and non-remote areas (including discrete Aboriginal and Torres Strait Islander communities) of all states and territories of Australia. The final sample is weighted to be representative of the Aboriginal and Torres Strait Islander population living in private dwellings. Indigenous status (Aboriginal and/or Torres Strait Islander) is a self-identified category established during a face-to-face interview (ABS, 2016).

In this paper, we focus mainly on Aboriginal and Torres Strait Islander (Indigenous) adults aged 15 years and over. Social security recipients are identified using several questions on sources of personal income. Following AIHW (2015) and Whiteford (2017), we focus on those for whom social security is the main source of personal income.

Our decision to refer to ‘social security’ rather than ‘income support’ receipt (as used in other papers examining welfare dependency such as Tseng & Wilkins 2003) is primarily data driven. We include both income support payments (such as Newstart, Disability Support Pension (DSP), Parenting Payment and Age Pension) and more universal income payments (such as Family Tax Benefit or Baby Bonus). This is because NATSISS data on government payments do not distinguish between income support and more universal income payments in enough detail to allow the latter to be removed from our analysis. In particular, NATSISS respondents in Indigenous communities were not given the ability to distinguish between Parenting Payment (income support) and Family Tax Benefit (more universal), with these two payments combined in a category called ‘Government Family Payment’.

For the years 2002, 2008 and 2014/15, we identify recipients of four types of social security payments, plus a residual category for ‘other’ payments. (Policy and questionnaire changes prior to 2002 mean that 1994 data on type of payment are not comparable to later surveys.) The types of payments examined are defined below:

- Old age – includes Age Pension but not service pensions administered by the Department of Veterans’ Affairs (DVA).
- Unemployment – includes Newstart, Youth Allowance, Sickness Allowance and Abstudy/Austudy. Due to the way that the categories for types of benefits have been aggregated in the raw data, it is not possible to separate these types of benefits further. In the microdata from the ABS, Newstart and Sickness Allowance are included together in all three years; Youth Allowance is included with Newstart in 2002 and with Abstudy/Austudy in 2008 and 2014/15. Department of Social Services Demographic Payments Data for June 2015 show that, of Indigenous recipients aged 15+ years of these four payments, two-thirds are receiving Newstart, 20% are receiving Youth Allowance and 13% are receiving Abstudy, with Sickness Allowance and Austudy making up a negligible proportion of recipients.
- Disability – includes DSP but does not include DVA disability payments.

- Family – includes Family Tax Benefit or Parenting Payment. It is not possible to separate these benefits further because in remote communities the survey questionnaire refers to ‘Government Family Payment’ rather than Family Tax Benefit or Parenting Payment individually. Family payments were only included if the respondent was not in receipt of unemployment, old age or disability benefits as defined above, or if CDEP was not their main source of personal income.
- Other – includes carer payment/allowance, survivor benefits, special benefit, DVA pensions and other unspecified payments. The bulk of this category is carer benefits.

While the surveys give no information on the proportion of total income that comes from social security payments, we are able to proxy the ‘intensity’ of social security receipt by calculating the proportion of social security recipients who report no other source of personal income.

In addition to social security payments, we also examine trends in the proportion of the population receiving CDEP wages. We diverge from the approach adopted by AIHW (2015) in that we consider social security receipt separately from receipt of CDEP wages. As discussed above, the CDEP scheme operated largely outside the social security system, but nevertheless its operation and removal had important interactions with social security payments. Notably, when the CDEP scheme was wound down from 2007 onwards, former CDEP recipients who did not find alternative employment were progressively moved onto social security payments, typically Newstart or Youth Allowance.

In the 1994, 2002 and 2008 Indigenous surveys, CDEP wages were included in the list of potential sources of personal income, which allows us to determine the proportion of the population in receipt of CDEP wages. In the 2014/15 survey, this option was not available to survey respondents, even though some former CDEP participants had their CDEP wages grandfathered between 30 June 2013 (when CDEP ceased to operate and was replaced by the RJCP) and 30 June 2015. Like the 2014/15 NATSISS, we assume that CDEP participation in 2014/15 was zero, but it is possible that some of the income reported by social security recipients in 2014/15 was technically grandfathered CDEP wages.

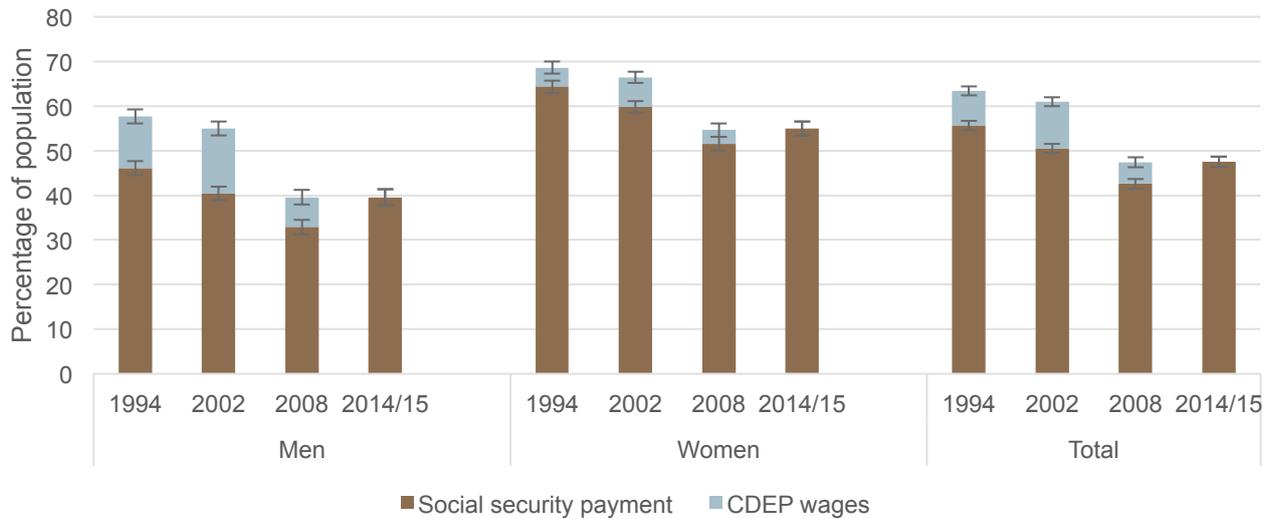
Two other variables are also used in the analysis. These are: being in non-CDEP employment, and weekly gross personal income. Income variables are only available in a comparable form in the 2002, 2008 and 2014/15 surveys and have been adjusted for inflation to 2014/15 levels using the consumer price index.

Results

Overall receipt of social security payments and CDEP wages

The proportion of Indigenous adults receiving social security payments as their main source of personal income fell significantly between 1994 and 2008, from 46% to 33% for men and from 64% to 52% for women (Fig. 1). The proportion receiving either social security payments or CDEP wages also fell over this period, with the bulk of the decrease coming between 2002 and 2008. Between 2008 and 2014/15, the proportion of the population receiving social security payments increased significantly, to around 40% for men and 55% for women. However, the proportion receiving either social security payments or CDEP wages was unchanged over this period. This suggests that the increase in social security receipt between 2008 and 2014/15 was essentially absorbing CDEP participants as the scheme was wound back.

Fig. 1 Proportion of Indigenous population aged 15+ years receiving social security payments or CDEP wages as their main source of personal income, 1994–2014/15



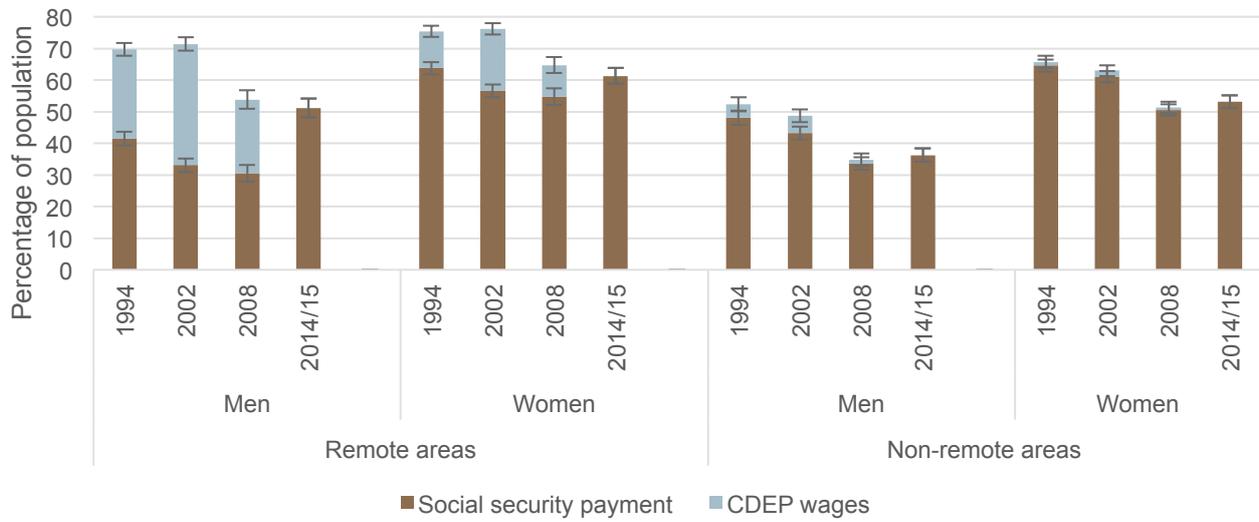
Note: Error bars show 95% confidence interval around mean estimates. Error bars shown for CDEP wages series are for mean estimates of social security payment and CDEP wages combined.

Fig. 1 shows considerable gender differences in Indigenous social security receipt. Patterns of receipt also differ across regions. In particular, the impact of CDEP participation and the differential timing of its winding back in remote and non-remote areas has had different effects on social security receipt which are hidden in national averages. In the remainder of this paper we examine trends separately for men and women and in remote and non-remote areas.

Fig. 2 highlights the different trends in social security receipt in remote and non-remote areas, particularly between 2008 and 2014/15. In remote areas, the proportion of Indigenous adults with social security payments as their main source of personal income fell from 41% to 31% for men and from 64% to 55% for women between 1994 and 2008, but then rose to 51% for men and 61% for women in 2014/15. The proportion of adults in remote areas with CDEP wages as their main source of personal income increased between 1994 and 2002 but then declined to zero by 2014/15. In total, the proportion receiving either social security payments or CDEP wages declined between 1994 and 2008, but then was relatively unchanged between 2008 and 2014/15 as the demise of the CDEP scheme was offset by increasing social security receipt.

Different trends emerge in non-remote areas, where CDEP participation rates were much lower than in remote areas: only 6% of men and 2% of women in non-remote areas reported that CDEP wages were their main source of income at the peak of the program in 2002. Between 1994 and 2008, there was a fall in the proportion of Indigenous adults with social security payments as their main source of income (as well as the proportion with either social security or CDEP wages as their main source of income). Most of the decline in social security receipt in these areas took place between 2002 and 2008, when the proportion of adults with social security as their main source of income fell from 43% to 34% for men and from 61% to 50% for women. Between 2008 and 2014/15, social security receipt increased slightly to 36% for men and 53% for women. This increase was not statistically significant.

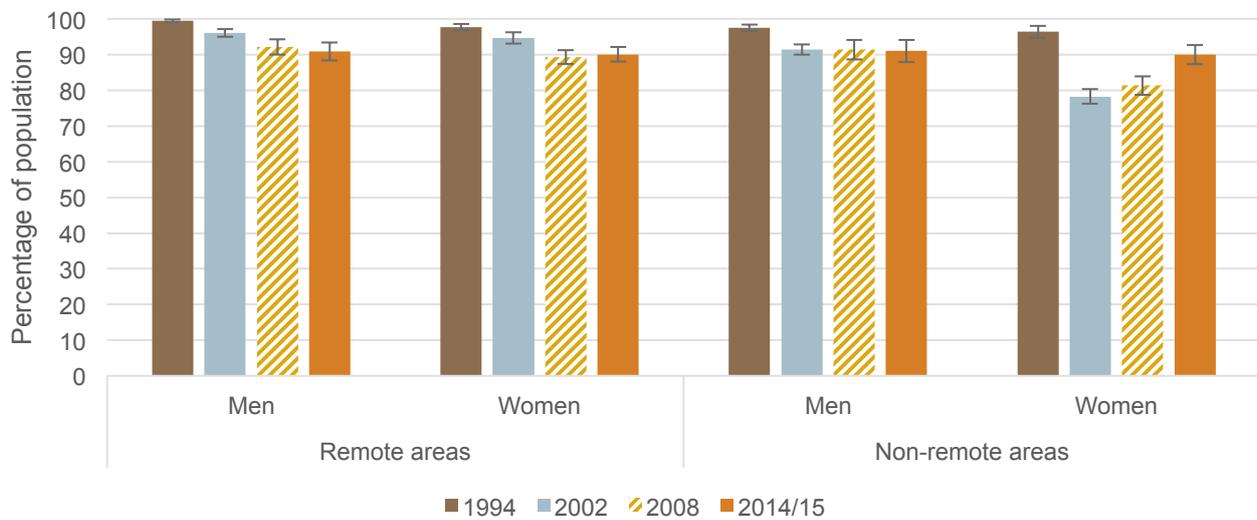
Fig. 2 Proportion of Indigenous population aged 15+ years receiving social security payments or CDEP wages as their main source of personal income, by remoteness, 1994–2014/15



Note: Error bars show 95% confidence interval around mean estimates. Error bars shown for CDEP wages series are for mean estimates of social security payment and CDEP wages combined.

There are no data in the NATSISS on the proportion of total income that comes from social security payments. However, Fig. 3 shows that the vast majority of Indigenous adults receiving social security or CDEP wages have no other sources of personal income. This proportion has fallen slightly over time, but still remained at 90% in 2014/15 for both men and women in all areas. The relatively large fall between 1994 and 2002 in the proportion of Indigenous women in non-remote areas receiving social security payments with no other sources of income may be due to the expansion of family payments during this time to allow recipients to work more before their benefits were reduced or withdrawn (Whiteford et al., 2011).

Fig. 3 Proportion of Indigenous population aged 15+ years whose main source of personal income is social security payments or CDEP wages and who have no other source of personal income, 1994–2014/15



Note: Error bars show 95% confidence interval around mean estimates.

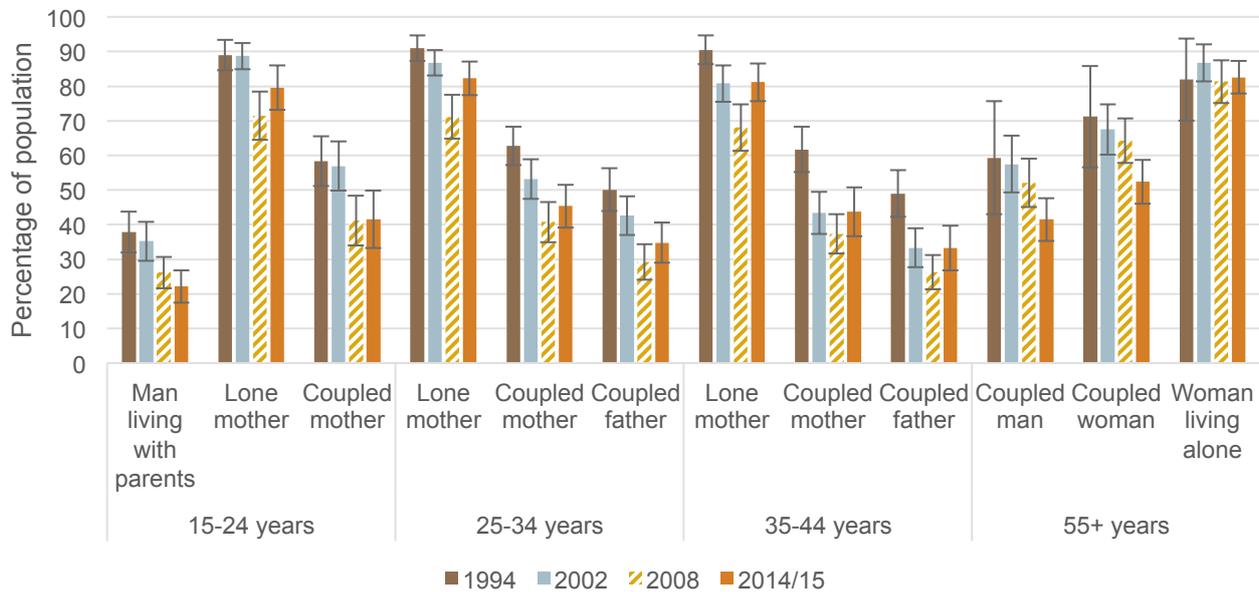
Social security receipt by demographic group

It is possible that some of the observed trends in social security receipt are due to changes in the demographic structure of the Indigenous population over time. To test this, we estimate the probability of having social security payments or CDEP wages as the main source of income for various age groups and family types, based on the results of probit models for each year where social security is regressed on gender, age in categories (15–24, 25–34, 35–44, 45–54, 55+ years) and family status. The regressions are run separately for remote and non-remote areas.

The regression results are used to predict the probability of having social security or CDEP wages as the main source of income for 12 demographic groups with relatively high rates of social security receipt and/or a large representation among the total population of social security recipients. These 12 groups together account for around 52% of Indigenous people for whom social security was their main source of income in 2002. Fig. 4 shows the predicted probability of having social security as the main source of income in non-remote areas, while Fig. 5 (a) and (b), which includes both social security receipt and CDEP wages, is for the remote population. Because CDEP participation was relatively low in non-remote areas, including CDEP wages in Fig. 4 has very little impact on the results.

In non-remote areas (Fig. 4), we see the pattern of falling social security receipt between 1994 and 2008 for almost all demographic groups, and little statistically-significant change between 2008 and 2014/15, so that social security receipt is significantly less likely in 2014/15 than it was 20 years earlier. Coupled parents saw a decline in social security receipt between 1994 and 2008, across most age groups, with either a steady rate of social security receipt between 2008 and 2014/15 or a slight (but statistically insignificant) increase. Sustained declines in social security receipt were also evident for young people living with their parents and for older coupled men and women. Lone mothers saw relatively large (and statistically significant) declines in social security receipt between 2002 and 2008, but these were offset by increases between 2008 and 2014/15. Older women living alone had no significant change in the likelihood of receiving social security.

Fig. 4 Estimated proportion of Indigenous persons aged 15+ years in non-remote areas with social security payments as their main source of personal income, by selected age and family characteristics, 1994–2014/15



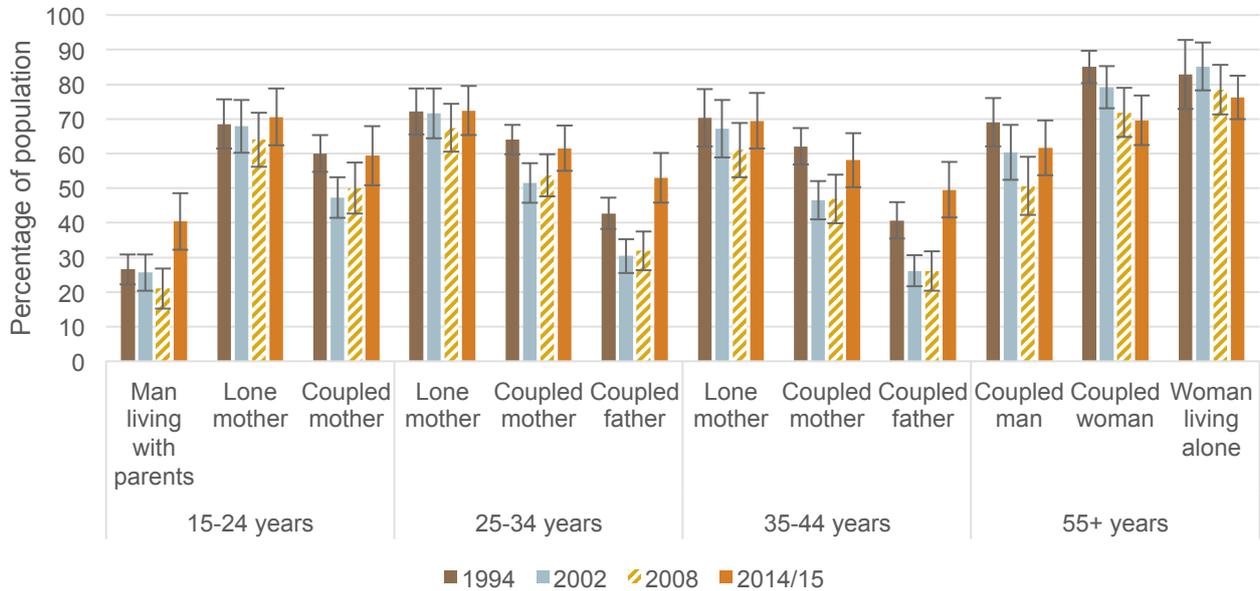
Note: Estimates from probit models. Error bars show 95% confidence interval around estimates.

The picture in remote areas is complicated by the decline of the CDEP scheme. Fig. 5(a) shows that in remote areas social security receipt fell significantly for men and women aged 25–44 years between 1994 and 2008, but has since increased again so that by 2014/15 few groups in this age range were significantly more or less likely to receive social security payments than they were in 1994. A different pattern is evident for older coupled women (who were less likely to receive payments in 2014/15 than in 1994) and younger men living with their parents (who were more likely to receive payments). The jump in social security receipt between 2008 and 2014/15 following the withdrawal of the CDEP scheme was particularly marked for men, who, in 2008, were more than twice as likely to be receiving CDEP wages as their main source of income compared to women (see Fig. 2).

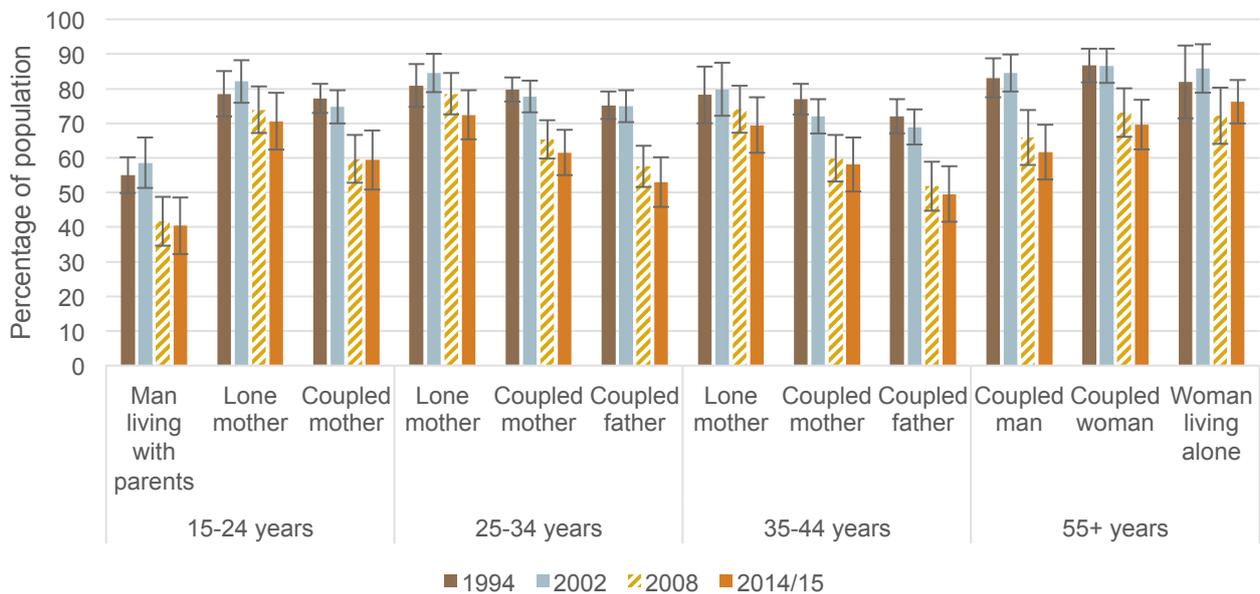
When we consider the proportion of Indigenous peoples in remote areas receiving either social security payments or CDEP wages (see Fig. 5(b)), most groups experienced a significant decline over the 20-year period, with falls particularly large for coupled men. For lone mothers, declines in receipt of social security payments or CDEP wages were more modest and generally not statistically significant.

Fig. 5 Estimated proportion of Indigenous persons aged 15+ years in remote areas with social security payments or CDEP wages as their main source of personal income, by selected age and family characteristics, 1994–2014/15

(a) Social security payments



(b) Social security payments or CDEP wages, 1994–2014/15



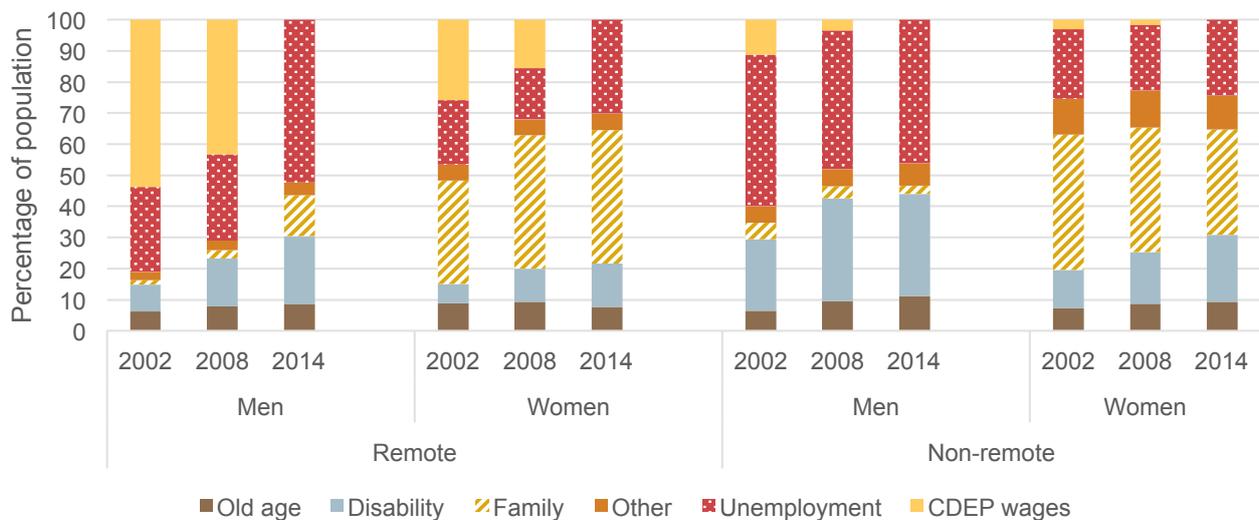
Note: Estimates from probit models. Error bars show 95% confidence interval around estimates.

Types of social security payments

As well as changes in the level of social security receipt, there has been considerable shift in the payment types received by Indigenous social security recipients. Fig. 6 shows the changing types of payments received by

those with social security or CDEP wages as their main source of income between 2002 and 2014/15. With the disappearance of CDEP during this period, several clear trends emerge. First, an increasing proportion of Indigenous social security recipients receive either old age or disability payments, with the change particularly stark among men. In non-remote areas, the proportion of men receiving age pension increased from 6% to 11% and those receiving disability payments increased from 23% to 33% between 2002 and 2014/15, while in remote areas, the combined proportion receiving either old age or disability payments doubled from 15% to 30% over the same period. There was also a steady increase in the proportion of women receiving disability payments, from 12% to 22% in non-remote areas and from 6% to 14% in remote areas.

Fig. 6 Type of payment received by Indigenous people aged 15+ years with social security payments or CDEP wages as their main source of personal income, 2002–2014/15



Second, the proportion receiving family payments increased in remote areas, but declined in non-remote areas. In remote areas, the proportion of women receiving family payments increased from 33% in 2002 to 43% in both 2008 and 2014/15, while the proportion of men receiving family payments increased from 3% to 13% over the whole period. By contrast, in non-remote areas the proportion of both men and women in receipt of family payments fell, from 5% to 3% for men and from 43% to 34% for women.

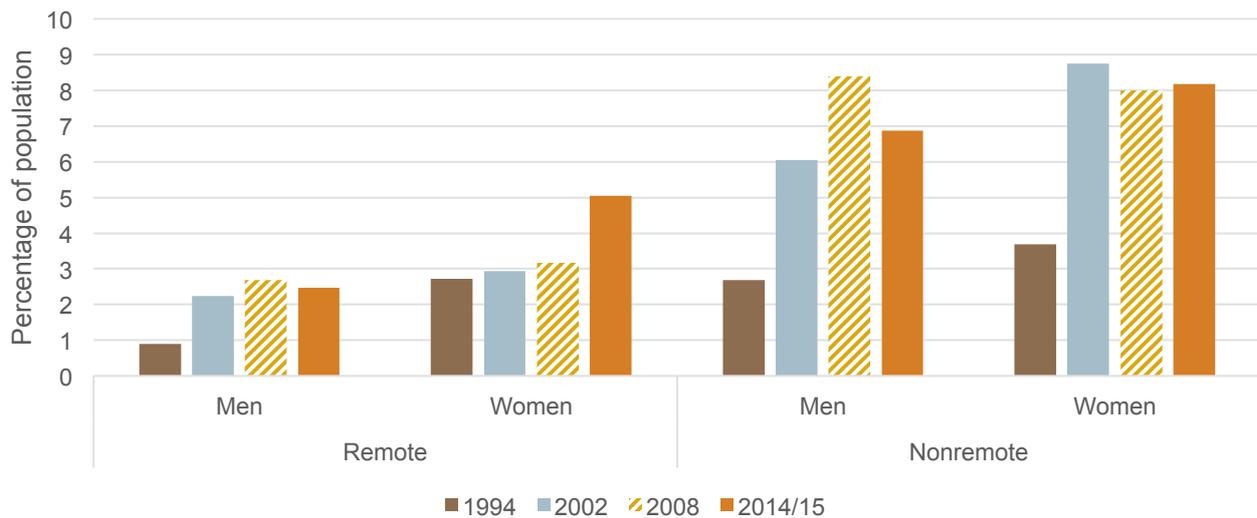
Finally, the decline in CDEP participation over the period was generally not completely offset by an increase in unemployment payments. The combined proportion of social security recipients in receipt of either CDEP wages or unemployment benefits fell from 60% to 46% for men in non-remote areas, from 81% to 52% for men in remote areas and from 47% to 30% for women in remote areas. Only for women in non-remote areas did this proportion stay relatively unchanged at around one-quarter of recipients over the whole period (although CDEP participation was very small among this group, accounting for 3% of recipients in 2002).

Employment of social security recipients

As activation measures have become more widespread over the last 25 years, we might expect to see an increase in the proportion of social security recipients participating in employment. This section examines the incidence of work among Indigenous people for whom social security is their main source of income. As CDEP participants were employed and not subject to further activation, this section looks only at those in receipt of social security payments.

Fig. 7 shows that among those with social security as their main source of income, less than 5% in remote areas and less than 10% in non-remote areas are employed. Nevertheless, employment rates among this group increased between 1994 and 2014/15 in remote areas, with the bulk of the increase between 1994 and 2002 for men and between 2008 and 2014/15 for women. In non-remote areas, employment rates increased from 1994 to 2008 for men and for women, and have been stable or have fallen slightly since.

Fig. 7 Non-CDEP employment rate of Indigenous people aged 15+ years for whom social security is their main source of personal income, 1994–2014/15



Note: Excludes those with CDEP wages as their main source of personal income.

Among Indigenous people with social security as their main source of income, employment rates tend to be higher for women than men. This is possibly because women tend to be in receipt of payments (e.g. family and parenting payments) that have higher thresholds for earnings before benefits are reduced or withdrawn than payments common for men (e.g. unemployment payments).

It is important to point out that as people receiving social security payments take up paid employment, their social security payments are withdrawn. Those working relatively few hours per week can earn more from employment than from social security.² As a result employment rates are considerably higher among the Indigenous population receiving any income from social security, than for those shown in Fig. 7 with social security as their main source of income.³

Trends in main source of income

The impact of declining social security receipt between 1994 and 2008 (and subsequent increases between 2008 and 2014/15) on the welfare of Indigenous Australians will depend on what sources of income emerged to replace social security. While we cannot look at transitions between income sources over time for individuals, examining changes in the proportion of the Indigenous population with various income sources provides some insight into the dynamics of the transition process.

² For example, in 2015 someone on the basic rate of unemployment payments would have their benefit reduced once they worked more than three hours per week at the minimum wage. Once they worked over 11 hours per week, their income from employment would exceed their social security payment.

³ Changes in 2006 reduced the taper for receiving benefit while in employment.

The patterns of change in the main sources of income received by Indigenous adults were very different in the 1990s and 2000s, while the labour market was buoyant, compared with in the period after 2008 when the economy stagnated and CDEP was gradually abolished. Fig. 8 shows the change (in percentage points) in the proportion of Indigenous adults receiving social security payments, CDEP wages and other types of income as their main source of personal income. Between 1994 and 2002, in non-remote areas, declining social security receipt was offset by increases in the proportion of people with non-CDEP wages as their main source of income (particularly for women). In remote areas, there was also a considerable increase in the proportion with CDEP wages as their main source of income.⁴

Between 2002 and 2008, declines in social security receipt (mainly in non-remote areas) and CDEP participation (mainly in remote areas) led to a larger proportion of Indigenous people identifying non-CDEP employment as their main source of income. This proportion increased by around 15 percentage points for men and 10 percentage points for women. There was also a small increase in the proportion of the population without an income source (which will be discussed further below). It appears that a strong labour market (perhaps combined with increased activation requirements for social security payments) encouraged an increasing proportion of Indigenous adults to move from social security to employment.

Fig. 8 Change in main personal income source for Indigenous people aged 15+ years, 1994–2014/15



Note: 'Other income' includes business, investment, superannuation, child support and other income. The decline in the proportion of the population with no source of income between 1994 and 2002 is in part due to changes in the questions between the 1994 and 2002 surveys.

Very different patterns emerge in the period after 2008 when the labour market was much weaker. In non-remote areas, there was a decline of around 3–4 percentage points in the proportion of Indigenous adults with non-CDEP wages as their main source of income, which was offset by an increase in social security receipt for both men and women, as well as an increase in those with 'no income' or 'other income' as their main income source.

⁴ While Fig. 8 shows declines in the proportion of the population with no sources of income, less weight should be placed on this result as it is in part due to a change in survey questions between 1994 and 2002. Between 2002 and 2014/15, the survey questions on income sources are more comparable so changes in the proportion with no income are more reliable.

In remote areas, the demise of the CDEP scheme saw the proportion of Indigenous adults with CDEP wages as their main source of income fall by 24 percentage points for men and 10 percentage points for women. This was almost entirely offset by an increase in social security receipt for men (although there was also a small increase in the proportion with no income sources). For women in remote areas, there were some gains in employment income (2.5 percentage points) but the biggest increase was in social security receipt. These trends in sources of income are likely to have implications for average incomes of Indigenous Australians.

Comparable information on average personal incomes is only available from the 2002, 2008 and 2014/15 surveys. Fig. 9 shows average gross weekly personal income for Indigenous adults in 2014/15 dollars. There was strong real income growth between 2002 and 2008. Average real incomes increased by \$186 or 37% for men in non-remote areas, \$138 or 35% for men in remote areas, \$80 or 18% for women in non-remote areas and \$66 or 16% for women in remote areas.

Fig. 9 Average gross weekly personal income, Indigenous people aged 15+ years, 2002–2014/15



Note: Income is in 2014/15 dollars, adjusted for inflation.

By contrast, there was little real growth in average incomes between 2008 and 2014/15. Average incomes grew by \$25 or 4% for men in non-remote areas, by \$41 or 8% for women in non-remote areas and by \$11 or 2% for women in remote areas. Men in remote areas saw their average income fall by \$8 per week (2%) over the period.

To determine the impact of social security trends in driving the observed changes in average incomes, Table 1 examines changes in the proportion of the population relying on various sources of income and the average income for each group over the period 2002–2014/15. We differentiate between unemployment payments and other social security payments. Payment rates for unemployment benefits are lower and have increased at a slower rate than for other social security payments because unemployment payments are indexed to inflation, while other payments are typically indexed to average wages.

It is clear from Table 1 that the average income of those who have non-CDEP employment as their main source of income is considerably higher than for any other income source: more than four times the income of unemployment payment recipients for men and around three times for women. The increase between 2002 and 2008 in the proportion of the Indigenous population with non-CDEP wages rather than CDEP wages or social

security payments as their main source of income is therefore likely to have had a positive impact on average earnings.

Table 1 Share of population and average weekly personal income by main source of income, Indigenous people aged 15+ years, 2002–2014/15

Main source of income		Men, non-remote		Women, non-remote		Men, remote		Women, remote	
		Pop'n share %	Average income \$	Pop'n share %	Average income \$	Pop'n share %	Average income \$	Pop'n share %	Average income \$
Unemployment payments	2002	23.7	221	14.1	269	19.6	235	15.8	286
	2008	15.5	215	10.8	247	14.9	207	10.7	232
	2014/15	16.7	249	13.0	314	26.8	211	18.4	252
Other social security payments	2002	19.6	301	47.0	395	13.5	289	40.8	382
	2008	18.1	324	39.7	424	15.6	268	44.0	382
	2014/15	19.5	397	40.1	531	24.5	321	42.9	409
CDEP wages	2002	5.5	323	1.9	335	38.3	334	19.6	378
	2008	1.2	282	0.8	394	23.3	380	10.0	407
	2014/15	0.0	..	0.0	..	0.0	..	0.0	..
Non-CDEP wages	2002	38.2	899	28.7	741	19.3	907	17.5	743
	2008	53.4	1071	39.3	821	35.0	994	27.2	872
	2014/15	49.7	1133	36.0	824	35.4	1040	29.6	864
Other income sources	2002	5.3	721	2.4	342	1.7	565	1.0	573
	2008	3.3	781	1.6	313	2.3	909	1.2	388
	2014/15	3.7	872	2.9	561	2.1	871	1.8	477
No income source	2002	7.7	..	5.9	..	7.6	..	5.3	..
	2008	8.5	..	7.8	..	8.8	..	6.9	..
	2014/15	10.4	..	7.9	..	11.2	..	7.3	..
Total	2002	100.0	506	100.0	446	100.0	392	100.0	409
	2008	100.0	692	100.0	526	100.0	530	100.0	475
	2014/15	100.0	717	100.0	567	100.0	522	100.0	486

Note: Average income is in 2014/15 dollars. Pop'n = population.

In 2008, in remote areas, the average income of people with CDEP wages as their main source of income was considerably higher than for people on unemployment benefits or other social security payments. The shift from reliance on CDEP wages to social security receipt in remote areas between 2008 and 2014/15 is therefore likely to have depressed average income.

The proportion of adults reporting no sources of income has increased steadily across all groups between 2002 and 2014/15. This will have had the effect of reducing total average incomes. The characteristics of this group are examined in more detail below.

As well as shifts in the proportion of the population with different income sources, the average income of people with each income source has changed over time, contributing to changes in average incomes. Of particular note – see the top panel of Table 1 – is the reduction in average earnings of unemployment payment recipients between 2002 and 2008, and subsequent increase between 2008 and 2014/15. This occurred for both men and women in remote and non-remote areas. As unemployment payments are indexed to inflation, we would expect to see no growth over time in their real value. However, the average income of people with unemployment benefits as their main source of income includes income from other secondary sources, including employment.

It is possible that the reduction in average incomes of this group between 2002 and 2008 reflects a change in the composition of benefit recipients over this period. We showed earlier that many Indigenous adults moved from social security payments to non-CDEP employment during this time. It is likely that those who made this move were more work-ready, on average, than those who stayed in receipt of unemployment payments. It may be that the people who moved into work by 2008 were more likely in 2002 to be concurrently working and receiving benefits than those who received payments in both years. The opposite effect may have been in play between 2008 and 2014/15. As the labour market deteriorated and more people moved from non-CDEP employment to social security payments, the movers may have been able to stay partially attached to work (and thus had some income from employment), increasing the average income of benefit recipients.

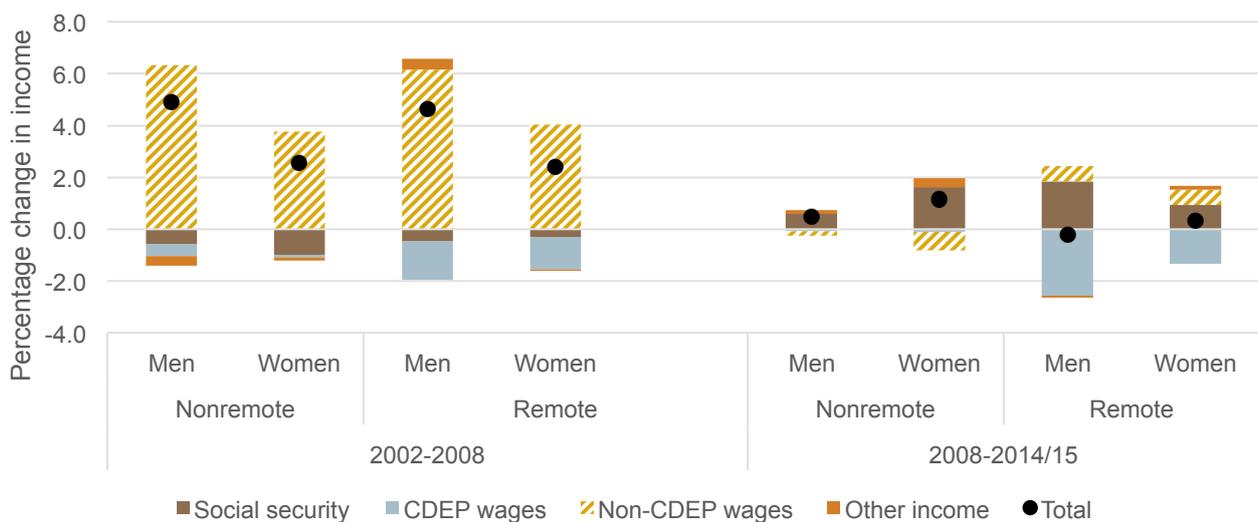
Average income can be broken down into the contribution of each income source as follows:

$$Avg\ income = \frac{Income_{total}}{Population_{total}} = \sum_{i=1}^n \left[\frac{Income_i}{Population_i} \times \frac{Population_i}{Population_{total}} \right]$$

Where *i* represents different income source groups. Average income for the whole population is the sum of average income for each income source group multiplied by the share of the population in that income source group. Changes in average income can then be attributed to changes in the contribution of different income source groups.

Fig. 10 shows the results of this decomposition on annual average changes in real personal income. The strong growth in average incomes between 2002 and 2008 is almost entirely due to the effect of non-CDEP wages. Large increases in the proportion of Indigenous adults with non-CDEP wages as their main source of income combined with strong income growth among those receiving non-CDEP wages to pull up average incomes, with the effect particularly strong for men.

Fig. 10 Annual percentage change in average personal weekly income for Indigenous people aged 15+ years, contribution of main sources of income, 2002–2014/15



Note: Annual change is in real 2014/15 dollars, averaged across the years in each period.

By contrast, between 2008 and 2014/15 non-CDEP wages added only slightly to incomes in remote areas, and had a negative effect on incomes in non-remote areas. In remote areas, the proportion of men with non-CDEP

wages as their main source of income was unchanged over the period, but the average income of this group increased. For women in remote areas, the positive impact of non-CDEP wages on average income was the result of income growth as well as a small increase in the proportion of the population receiving non-CDEP wages as their main source of income. In non-remote areas, the proportion of the population receiving non-CDEP wages fell for both men and women, dragging down average incomes as people moved to other income sources with lower average incomes.

The decline of CDEP wages as an income source in remote areas pushed down average incomes in those areas, particularly for men. However, this was somewhat offset by growth in average incomes among social security recipients (as discussed above, this could be due to an increasing proportion of social security recipients who were also employed). In non-remote areas, strong growth in average incomes of non-unemployment social security recipients pushed up average incomes, particularly for women. Although not easy to see in Fig. 10, the increasing proportion of Indigenous adults who report no sources of personal income also had the effect of depressing income growth across the period 2002 to 2014/15.

Discussion and conclusion

This paper has presented estimates of 20-year trends in social security receipt for Indigenous Australians, as well as documenting the declining receipt of CDEP wages. We have also examined trends in employment and income among Indigenous social security recipients over a period in which significant welfare reform measures have been enacted.

In non-remote areas, we have found that social security receipt among Indigenous Australians fell between 1994 and 2008 for both men and women. During this period of buoyant labour market conditions, falls in receipt of social security and CDEP wages were offset by increases in the proportion of people with non-CDEP wages as their main source of income. From 2008 to 2014/15, the level of social security receipt in non-remote areas rose slightly, although the increase was not statistically significant.

In large part, the overall trends highlighted in this paper for the Indigenous population in non-remote areas are similar to those seen for the total Australian population: a fall in social security receipt from the mid-1990s to 2008 and then a stabilisation after 2008 (ABS, 2010, pp. 17–21; Department of Social Services, 2014, p. 162; Whiteford, 2017). These trends – highly correlated with labour market conditions – suggest that good economic conditions prior to 2008 (and deteriorating conditions after 2008) may have influenced overall levels of social security receipt for both the Indigenous and non-Indigenous populations. Establishing whether falling social security receipt among the non-remote Indigenous population up to 2008 was due to fewer people entering or more people exiting the social security system (or both) could shed some light on the relative importance of economic conditions and other factors (including welfare reform) in driving overall levels of social security receipt.

The situation among Indigenous people in remote areas is more complicated, as trends in social security receipt have been greatly influenced by the decline of the CDEP scheme. While the proportion of the remote population receiving social security payments as their main source of income was generally declining between 1994 and 2008, the decline in CDEP participation after 2008 led to an increase in unemployment and disability payment receipt, as well as small increases in the proportion of women with non-CDEP wages as their main source of income and in the proportion of men with no source of income. There was also a large increase in the proportion of men in remote areas in receipt of family payments. Overall, the proportion of Indigenous people in remote areas in receipt of either social security payments or CDEP wages was lower in 2014/15 than in 1994. However, the proportion receiving social security payments was similar in both years for women and significantly higher for men in 2014/15.

The recent rise in receipt of disability payments observed among the Indigenous population is also evident in the general population (McVicar & Wilkins, 2013) and through administrative data for the Indigenous population (Productivity Commission, 2016). This trend corresponds to ageing of the Indigenous population during this period, as well as a growing number of Indigenous people reporting disabilities (Biddle et al., 2013). Tightening of eligibility for other working-age payments, as well as the relative generosity of DSP compared with Newstart, may have also played a role in increasing disability payment receipt, as for the total Australian population (McVicar & Wilkins, 2013; Whiteford, 2017). Further research is needed to better understand whether the increase in Indigenous disability payment receipt over this period was driven by an increased propensity for new social security recipients to claim disability payments, or by existing social security recipients shifting from other payments. Disability payments are also much more prevalent among the Indigenous population receiving social security in non-remote than remote areas. It is unclear how much this reflects real differences in the prevalence of disabilities or poorer access to medical services required to prove eligibility for disability payments.

In contrast to other demographic groups, Indigenous lone mothers did not see a significant reduction in social security receipt between 1994 and 2014/15. In non-remote areas, reductions for this group were largely reversed between 2008 and 2014/15, while in remote areas their levels of social security receipt remained high across the whole period. Administrative data show that there was a reduction in the proportion of the Indigenous working-age population receiving Parenting Payment Single (the main payment for low income lone parents) between 2003 and 2015 (Productivity Commission, 2016), echoing trends for the total Australian population (Department of Social Services, 2016; Fok & McVicar, 2013). The NATSISS does not distinguish between Parenting Payment and other family payments, notably Family Tax Benefit. Whiteford et al. (2011) show that spending on family assistance – primarily Family Tax Benefit – increased substantially between the mid-1990s and 2004–05. The Welfare to Work reforms from 2006 also tightened eligibility for Parenting Payment, initially for new entrants and later for all recipients with school-aged children. It may be that reductions in Parenting Payment receipt among Indigenous lone mothers were offset by switches to other payments, so that there were no overall reductions in their social security receipt.

Successive welfare reforms since the mid-1990s have tended to increase requirements for social security recipients to engage in employment. Our results show that Indigenous social security recipients were more likely to be employed in 2014/15 than in 1994. Trends in employment rates have tended to follow labour market conditions, especially in non-remote areas. Nevertheless, employment rates among Indigenous social security recipients remain low. This is unsurprising as Australia's social security system is highly targeted at people in the lowest-income households, who tend not to be employed. However, previous research has found that Indigenous income support recipients are less likely than non-Indigenous, Australian-born recipients to combine employment and income support, even after controlling for some other characteristics such as state/territory of residence, family composition, age and benefit type (Buddelmeyer et al., 2009). It is likely that some of the remaining employment gap is explained by lower educational attainment among the Indigenous population and fewer job opportunities for social security recipients living in remote areas.

Trends in social security receipt and the decline of the CDEP scheme contributed to strong income growth between 2002 and 2008, and then stagnating or even falling average incomes between 2008 and 2014/15. In the early 2000s, the shift from CDEP wages and social security to non-CDEP wages as a main source of income, and strong income growth among those employed in non-CDEP jobs, pushed up average incomes for Indigenous adults. By contrast, after 2008 the stagnating labour market and demise of CDEP pulled down average incomes, offset partially by an increase in the average incomes of social security recipients.

To the extent that falling social security receipt among the Indigenous population has resulted from increased employment and incomes, it can be regarded as a positive outcome. This appears to be the case – on average – between 2002 and 2008. However, it is not clear that this pattern continued between 2008 and 2014/15, when

falling social security receipt occurred against the backdrop of tighter eligibility and conditionality of social security payments. There was also a notable increase in the proportion of Indigenous adults without any source of income. Without longitudinal data, we are not able to say what has happened to former social security recipients as they have moved off benefits and whether their incomes and welfare have increased as a result. Neither can we definitively say that shifts from one type of benefit to another have resulted in stagnating incomes for social security recipients in remote areas. This is an important area for further research.

The analysis in this paper has used data from large-scale social surveys undertaken by ABS over a two-decade period. While the sample sizes in these surveys are larger than the Indigenous sample available in similar surveys for the total population, we were still limited in our conclusions by small samples for particular demographic and geographic combinations. Furthermore, as mentioned, we cannot undertake longitudinal analysis, nor do we have a straightforward non-Indigenous comparison. As new administrative data become available, particularly data that are linked through time at the individual level, we would expect new insights that will complement the analysis presented in this paper. In particular the Basic Longitudinal Extract 2011 from the Multi Agency Data Integration Partnership (MADIP) combines social security information for five snapshots at one-year intervals from 2011 with Census and tax data. Analysis of this and similar datasets is an area of potential ongoing work.

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