

Income support among working-age Indigenous Australians

4

Adequate and reliable income allows a person to support themselves, their family and their community. While a person's wellbeing is influenced by many factors—such as health, social connectedness and family functioning—adequate levels of income remain an essential component in the measurement of individual and household wellbeing (McLachlan et al. 2013; SCARC 2004). Income support by governments assists people to build capacity for self-reliance and independence.

To date, most research into Indigenous Australian income support recipients is cross-sectional using the Australian Bureau of Statistics (ABS) National Aboriginal and Torres Strait Islander Social Survey and National Aboriginal and Torres Strait Islander Health Survey (AIHW 2015:Section 7.1; SCRGSP 2016).

National-level longitudinal survey data, such as the Household, Income and Labour Dynamics in Australia (HILDA) Survey (Wilkins & Lass 2018), as well as other longitudinal studies that include data on income support, such as Youth in Focus (Cobb-Clark & Gørgens 2009) and the Longitudinal Study of Australian Children (AIFS 2015), do not focus on Indigenous Australians as generally the Indigenous sample is not very large.

There have been some longitudinal analyses that focus on Indigenous Australians on income support undertaken at the community level (Daly et al. 2002) and on the impacts of income support on child outcomes through the Longitudinal Study on Indigenous Children (DSS 2015) but information on reliance on income support over time is limited.

This article presents new analyses from the Department of Social Services (DSS) Data Over Multiple Individual Occurrences (DOMINO)—see Box 4.1. Data from DOMINO may differ from official statistics on income support payments and recipients, including income support data presented in the Australia's welfare snapshots www.aihw.gov.au/australias-welfare/snapshots. Further, data in this article may also differ from 'Chapter 3 Income support over the past 20 years' which uses the DSS Research and Evaluation Database (RED)—see Chapter 3 for more information. RED was not used here because some non-income support variables in DOMINO were not available.

Box 4.1: Income support administrative data used in this article

Australian social security payment policy is administered by the DSS and income support payments are delivered by the Department of Human Services (DHS), through its network of Centrelink offices. The DSS manages income support administrative data collected by the DHS. These data are used for research and statistics, service delivery and compliance.

Different types of income support administrative data sets are produced to meet different user needs. In this article, the following DSS data sources have been used for reporting:

- **Blue Book dataset** contains annual point-in-time income support data and is a source of official statistics on income support payments and recipients. It is used to present introductory contextual information and is referenced as 'DSS (2016)'.
- **Data Over Multiple Individual Occurrences (DOMINO)** contains event-based data on individuals providing a longitudinal picture of the interaction of individual welfare recipients with DSS payments. It is suited for pathways analysis, as it includes de-identified unit record information, including payment types and amounts, and a range of demographic characteristics, including Indigenous status.

Income sources across the Indigenous working-age population

This section presents contextual information and key statistics on the Indigenous Australian working-age population (aged 15–64). Data in this section are sourced from the DSS Blue Book dataset (see Box 4.1) and ABS survey data.

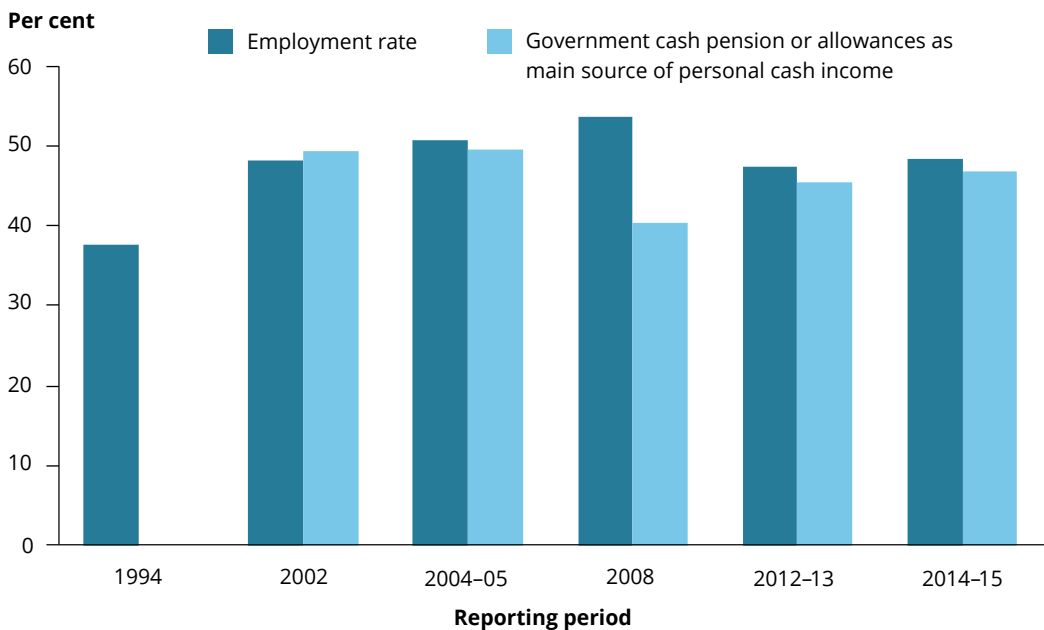
A person's capacity to earn an adequate income may be influenced by many factors—for example: availability of employment; level of education, training or skills (a major determinant of employment for those in the labour force); caring responsibilities; or by limitations due to health status or disability. Employment and receipt of income support also have a relationship with broader economic conditions—a stronger labour market (with high levels of employment) and overall stronger economic conditions are generally associated with decreased welfare expenditure (Klapdor & Arthur 2016).

The employment to population ratio for the Australian population aged 15 and over increased from 59% in 2002 to around 63% in mid-2008, at which point the global financial crisis started to affect the Australian economy (and signalled the end of the mining investment boom) (ABS 2018a). From mid-2008, the employment to population ratio fell to below 61% in late 2014.

Over the long term, employment rates for the Indigenous working-age population have increased. In 2014–15, 48% of the Indigenous working-age population were employed—an increase from 38% in 1994 (AIHW 2017a). There was a short-term decline from 2008 that occurred in the context of the global financial crisis, as well as the cessation of Indigenous employment under the Community Development Employment Program (CDEP) which accounted for almost half of the employment rate in *Very remote* areas in 2008. When CDEP participants are excluded from the analysis, there is no significant change in the Indigenous employment rate between 2008 and 2014–15 (AIHW 2018). Income and earnings across the Indigenous population may also be impacted by the younger age structure of the population, with almost one-third (32%) of Indigenous Australians aged 15–64 being younger than 25 (AIHW 2017a).

Based on 2014–15 ABS survey data, 47% of Indigenous Australians aged 18–64 received a government pension or allowance as their main source of personal income compared to 15% of non-Indigenous Australians for this age group (AIHW 2017a). The proportion of Indigenous Australians receiving government pensions or allowances as their main source of personal income was higher than for non-Indigenous Australians across all ages (AIHW 2017b:285). However, the proportion of Indigenous Australians relying on a government pension or allowance as their main income source fell from 50% in 2002 (Figure 4.1).

Figure 4.1: Proportion of Indigenous Australians aged 15–64 employed and proportion aged 18–64 with government payments as main source of income, 1994 to 2014–15



Source: AIHW 2017a.

The analysis of income support administrative data presented in this chapter focuses on Indigenous Australians aged 15–64 in receipt of the major non-education-related income support payments—that is, 1 of the following: Youth Allowance (Other); Newstart Allowance; Disability Support Pension (DSP); Carer Payment; Parenting Payment Single; or Parenting Payment Partnered—see Box 4.2. These payment types make up the majority of income support payments received by working-age Indigenous Australians who are not actively engaged in formal educational pathways (such as vocational or tertiary study or apprenticeships). These payment types have also been shown to be associated with longer term and intergenerational income support receipt (Cobb-Clark et al. 2017)—see ‘Chapter 2 Intergenerational transmission of disadvantage in Australia’.

Box 4.2: Income support payment types included in this analysis

The Australian Government, through the social security system, provides both long- and short-term income support payments to people who cannot fully support themselves. For many disadvantaged Australians, including Indigenous Australians, having access to income support is a key factor in ensuring their economic and social wellbeing.

Not all financial support provided through the social security system is considered income support. Payment types classified as income support are those expected to serve as a recipient’s primary source of income and are regular payments assisting with the day-to-day cost of living. Individuals can only receive 1 income support payment type at a time.

There are 18 specific income support payment types, with the focus of this chapter being on 6 main payment types—referred to throughout this article as the ‘6 payment types’:

- Youth Allowance (Other)—financial help for those aged 16–21 and looking for work, or temporarily unable to work
- Newstart Allowance—the main income support for those unemployed and looking for work
- DSP—for those who have a permanent physical, intellectual or psychiatric condition that stops them from working
- Carer Payment—for those who give constant care to someone who has a severe disability or illness, or an adult who is frail and old
- Parenting Payment Single—for single parents to help with the cost of raising children (where the youngest child is under 8)
- Parenting Payment Partnered—for partnered parents to help with the cost of raising children (where the youngest child is under 6).

continued

Box 4.2 (continued): Income support payment types included in this analysis

Each payment type may have a range of payment levels depending on the circumstances and characteristics of the individual. Further information on these main income support payments is included in the following Australia's welfare snapshots www.aihw.gov.au/australias-welfare/snapshots:

- *Indigenous income and finance*
- *Unemployment and parenting income support payments*
- *Disability Support Pension and Carer Payment*
- *Income support payments for older people.*

See also 'Chapter 3 Income support over the past 20 years'.

Of the approximately 220,800 Indigenous Australians on income support payments at the end of June 2016, based on official statistics (DSS 2016), around 189,900 were of working age and received 1 of the 6 payment types included in this analysis (Table 4.1). Indigenous Australians on the Age Pension (aged 65 and over) or in formal education made up the majority of the 31,000 other income support recipients.

The approximately 189,900 Indigenous Australians aged 15–64 receiving 1 of the 6 payments comprised 39% of the Indigenous population of this age (Table 4.1). Among those on 1 of the 6 payment types, the most common was Newstart Allowance (36%), followed by DSP (25%), Parenting Payment Single (19%), Youth Allowance (Other) (8.5%), Carer Payment (7.1%) and Parenting Payment Partnered (4.7%).

Table 4.1. Number and proportion of Indigenous Australians aged 15–64 receiving income support payments, by payment type, June 2016

Payment type	Indigenous income support recipients aged 15–64		Indigenous population		Proportion of Indigenous population (%)
	Number	%	Age group ^(a)	Number ^(b)	
Youth Allowance (Other)	16,213	8.5	16–21	94,000	17.2
Newstart Allowance	68,501	36.1	22–64	378,400	18.1
Disability Support Pension	47,397	25.0	16–64	472,800	10.0
Carer Payment	13,423	7.1	15–64	490,000	2.7
Parenting Payment Single	35,350	18.6	15–64	490,000	7.2
Parenting Payment Partnered	9,017	4.7	15–64	490,000	1.8
Total	189,901	100	15–64	490,000	38.8

(a) The age group defines the age of individuals eligible for each payment type within the working-age population (15–64).

(b) Numbers are rounded to the nearest 100.

Sources: ABS 2018b; DSS 2016.

Across each of the 6 payment types and for the corresponding age groups, the highest proportion in receipt of payments were for Newstart Allowance (18%) followed by Youth Allowance (Other) (17%), while it was lowest for those on Carer Payment (2.7%) and Parenting Payment Partnered (1.8%) (Table 4.1).

Characteristics of Indigenous income support recipients

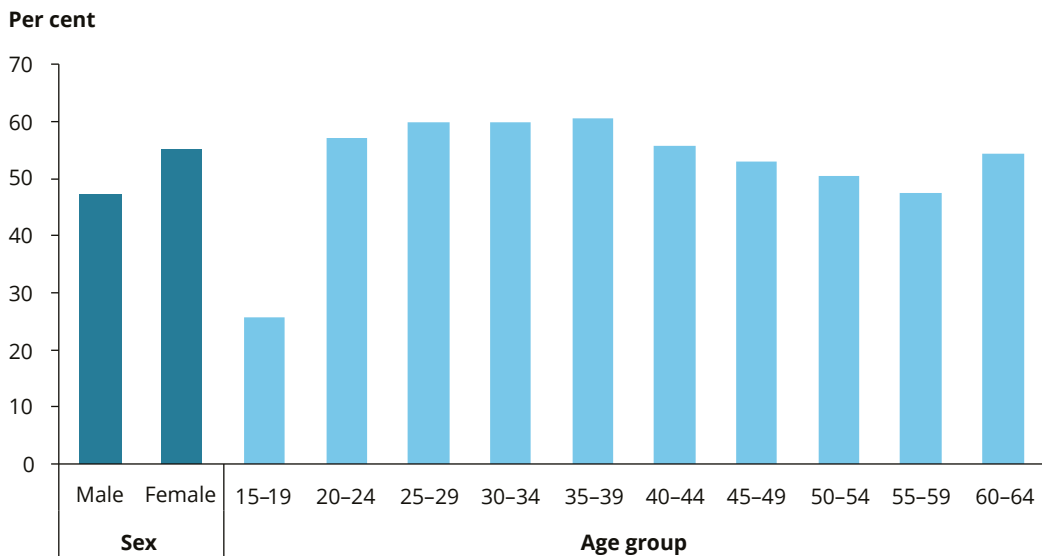
This section, and the remainder of the analysis in this article, is based on the DSS DOMINO—see Box 4.1.

In 2016, Indigenous males had a lower rate of income support (47%) than Indigenous females (55%) (Figure 4.2). The rate of receipt of the 6 payment types was lowest for Indigenous Australians aged 15–19 (26%). This may be due to:

- a higher proportion being on education payment types;
- the removal of Youth Allowance for an unemployed young person who is not undertaking training or education, introduced in 2009; or
- people in this age group being still dependent on their families (such as being in education but not receiving a study payment).

The rate peaked at around 60% for Indigenous Australians aged 20–39 and then decreased with age to 48% for those aged 55–59; the rate at 60–64 (pre-retirement) was higher at 54% (Figure 4.2). The peak rate was highest for Indigenous males aged 35–39; later in life than Indigenous females for whom the rate peaked in those aged 25–29.

Figure 4.2: Proportion of Indigenous Australians aged 15–64 receiving income support payments, by sex and age, 2016

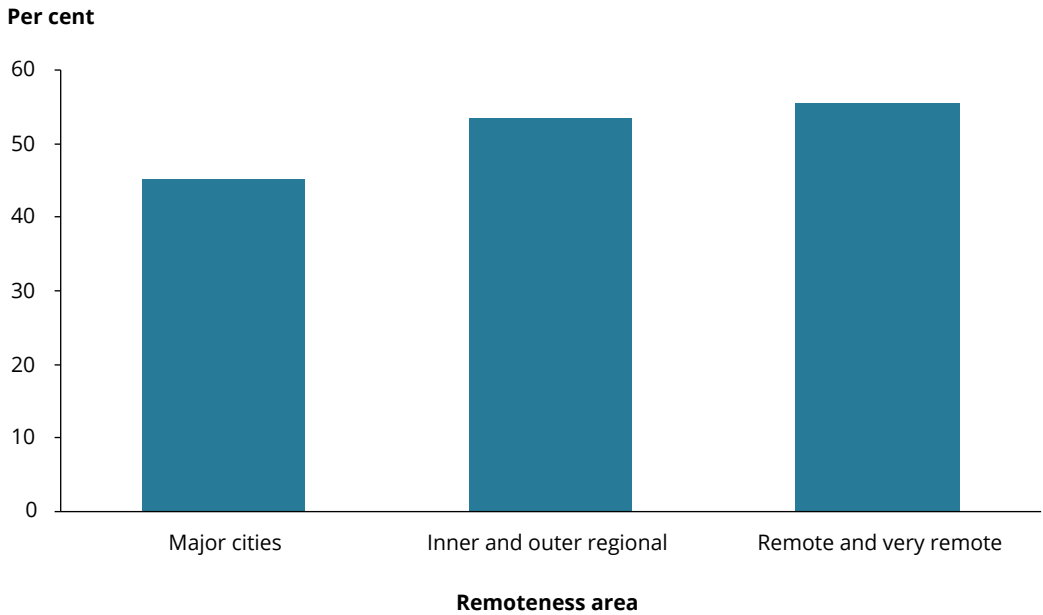


Note: Payment types include Youth Allowance (Other), Newstart Allowance, Disability Support Pension, Carer Payment, Parenting Payment Single and Parenting Payment Partnered.

Sources: ABS 2014; AIHW analysis of DSS DOMINO.

The receipt of income support also varied by geography, possibly reflecting employment opportunities. In 2016, *Major cities* had the lowest rate of receipt (45%). This increased with increasing remoteness, with the highest rate of receipt being in *Remote and very remote* areas (56%) (Figure 4.3).

Figure 4.3: Proportion of Indigenous Australians aged 15–64 receiving income support payments, by remoteness area, 2016



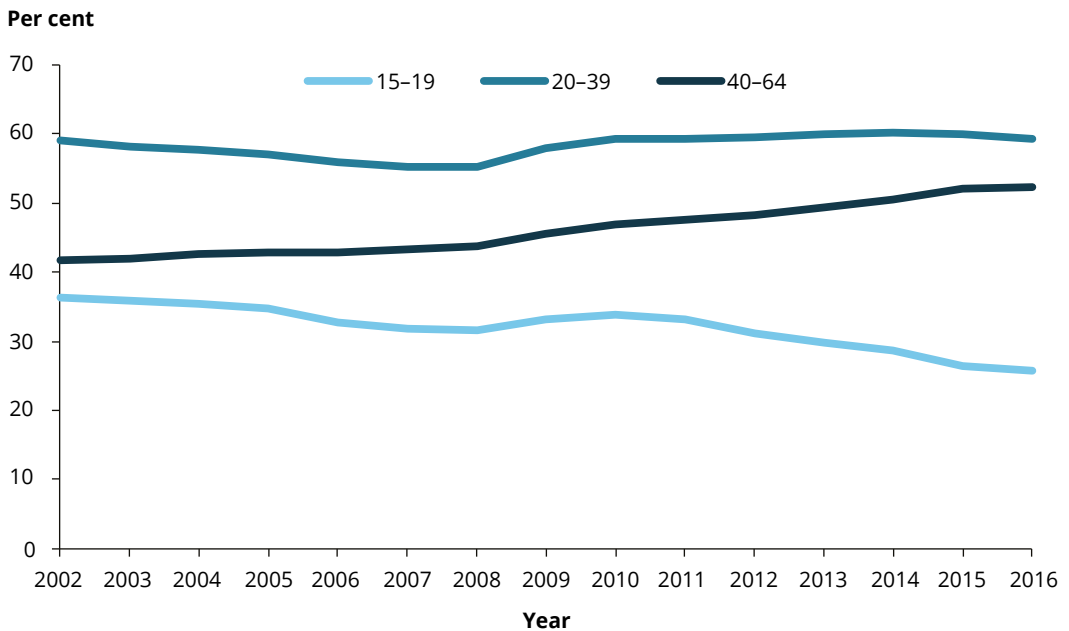
Note: Payment types include Youth Allowance (Other), Newstart Allowance, Disability Support Pension, Carer Payment, Parenting Payment Single and Parenting Payment Partnered.

Sources: ABS 2014; AIHW analysis of DSS DOMINO.

Based on the DSS DOMINO data set the proportion of the working-age Indigenous population on income support decreased from 50% in 2002 to 47% in 2007, and then increased to just over 51% in 2016, consistent with broader economic conditions. The trends in rates of income support receipt for males and females were fairly similar between 2002 and 2016, although males showed a stronger relationship to economic conditions, with a larger decrease in rates of income support receipt leading up to 2008. The rates of income support receipt for different age groups show distinct patterns of change over time (Figure 4.4). Indigenous Australians aged 20–39 showed decreasing rates of income support receipt between 2002 and 2008, then increasing from 2009 to 2014—a reflection of the pattern of the broader economic conditions. In contrast, for Indigenous Australians aged 40–64, the rates of receipt of income support increased every year between 2002 and 2016.

For the 15–19 age group, however, rates of receipt decreased over the period, except for a slight increase between 2008 and 2010. As noted previously, the initial decline between 2002 and 2008, and the subsequent increase in 2009 and 2010, may be related to broader economic conditions; the decline from 2010 onwards is probably related to the introduction of the *Social Security Amendment (Training Incentives) Act 2009* which diverted young, low-skilled Australians away from unemployment benefits into educational pathways.

Figure 4.4: Proportion of Indigenous Australians aged 15–64 receiving income support payments, by age, 2002 to 2016



Note: Payment types include Youth Allowance (Other), Newstart Allowance, Disability Support Pension, Carer Payment, Parenting Payment Single and Parenting Payment Partnered.

Sources: ABS 2018b; AIHW analysis of DSS DOMINO.

Degree of reliance on income support

In addition to characteristics such as age and the number of dependants, many income support payments further target those in need through means-testing and assets-testing. Individuals who receive income from work or investments, or who have substantial assets, may have their benefit payments reduced or not receive any payments. Means-testing is designed so that at low incomes an individual will receive the full benefit, but once past a threshold, the payment will taper with increasing income until no benefit is received. The dollar value of the threshold is different for different payment types, as is the level of the payment.

A typical measure of the degree of reliance on income support is the extent to which income support payments contribute to a person's total income (Black & Lee 2009). A lack of data in DOMINO on the total income a person received means this variable cannot be directly measured. Total income can, however, be inferred from the relationship between payments received and the maximum possible benefit payable, since above an income-free level, payments taper down as income from other sources increases.

For this analysis, the income support reliance (ISR) rate is defined as the actual payments received over a period as a proportion of the maximum possible benefit payable, with a higher proportion representing a greater degree of reliance on income support—see Box 4.3 for details.

Box 4.3: Calculating a measure of income support reliance

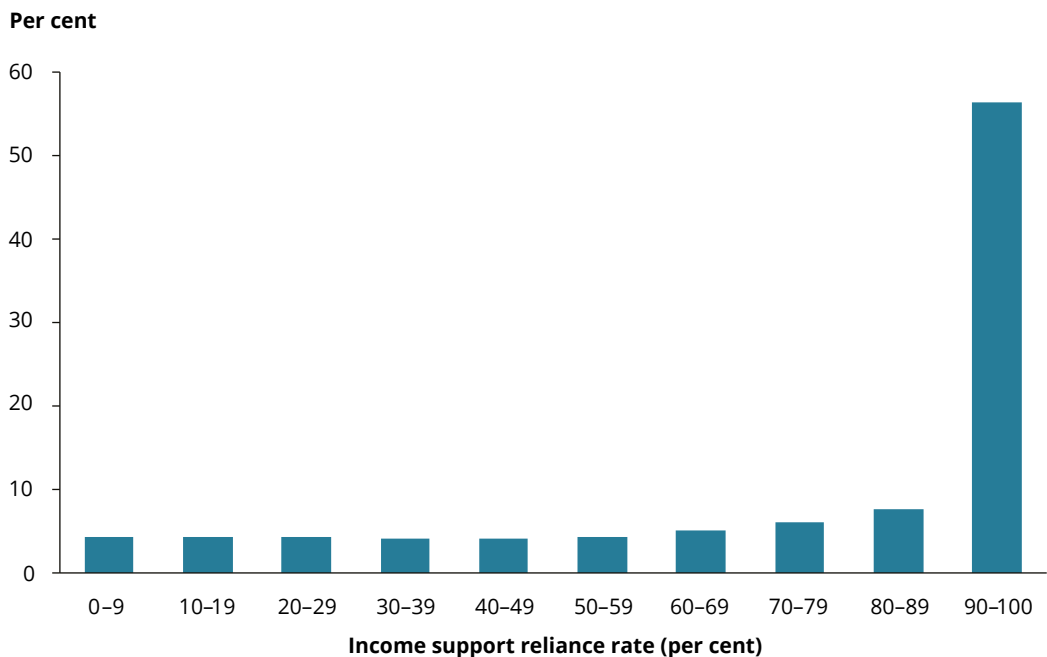
To determine the ISR rate using DOMINO, each calendar year is divided into 3 time periods where the maximum benefit payable is fixed. Then, for each individual:

- within each of the 3 periods, the individual is assigned the payment type they are in receipt of for the longest duration within that period
- the proportion received of the maximum benefit available is determined for each of the 3 periods
- the ISR rate for a calendar year is the sum of the proportions of the maximum payment for the 3 periods, weighted by the relative time period for that calendar year.

Distribution of income support reliance

Analysis of the 2016 distribution of ISR rates by deciles for Indigenous Australians on the 6 payment types shows that the proportion of the population receiving 0%–9% of the maximum benefit was similar for all deciles up to 50%–59%, after which there was a slight increase up to 80%–89% of the maximum. The clear feature is that over half of the population (56%) received 90%–100% of the maximum income support payment (Figure 4.5).

Figure 4.5: Distribution of income support reliance rates among Indigenous income support recipients aged 15–64, 2016



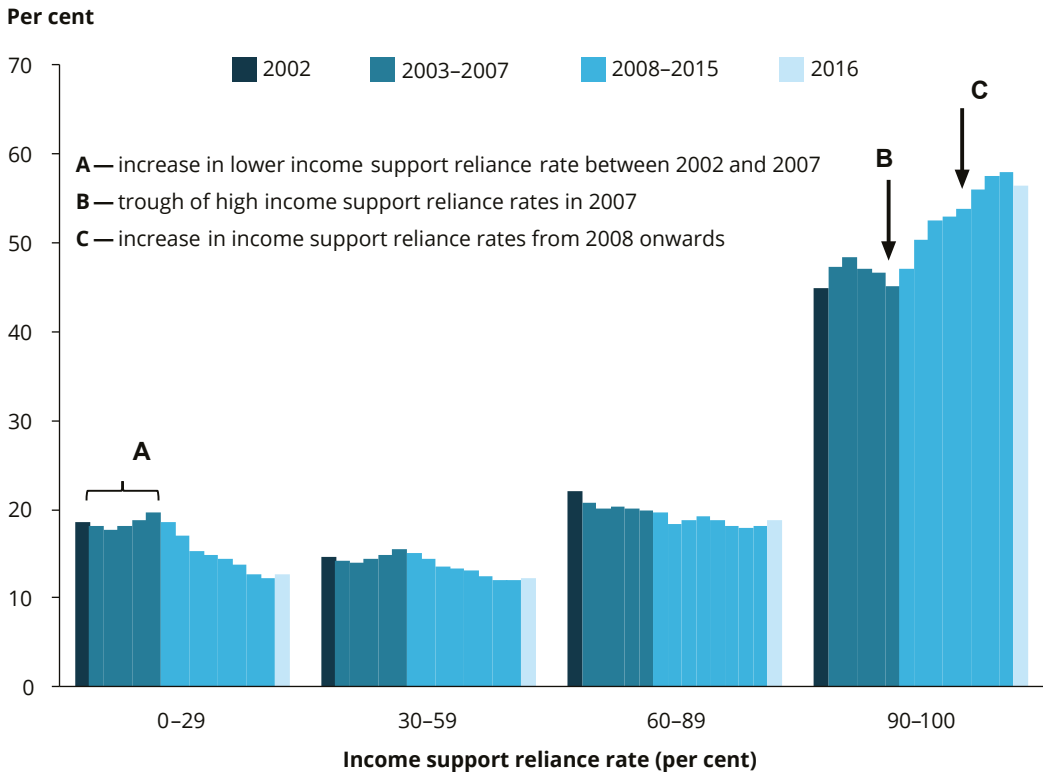
Note: Payment types include Youth Allowance (Other), Newstart Allowance, Disability Support Pension, Carer Payment, Parenting Payment Single and Parenting Payment Partnered.

Source: AIHW analysis of DSS DOMINO.

Analysis of changes in the annual distribution of ISR rates was undertaken by splitting the rates into 4 groups: 0%–29%; 30%–59%; 60%–89%; and 90%–100%. These groups were chosen because the deciles constituting them were similar over time. Figure 4.6 shows that among Indigenous Australians aged 15–64 on income support:

- Between 2002 and 2007, there was an overall increase in the proportion of Indigenous Australians on income support with lower ISR rates (see 'A'), and a corresponding overall decrease in those with a 90% or higher ISR rate (see 'B')
- Between 2007 and 2015, the proportion with an ISR rate of 90% or more increased (see 'C'), while the proportion in the lower ISR rate categories decreased. This may be due to the relatively strong labour market up to 2007, followed by somewhat weaker economic conditions following the global financial crisis.

Figure 4.6: Annual distribution of income support reliance rates among Indigenous income support recipients aged 15–64, 2002 to 2016



Note: Payment types include Youth Allowance (Other), Newstart Allowance, Disability Support Pension, Carer Payment, Parenting Payment Single and Parenting Payment Partnered.

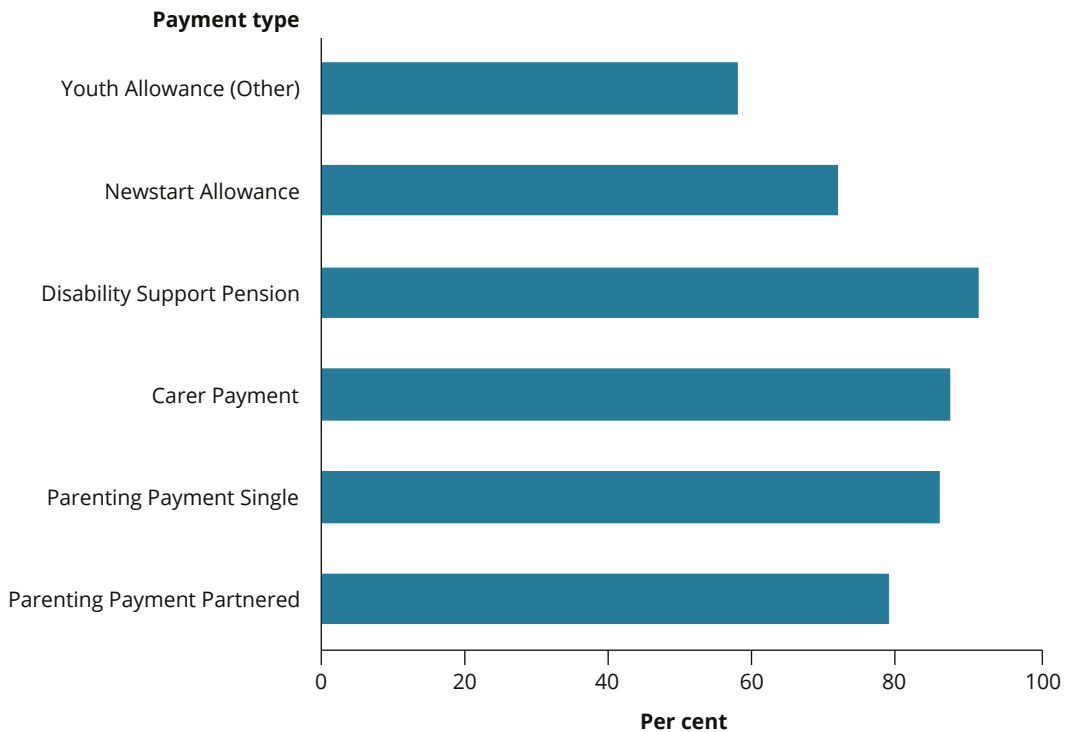
Source: AIHW analysis of DSS DOMINO.

Mean rates of income support reliance

In 2016, the mean ISR rates for working-age Indigenous Australians were:

- 77% across all 6 payment types—that is, on average, income support recipients were paid 77% of the maximum rate of benefit
- highest for recipients of DSP (91%) and Carer Payment (87%) (Figure 4.7)—correlating with individuals on these payment types being less likely to be in the labour force—followed by Parenting Payment Single (86%) and Parenting Payment Partnered (79%)
- lowest for those on Youth Allowance (Other) (58%) and Newstart Allowance (72%), reflecting the greater likelihood of individuals in receipt of these payment types finding employment to supplement their income support payments.

Figure 4.7: Mean ISR rate among Indigenous Australians aged 15–64, by payment type, 2016

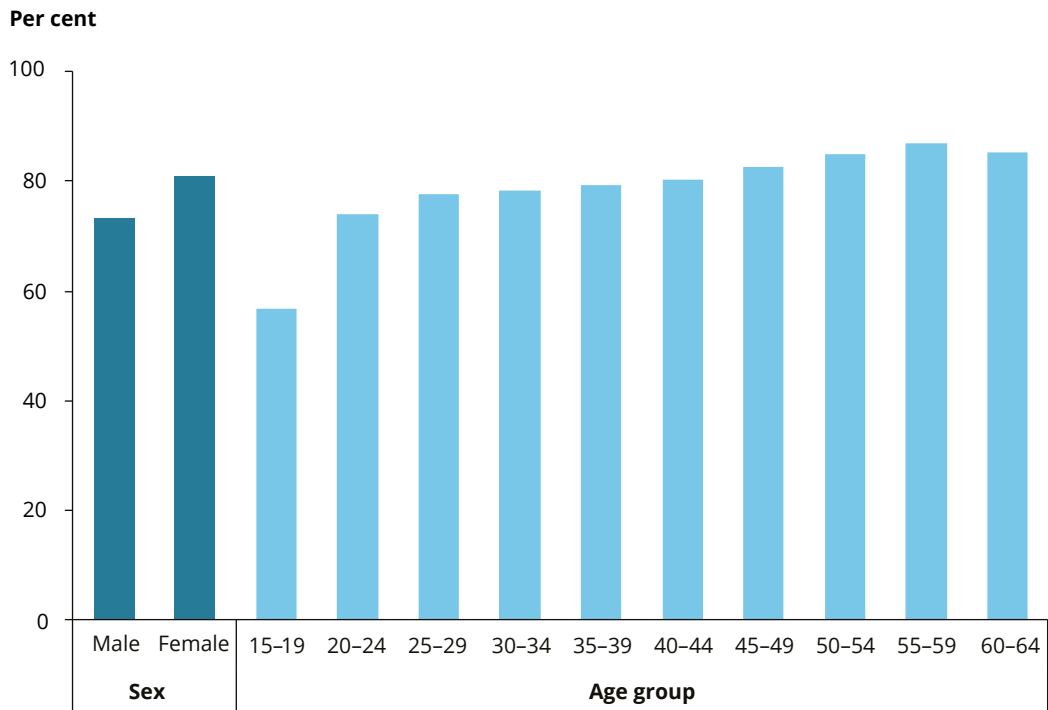


Source: AIHW analysis of DSS DOMINO.

In 2016, the extent of ISR:

- differed markedly by age—those aged 15–19 had an overall mean ISR rate of around 57%, which increased to 74% for recipients aged 20–24 and to 87% for those aged 55–59
- was lower among Indigenous males (73%) compared with Indigenous females (81%) (Figure 4.8).

Figure 4.8: Mean income support reliance rate among Indigenous income support recipients aged 15–64, by sex and age, 2016



Note: Payment types include Youth Allowance (Other), Newstart Allowance, Disability Support Pension, Carer Payment, Parenting Payment Single and Parenting Payment Partnered.

Source: AIHW analysis of DSS DOMINO.

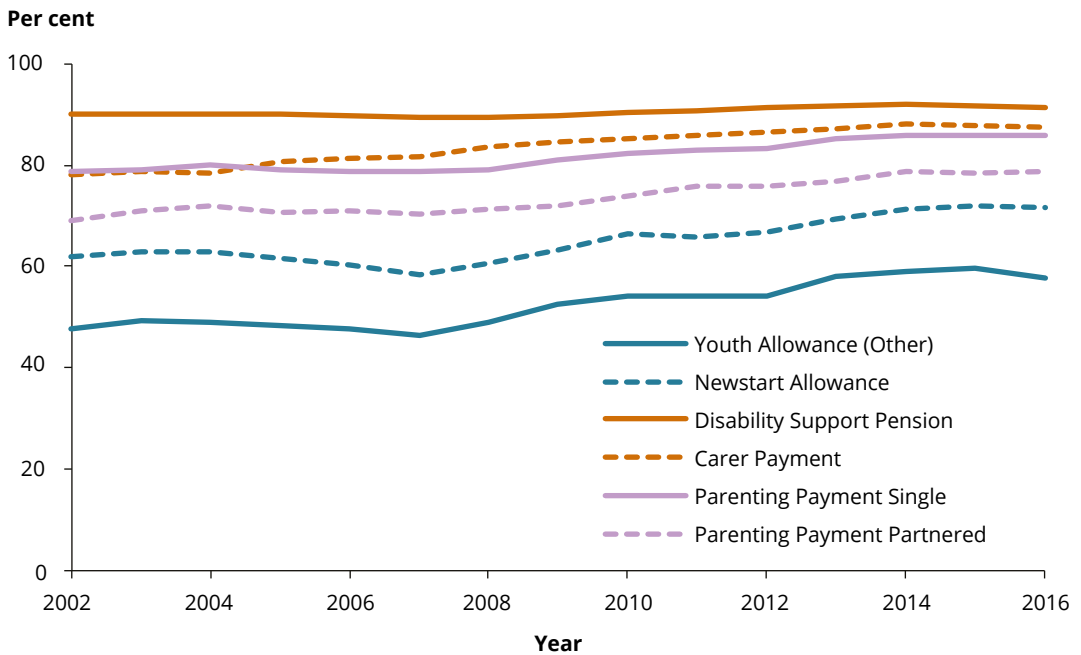
In 2016, there were only minor differences in the mean ISR rates across states and territories, and remoteness areas. However, there was a consistent decline in the mean ISR rate by Socio-Economic Indexes for Areas (SEIFA) deciles—with a higher ISR rate of 79% in decile 1 (the most disadvantaged) compared with 70% in decile 10 (the least disadvantaged) in 2016.

Trends in income support reliance

Between 2002 and 2008, the mean ISR rate was around 70% for Indigenous Australians on working-age payments, increasing to around 77% in 2016. For those on DSP, there was little change in the ISR rate between 2002 and 2016, where the mean rate was around 90% (Figure 4.9). For Carer Payment and the 2 parenting payments, there was increasing reliance over this time. For the 2 payment types made to jobseekers, Youth Allowance (Other) and Newstart Allowance, mean ISR rates showed a pattern seemingly related to general economic conditions, with an overall decrease in ISR rates up to 2007 followed by an overall increase (Figure 4.9).

The mean ISR rate for both Indigenous males and females decreased between 2002 and 2007 and increased thereafter, with a larger effect for males. That is, the mean ISR rate showed a larger decrease between 2002 and 2007 for males, as well as a larger increase from 2008 onwards—again, this possibly reflects changing economic conditions. This ‘economic’ effect was also evident in mean ISR rate for all ages 15–54—the mean ISR rates for Indigenous Australians aged 55–64 showed little variation around 2008.

Figure 4.9: Mean income support reliance rate among Indigenous income support recipients aged 15–64, by payment type, 2002 to 2016



Source: AIHW analysis of DSS DOMINO.

Pathways through time—income support

An understanding of pathways across the income support system among Indigenous Australians provides important context on entrenched disadvantage and long-term ISR.

DOMINO allows de-identified records of individuals receiving income support payments to be tracked. This section presents a cohort analysis of Indigenous Australians who received 1 of the 6 payment types in 2002 (see Box 4.4). The analysis in this section follows this ‘2002 cohort’ for 15 years, to explore entries and exits from the income support system and pathways between payment types. The analysis also looks at characteristics of individuals who were able to permanently leave income support.

Box 4.4: Income support recipient cohort analysis

A 2002 baseline cohort

Around 101,000 individuals aged 15–50 who received 1 of the 6 payment types on 1 January 2002 (the ‘2002 cohort’) were tracked through DOMINO until the end of 2016. This age group was selected because they would still be included in the working-age population (aged 15–64) throughout the 15-year tracking period. Those who died were excluded, except for those who died but were not recorded as such.

Latest payment types across 3 periods

The 2002 cohort was tracked to assess payment transitions. Three periods were chosen for measurement, each consisting of 4 years: 2002–2005, 2006–2009 and 2010–2013. For each 4-year period, individuals in the cohort were assigned the latest payment type they received during that period, or ‘none’ if they were not observed as using income support during that time.

Permanent leavers and those still on payments

For each individual, the data were divided into the period they were ‘still on’ income support and the period when they had ‘permanently left’ income support.

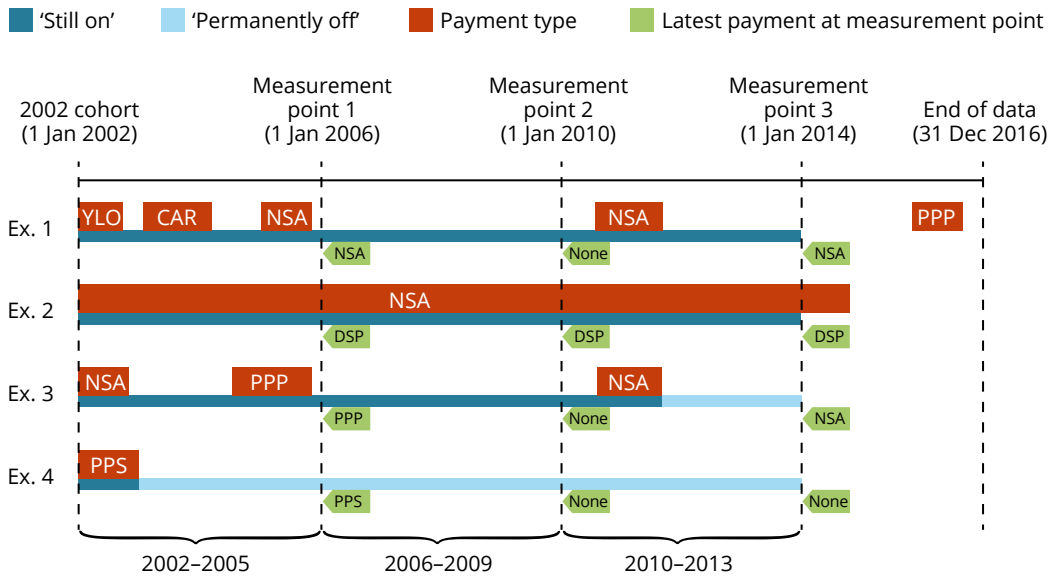
A person was determined to have ‘permanently left’ only when they were not observed as having received any of the 6 payments at a given date and had not subsequently resumed any of those 6 payments before the end of 2016. Where an individual was not receiving income support at a measurement point but they subsequently returned, they were counted as ‘still on’ income support at the measurement point. Summary statistics are presented at 3 measurement points: 1 January 2006, 2010 and 2014.

Figure 4.10 presents 4 example scenarios of individual pathways and the categorisation of ‘permanently left’ or ‘still on’ income support. The first example shows that an individual can be considered ‘still on’ income support at all points in 2006–2009 but not be on any payment from 2006–2009.

continued

Box 4.4 (continued): Income support recipient cohort analysis

Figure 4.10: Example scenarios of individual pathways across the income support system



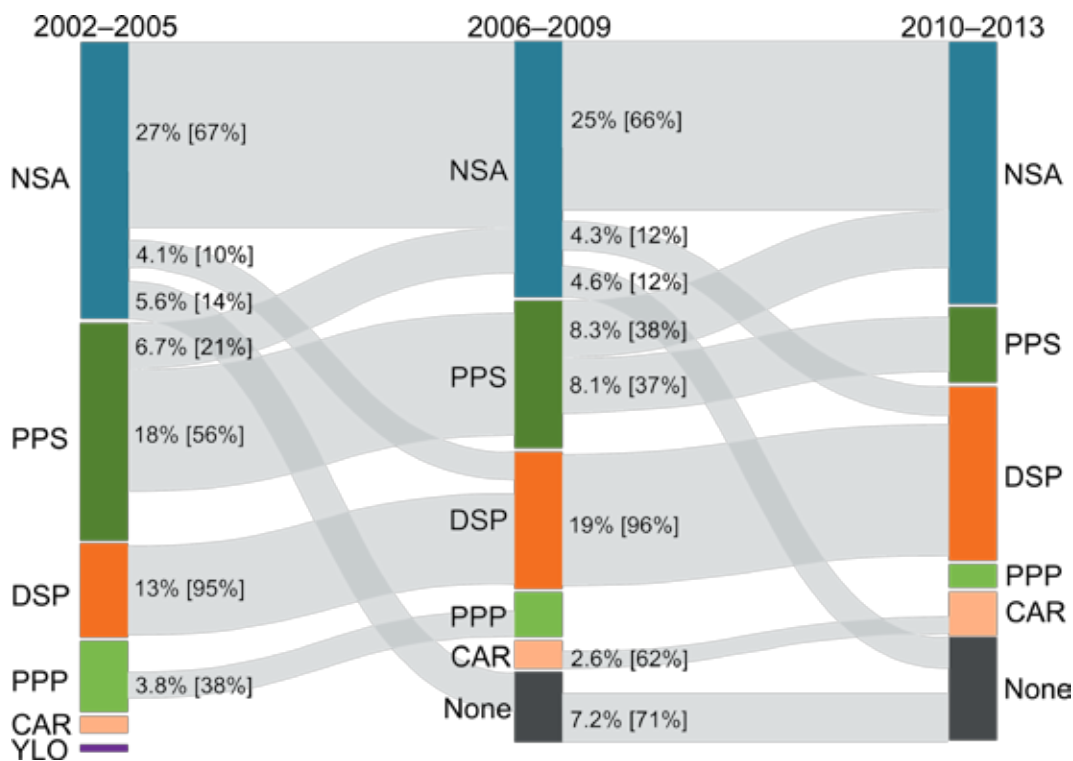
Note: Payment types include: YLO = Youth Allowance (Other); NSA = Newstart Allowance; DSP = Disability Support Pension; CAR = Carer Payment; PPS = Parenting Payment Single; PPP = Parenting Payment Partnered. See Box 4.2 for further detail on payment types included.

Transitions between payment types

Figure 4.11 shows the most common pathways for the 2002 cohort, based on the last payment type recorded for each of the time periods: 2002–2005; 2006–2009; and 2010–2013. The pathways show whether the last payment type in 1 period (for example, 2006–2009) was the same or different to that of the previous period, with ‘none’ reflecting that the person was not on any of these payment types during the period.

Each flow shows the proportion of the 2002 cohort across all income support payments, along with the breakdown of the cohort on that specific payment type—for example, 27% of the 2002 cohort had Newstart Allowance as their latest payment in 2002–2005 as well as in 2006–2009. This flow accounted for 67% of the cohort on Newstart Allowance in 2002–2005.

Figure 4.11: Most common payment type pathways of the 2022 cohort over 3 time periods



Note: Each flow shows the proportion of the 2022 cohort across all income support payments, along with the breakdown of the cohort on that specific payment type—for example, 27% of the 2022 cohort had Newstart Allowance as their latest payment in 2002-2005 as well as in 2006-2009. This flow accounted for 67% of the cohort on Newstart Allowance in 2002-2005. Payment types include: YLO = Youth Allowance (Other); NSA = Newstart Allowance; DSP = Disability Support Pension; CAR = Carer Payment; PPS = Parenting Payment Single; PPP = Parenting Payment Partnered. See Box 4.2 for further detail on payment types included.

Source: AIHW analysis of DSS DOMINO.

Analysis of the last payment type recorded in 2002-2005 and 2006-2009 showed that among the 2022 cohort:

- Almost two-thirds (63%) of income support recipients remained on the same payment type over the 2 periods. The degree to which recipients maintained their original payment varied across payment types—95% of those on DSP remained on this payment, followed by 67% of those on Newstart Allowance, 56% of those on Parenting Payment Single and 38% of those on Parenting Payment Partnered.
- Over one-third (37%) of income support recipients moved away from their original payment type between the 2 periods (including those who moved to recording no payment type). The largest movements between payment types were observed for those moving from Parenting Payment Single to Newstart Allowance (6.7% of the 2022 cohort) followed by those moving from Newstart Allowance to 'none' (5.6% of the 2022 cohort).

The same general patterns occurred between 2006–2009 and 2010–2013, with around 62% of all income support recipients remaining on the same payment type between the 2 periods. Again, DSP had the highest proportion maintaining the same payment type (96%) followed by Newstart Allowance (66%). Movement to Newstart Allowance was the largest flow (8.3% of the 2002 cohort) from those on Parenting Payment Single.

Further, the majority of the 2002 cohort who were not on any of the 6 payment types at the end of 2006–2009 were also not on any payment at the end of 2010–2013 (represented by the large proportion, 71%, going from ‘none’ to ‘none’ in Figure 4.11).

Two movements observed between 2002–2005 and 2006–2009 as well as between 2006–2009 and 2010–2013, include those from:

- Newstart Allowance to DSP—of the 2002 cohort that recorded Newstart Allowance as their latest payment in 2002–2005, 10% had DSP recorded as their latest payment in 2006–2009. This proportion increased to 12% of the 2002 cohort that had Newstart Allowance recorded as their latest payment in 2006–2009 and DSP in 2010–2013. The movement from a jobseeker payment to a disability payment requires further investigation to understand whether disability is becoming more prevalent or whether those with a disability are being more accurately and appropriately assessed.
- Newstart Allowance to none of the 6 payment types—14% of the 2002 cohort who recorded Newstart Allowance as their latest payment in 2002–2005 were not on any of the 6 payment types in 2006–2009. The proportion of the 2002 cohort on Newstart Allowance as the last payment in 2006–2009 that were not on any of the 6 payment types in 2010–2013 was 12%.

Permanent leavers

Permanent leavers were those who had left income support and had not subsequently returned to any of the 6 payment types up to the end of 2016 (see Box 4.4). Between 2002 and 2014, just under one-fifth (18,900 or 19%) of Indigenous Australians in the 2002 cohort had permanently left income support (that is, not receiving any of the 6 payment types up to 2016). Cumulatively, there were around 6,000 (5.9%) who had permanently left by 1 January 2006, around 11,800 (12%) by 1 January 2010 and around 18,900 (19%) by 1 January 2014.

Characteristics of permanent leavers

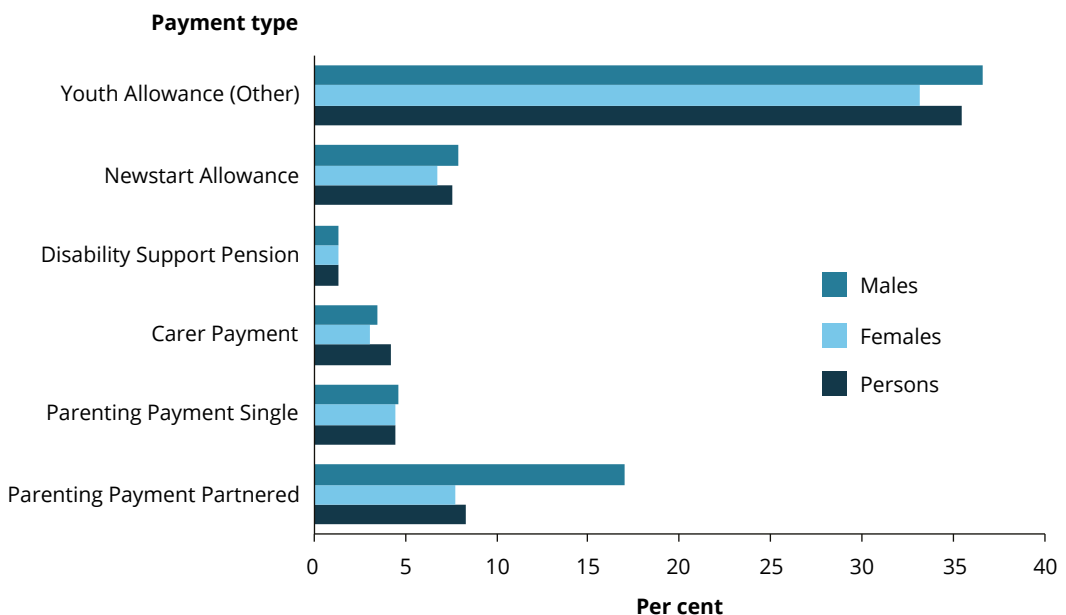
Among the 2002 cohort, 35% (850 people) of those on Youth Allowance (Other) permanently left income support by 1 January 2006 (Figure 4.12). All other payment types had permanent leaver rates below 9%, with Parenting Payment Partnered (8.3%) and Newstart Allowance (7.5%) the next 2 highest rates, and DSP (1.3%) the lowest rate.

Over half (58%) of the 2002 cohort that were not on any of the 6 payment types in the 4 years to 1 January 2010 (i.e. 'none') had not returned to any of the 6 payment types by the end of 2016 (Figure 4.13). This rate of permanent leavers increased to 77% for those that were not on any of the 6 payment types in the 4 years to 1 January 2014.

At all 3 measurement points, Indigenous males had a higher rate of permanent leavers than Indigenous females—around 1.5 percentage points higher at each of the time points. There were minor variations in the rates of permanent leavers between age groups, with 1 exception: the 45–50 age group had lower rates of permanent leavers than the younger age groups.

Further examination of the 6 payment types (Figure 4.12) shows the rates of permanent leavers at 1 January 2006 by latest payment type (over the period 2002–2005) and sex. Where the latest payment recorded was Youth Allowance (Other), the permanent leaver rate was over 30% for both Indigenous males and females (though only 850 recipients had this as their latest payment). For those who had Parenting Payment Partnered as their latest payment type, Indigenous males had a substantially higher rate of permanent leavers than females, while for Carer Payment and Newstart Allowance the rate was only slightly higher for males. The other payment types were approximately the same for males and females.

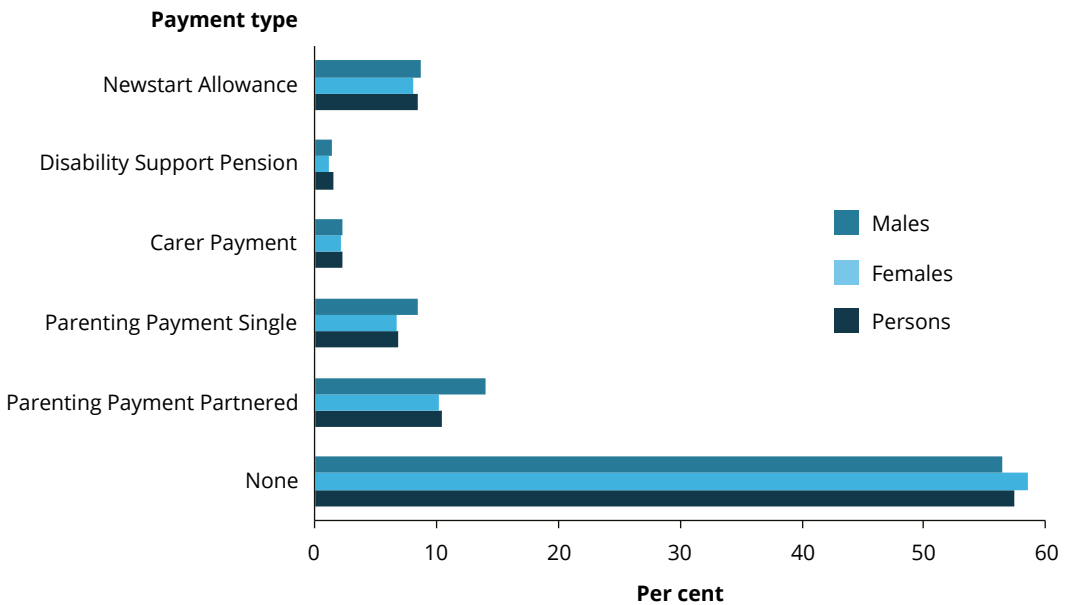
Figure 4.12: Proportion of permanent leavers in the 2002 cohort, by sex and latest payment type, 1 January 2006



Source: AIHW analysis of DSS DOMINO.

Similar patterns were also observed on 1 January 2010 with the latest payment being determined over the 4 years 2006–2009. The main additional feature is that 59% of Indigenous females who received 1 of the 6 payment types in 2002 and did not receive any of the 6 payment types between 2006 and 2009 were permanent leavers—slightly higher than for males (56%) (Figure 4.13). A similar effect was observed on 1 January 2014, with the rates rising to over 75%.

Figure 4.13: Proportion of permanent leavers in the 2002 cohort, by sex and latest payment type, 1 January 2010



Note: Youth Allowance (Other) is not shown as no individuals had this payment type as their latest payment type between 2006 and 2009 inclusive

Source: AIHW analysis of DSS DOMINO.

Next steps

Further research on income support among Indigenous Australians is currently being investigated by the AIHW, including looking at shorter time frames in the pathways through income support; investigating the characteristics of permanent leavers relative to those who remain on income support; and investigating intergenerational income support use.

A forthcoming AIHW publication aims to expand on this article by investigating a select number of these further avenues, as well as providing technical detail of all analyses.

References

- ABS (Australian Bureau of Statistics) 2014. Estimates and Projections, Aboriginal and Torres Strait Islander Australians, 2001 to 2026. ABS cat. no. 3238.0. Canberra: ABS.
- ABS 2018a. Table 1: labour force status by sex, Australia—trend, seasonally adjusted and original. ABS cat. no. 6202.0. Canberra: ABS.
- ABS 2018b. Estimates of Aboriginal and Torres Strait Islander Australians, June 2016. ABS cat. no. 3238.0.55.001. Canberra: ABS.
- AIFS (Australian Institute of Family Studies) 2015. The Longitudinal Study of Australian Children annual statistical report 2014. Melbourne: AIFS.
- AIHW (Australian Institute of Health and Welfare) 2015. Australia's welfare 2015. Australia's welfare series no. 12. Cat. no. AUS 189. Canberra: AIHW.
- AIHW 2017a. Aboriginal and Torres Strait Islander Health Performance Framework 2017: supplementary online tables. Cat. no. WEB 170. Canberra: AIHW.
- AIHW 2017b. Australia's welfare 2017. Australia's welfare series no. 13. Cat. no. AUS 214. Canberra: AIHW.
- AIHW 2018. Closing the Gap targets: 2017 analysis of progress and key drivers of change. Cat. no. IHW 193. Canberra: AIHW.
- Black D & Lee WS 2009. Experiences of income support recipients with a mental illness. Projects 6/2008. Melbourne: Melbourne Institute of Applied Economic and Social Research. Viewed 20 February 2019, <https://melbourneinstitute.unimelb.edu.au/assets/documents/sprs-reports/2005-2009/6-08_Final_Report.pdf>.
- Cobb-Clark DA, Dahmann SC, Salamanca N & Zhu A 2017. Intergenerational disadvantage: learning about equal opportunity from social assistance receipt. IZA discussion paper no. 11070. Bonn: Institute of Labor Economics (IZA). Viewed 30 May 2019, <<https://www.iza.org/publications/dp/11070>>.
- Cobb-Clark DA & Gørgens T 2009. Childhood family circumstances and young adult people's receipt of income support. Youth in Focus project discussion paper series no. 7. Canberra: Research School of Social Sciences, Australian National University.
- Daly A, Henry R & Smith DE 2002. Welfare and the domestic economy of Indigenous families: policy implications from a longitudinal survey. CAEPR (Centre for Aboriginal Economic Policy Research) working paper no. 239/2002. Canberra: CAEPR.
- DSS (Department of Social Services) 2015. Footprints in Time: The Longitudinal Study of Indigenous Children—report from Wave 5. Canberra: DSS.
- DSS 2016. DSS demographics June 2016. Canberra: DSS. Viewed 14 May 2019, <<https://data.gov.au/data/dataset/cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/resource/829fc910-e263-4a59-ad33-1cd1159ce0df/download/dss-demographics-june-2016.xlsx>>.
- Klapdor M & Arthur D 2016. Welfare—what does it cost? In: Briefing book—key issues for the 45th Parliament. Canberra: Department of Parliamentary Services, 76–8.

McLachlan R, Gilfillan G & Gordon J 2013. Deep and persistent disadvantage in Australia. Staff working paper. Canberra: Productivity Commission.

SCRGSP (Steering Committee for the Review of Government Service Provision) 2016. Overcoming Indigenous disadvantage: key indicators 2016. Canberra: Productivity Commission.

SCARC (Senate Community Affairs Reference Committee) 2004. A hand up not a hand out: Renewing the fight against poverty. Report on poverty and financial hardship. Canberra: Commonwealth of Australia.

Social Security Amendment (Training Incentives) Act 2009. No. 43 of 2009. Canberra: Commonwealth of Australia.

Wilkins R & Lass I 2018. The Household, Income and Labour Dynamics in Australia Survey: selected findings from waves 1 to 16. Parkville: Melbourne Institute, Applied Economic and Social Research, University of Melbourne.