

## 4. Income from employment and welfare

Residents of the Thamarrurr region have a number of potential sources of cash income. These range from wage labour in CDEP or in other more mainstream forms of work, unemployment benefit and other benefit payments from Centrelink, agreed payments to traditional land owners, and private income from the sale of art and craft works. Set against these, of course, are routine deductions from income, such as those for house rent and power charges, much of which is now debited at source via Bpay.

Accurate data on income levels, and employment and non-employment sources of income, are notoriously difficult to obtain due to a variety of conceptual problems. For one thing, most available data on income refer to period of time, such as annual or weekly income, whereas the flow of income to individuals and households within the region is often intermittent. Census data, for example, are collected for all sources of income in respect of a 'usual week' and then rounded up to annual income. What might constitute 'usual weekly' income in many Aboriginal households is difficult to determine. On the credit side, there is the likelihood of intermittent employment and windfall gains from sources such as gambling, cash loans, and agreed payments. These sources of income combine with debits, for example due to loss of employment and sometimes welfare payments, to create a highly complex picture even over a short space of time, and one that standard methods of data gathering are likely to misrepresent.

Even if adequate questions were asked regarding income, high levels of population mobility would make it difficult to establish a consistent set of income recipients over a period of time. This is further complicated by job mobility with individuals often employed on a casual or part-time basis and moving into and out of longer-term jobs. As for the circulation of cash between individuals and households, information on this is non-existent. Also lacking are data on expenditure, although a common pattern reported from similar communities is one of cash feast and famine against a background of high costs for essentials such as food and transport (Beck 1985: 89; Taylor & Westbury 2000).

The most comprehensive source of personal income data for the region based on a consistent methodology is available from the census. It should be noted, however, that census data report income in categories, with the highest category left open-ended. Consequently, actual incomes have to be derived. In estimating total and mean incomes, the mid-point for each income category is used on the assumption that individuals are evenly distributed around this mid-point. The open-ended highest category is problematic, but it is arbitrarily assumed that the average income received by individuals in this category was one-and-a-half times the lower limit of the category.

Also, the gross income reported in the census is intended to include family allowances, pensions, unemployment benefits, student allowances, maintenance, superannuation, wages, salary, dividends, rents received, interest received, business or farm income, and worker's compensation received. Whether all such sources are reported in Thamarrurr, or elsewhere for that matter, is unknown. One distinct advantage of census data, however, is that it provides a means by which one estimate of dependence on income from welfare

can be derived. This is done by cross-tabulating data on income with labour force status as a basis for distinguishing employment income from non-employment income, the latter being considered a proxy measure of welfare dependence.

## Employment and non-employment income

The relative contribution made to total income from employment, as opposed to from other sources, is an important factor in the regional economy. Approximate parity between net incomes derived from social security and those derived from employment (after tax) is likely, unless there is access to well-paying jobs. While it is argued generally for Aboriginal people that the gap between welfare and after-tax earned income is sufficiently low as to discourage job seeking (Hunter & Daly 1998), in the Thamarrurr region clearly the issue is just as much about creating sufficient employment in the first place.

Table 4.1 shows Aboriginal and non-Aboriginal annual average personal incomes as recorded by the 2001 Census. Clearly, employment in the mainstream labour market returns higher personal income compared to CDEP. However, in aggregate, Aboriginal people in mainstream work still lag far behind their non-Aboriginal counterparts with average income levels almost 30 per cent lower due to fewer hours worked and lower occupational status. Even reported Aboriginal non-employment (welfare) income is substantially lower than non-Aboriginal equivalent income. Reasons for this are not clear, but it is worth asking whether this might reflect underpayment of benefits to community residents. Overall, average Aboriginal personal incomes are more than 80 per cent lower than non-Aboriginal income.

**Table 4.1. Aboriginal and non-Aboriginal annual average personal income by labour force status: Thamarrurr region, 2001**

	Average per category				
	CDEP (\$)	Mainstream (\$)	Unemployed (\$)	NILF (\$)	Total earnings per adult (\$)
Aboriginal (1)	8926	15 127	8240	8170	8632
Non-Aboriginal (2)	n/a	52 240	n/a	15 600	49 143
Ratio (1/2)	n/a	0.28	n/a	0.52	0.17

Source: Calculated from customised ABS 2001 Census tables

## Welfare income

The dollar contribution to regional income from employment and non-employment (welfare) sources estimated from 2001 Census data is shown in Table 4.2. According to these calculations, the total gross annual personal income accruing to adult residents of the Thamarrurr region in 2001 amounted to \$10 million. However, only two-thirds of this (\$6.6m) went to Aboriginal residents despite the fact that they accounted for 92 per cent of the adult population. Of greater note is the fact that only 16 per cent of the total regional income of \$4 million generated by mainstream employment accrued to Aboriginal

people. The implications of this are reflected in relative levels of welfare dependency with 82 per cent of total Aboriginal income attributable to non-employment (welfare) sources compared to only three per cent of non-Aboriginal income. If CDEP income is also counted as welfare income owing to its notional link to Newstart Allowance, then the level of Aboriginal welfare dependency rises to 90 per cent.

**Table 4.2. Gross annual personal income for Aboriginal and non-Aboriginal adult residents of the Thamarrurr region, 2001**

	Aboriginal (\$)	Non-Aboriginal (\$)	Total (\$)	Aboriginal % share of income category
CDEP	535 600	n/a	535 600	100.0
Mainstream	665 600	3 395 600	4 061 200	16.4
Unemployment	107 120	n/a	107 120	100.0
NILF	5 286 320	93 600	5 379 920	98.3
Total	6 594 640	3 489 200	10 083 840	65.4
Welfare share (exc. CDEP)	81.8	2.7		
Welfare share (inc. CDEP)	89.9	2.7		

Source: Calculated from customised ABS 2001 Census tables

While it is not easy to directly compare estimates made from census data with those made from administrative records, in order to gain a clearer picture of the composition of welfare income and to benchmark the census-based estimates of welfare income, information was obtained from Centrelink on the amounts paid in benefits (excluding CDEP) for a single fortnight as close to the census date as possible (Table 4.3). It should be noted that these data are for the total population owing to difficulties with Aboriginal identification in Centrelink records. It should also be noted that the annualised estimates shown are derived by simply multiplying the fortnightly payments by 26, although there is some justification for this given reasonable stability over time in fortnightly amounts. These data yield an overall estimate of welfare payments of \$8.4 million in 2001, which is considerably higher than the census-based estimate of \$5.3 million. If we add to this the census-derived figure from Table 4.2 of \$4.6 million accruing to non-Indigenous workers, plus CDEP, then the gross personal income for Thamarrurr in 2003 can be estimated at \$13 million.

**Table 4.3. Number and amount of Centrelink benefit payments for individuals with a postal address as Wadeye and outstations, 2001**

	Number of customers	Total amount of fortnightly benefits paid <sup>a</sup> (\$)	Estimated annualised amount paid (\$)
Total region	1076	323 238	8 404 188

a. Based on fortnight ending 20 July 2001

Source: Centrelink, Darwin

**Table 4.4. Fortnightly and annualised Centrelink payments by type and amount for customers with a postal address as Wadeye and outstations, 2003<sup>a</sup>**

	<b>Pensions</b>	<b>Newstart</b>	<b>Family</b>	<b>Parenting</b>	<b>Carers</b>	<b>Abstudy</b>	<b>Total</b>
Fortnightly (\$)	57 770	125 628	94 843	48 363	1 491	2 235	330 330
Annual (\$)	1 502 026	3 266 336	2 465 923	1 257 449	38 763	58 102	8 588 599
No. of customers	143	449	295	146	17	30	1 080

a. Based on fortnight ending 4 April 2003

Source: Centrelink, Darwin

Table 4.4 shows the distribution of Centrelink payments by payment type and amount for the fortnight ending 4 April 2003 as at April 2003. While the total number of customers is shown as 1080, and while the payment categories are mostly discrete, there is some overlap between family and parenting payments, and so the actual number of unique customers is probably fewer than shown here. At the same time, with the shift away from payments by cheque, electronic deposits directly into bank accounts now make up 82 per cent of all payments made at Wadeye. As a consequence, and because of frequent short-term population movement in and out of the region, an unknown number of Thamarrurr residents may well be recorded on the Centrelink database with a non-Thamarrurr address and so do not appear in the data shown here. The likelihood, then, is that these data represent a sample, albeit a large one, of the Thamarrurr situation.

While the amounts paid vary from fortnight to fortnight, this variation is only slight and the distribution by payment types shown here has been reasonably stable for the past two years. Thus, the annualised amounts, while estimates only, are fairly robust. Overall, then, an estimated annual total of \$8.6 million is paid by Centrelink<sup>4</sup> to residents of Wadeye and outstations in line with their citizen entitlements. The greatest share of this amount (\$3.2m or 37%) is allocated as Newstart Allowances for those unemployed. Almost half of all Centrelink customers fall into this category. The next largest group are those in receipt of family payments amounting to \$2.5 million (29% of total payments). In line with the youthful age distribution, pensions account for only 17 per cent of all payments, although Abstudy payments represent a miniscule proportion (0.7%) despite the relatively large numbers in eligible age groups. Only 25 individuals over the age of 16 years were in receipt of Abstudy, and only five aged less than 16.

<sup>4</sup>This is 55 per cent higher than the census-based estimate of \$5.4 million. While both estimates are likely to suffer methodological uncertainty, it does seem that the census substantially under-reported non-employment income.