



**Submission to the Senate Inquiry into the Extent of Income
Inequality in Australia**

Income inequality experienced by the people of rural and remote Australia

October 2014

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Overview

Income inequality is a significant issue for the more than 6.7 million people of rural and remote Australia, especially given the pervasive influence of low income on health and wellbeing.

On top of the lower median gross household incomes in rural and remote Australia, many goods and services are more highly priced. In 2005 the AIHW identified food costs as being 10-20 per cent higher in rural and remote areas, with petrol frequently being 10 per cent more costly. More recent figures confirm these price differentials.

Despite the common perception that housing in rural and remote areas is cheaper than in the major cities, people in rural and regional Australia are just as likely to experience housing stress.

The well-known challenges of access to health, housing, education and work in rural and remote Australia are associated with higher rates of health risk factors and higher rates of a number of chronic conditions among the people of rural and remote Australia. Income inequality contributes to these worse health outcomes, which result in higher rates of avoidable hospitalisations for chronic conditions and higher death rates than experienced by their city counterparts.¹

Despite this worse health, because they have lower incomes people living in rural and remote areas are more likely than those in the major cities to report that they do not attend medical and dental visits, treatments, tests and medications because of cost.

The extent and increasing rate of income inequality in rural and remote Australia

The extent of income inequality for people who live outside the Major cities² has worsened over the past decade, as shown in Table 1 and Figure 1 below.

In 2011-12 the median gross household income in the cities across Australia was 1.37 times higher than for the 'balance of state'. This compared with 1.27 to 1.32 between 1997-98 and 2005-06, and 1.16 in 1996-97. The city-country income differential was significantly larger in 2011-12 than fifteen years earlier.

¹ COAG Reform Council. Healthcare in Australia 2012-13: Five years of performance. (Including supplements comparing health outcomes by remoteness and by socio-economic status.)

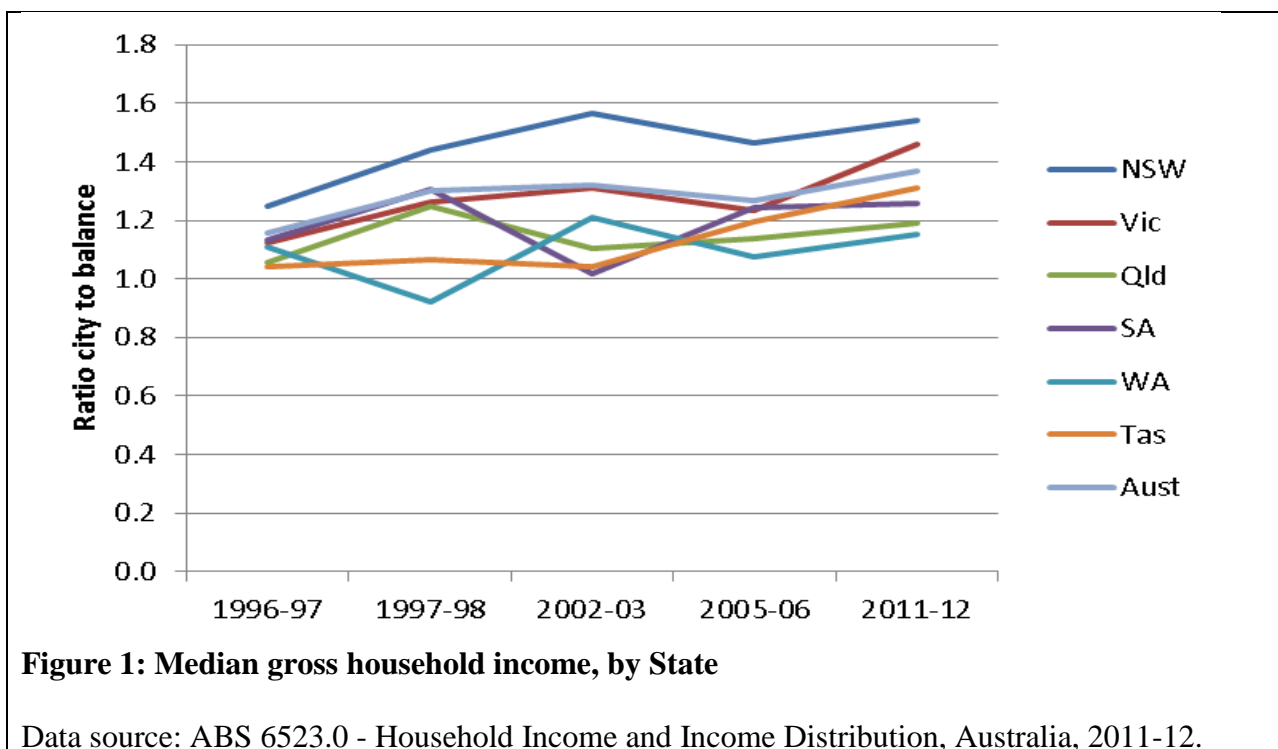
<http://www.coagreformcouncil.gov.au/reports/healthcare/healthcare-australia-2012-13-five-years-performance.html>.

² Throughout this submission references to remoteness areas are based on ASGC-RA, in which category 1 is Major cities, 2 is Inner regional areas, 3 Outer regional, 4 Remote and 5 Very remote. For methodological reasons (eg small numbers) Remote and Very remote are often reported jointly. In the submission, references to "regional areas" mean Inner plus Outer regional; and references to "remote areas" mean Remote plus Very remote.

Table 1: Median gross household income³

Year	Capital city	Balance of state	city/bal ratio
1996-97	\$ 500	\$ 432	1.16
1997-98	\$ 544	\$ 418	1.30
2002-03	\$ 940	\$ 713	1.32
2005-06	\$ 1,139	\$ 898	1.27
2011-12	\$ 1,612	\$ 1,176	1.37

This increasing income inequality for those living outside the capital cities is shown in Figure 1. NSW has consistently had the greatest differences between city and country incomes.



The median gross household income in the capital city was higher than for the balance of state across all States over the same time period, as shown in Table 2.

³ Data source: ABS 6523.0 - Household Income and Income Distribution, Australia, 2011-12.

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/second+level+view?ReadForm&prodno=6523.0&viewtitle=Household%20Income%20and%20Income%20Distribution,%20Australia~2011-12~Latest~31/07/2013&&tabname=Past%20Future%20Issues&prodno=6523.0&issue=2011-12&num=&view=&>

Table 2: Median gross household income by State⁴

Year	NSW	Vic	Qld	SA	WA	Tas	Aust
Ratio of capital city to balance of state							
1996-97	1.25	1.12	1.06	1.13	1.11	1.04	1.16
1997-98	1.44	1.26	1.25	1.31	0.92	1.07	1.30
2002-03	1.56	1.31	1.10	1.02	1.21	1.04	1.32
2005-06	1.47	1.23	1.14	1.24	1.08	1.20	1.27
2011-12	1.54	1.46	1.19	1.26	1.15	1.31	1.37

Eighteen of the 20 electorates with the lowest household incomes are outside the capital cities. The eleven poorest Federal electorates measured by median household income per head are Barker, Grey, Bass, Braddon, Mallee, Wide Bay, Lyons, Page, Lyne, Hinkler and Cowper.

Poverty and its compounding factors

Low incomes are associated with challenges in access to health, housing, education and work.

Even allowing for the costs of housing, poverty is slightly worse outside the capital cities (14.0 per cent) than in capital cities (13.8 per cent).⁵ When housing costs are taken out of the equation, this divide becomes starker.⁶

Despite the average lower cost of housing in rural and remote areas than in major cities, people in rural and regional Australia are just as likely to experience housing stress as those in major cities. The lower cost of housing can entice people on lower incomes to move to more remote areas which unfortunately often provide little opportunity for employment and/or have lower levels of access to services. Energy prices are also frequently higher in non-metropolitan areas.

The experience of poverty is closely connected to where people live and the local resources available to them. Simple 'income poverty' (i.e. measured according to standard poverty lines) is compounded for people in rural and remote areas by:

- reduced access to services such as health⁷, education and transport;

⁴ Data source: ABS 6523.0 - Household Income and Income Distribution, Australia, 2011-12.

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/second+level+view?ReadForm&prodno=6523.0&viewtitle=Household%20Income%20and%20Income%20Distribution,%20Australia~2011-12~Latest~31/07/2013&&tabname=Past%20Future%20Issues&prodno=6523.0&issue=2011-12&num=&view=&>

⁵ Australian Council of Social Service. Poverty in Australia. October 2014

http://www.acoss.org.au/images/uploads/ACOSS_Poverty_in_Australia_2014.pdf

⁶ The situation varies from state to state according to the relative price of housing in the capital city and the balance of state; housing has been particularly costly in Sydney and Perth.

- fewer employment opportunities;
- higher costs of goods and services;
- poor infrastructure for public transport, communications, housing;
- poorer education and educational outcomes; and
- other unavoidable consequences of living in small and isolated places.

About 70 per cent of Australia's Aboriginal and Torres Strait Islander people live outside the capital cities and low income for those in rural and remote areas is compounded by the factors listed above. There is a separate section below on income and Aboriginal and Torres Strait Islander people.

Low income is not restricted to those who are unemployed. The situation facing the working poor, especially in rural and remote areas, is widespread and serious.

Low income in rural and remote areas is sometimes offset by substantial assets. The well-known syndrome of being 'income poor and asset rich' is one with which social security and income support systems and policymakers still grapple.

The Table below is based on data published by the Public Health Information Development Unit (PHIDU). It illustrates the gradient that applies to several of those factors which compound the effects of income inequality for rural and remote people.

Table 3: Indirect poverty indicators - by remoteness areas

	Major Cities	Inner Regional	Outer Regional	Remote	Very Remote
	Percent				
Low income families with children 2009	8.8	10.7	11.1	12.9	23.1
Single parent payment beneficiaries 2009	4.6	6.9	6.8	6.2	6.5
Disability support pensioners 2009	4.6	7.0	6.9	5.6	5.2
Long term unemployment beneficiaries 2009	2.3	3.3	3.4	3.7	5.5
Unskilled and semi skilled workers 2006	14.6	19.6	21.4	22.8	30.4
Jobless families with children under 15 yrs 2011	12.2	15.4	15.6	15.0	25.9
Private health insurance (hospital cover) 2001	48.2	43.8	40.6	33.0	19.6

Source: PHIDU <http://www.publichealth.gov.au/remoteness---australia/remoteness---australia-2012-incl.-2011-census-data.html> viewed 19/09/2013.

⁷ People in rural and remote areas face an overall health care deficit of \$2.1 billion a year (NRHA analysis of AIHW data in 'Australia's health system needs re-balancing: a report on the shortage of primary care services in rural and remote areas. January, 2011'. <http://www.ruralhealth.org.au/sites/default/files/documents/nrha-policy-document/position/pos-full-complementary-report-27-feb-11.pdf>

Employment, underemployment and unemployment

The most important determinant of income inequality between major cities and rural and remote areas is the availability of work. Rural, regional and remote areas consistently have higher rates of unemployment and - more hidden but equally important - underemployment. Not only are there fewer job opportunities in rural and remote areas but those that exist are in a narrower band of occupations, many of which are unskilled or semiskilled. The demand for unskilled labour has been falling for many years.

Another aspect of the work available in rural and remote areas is that a substantial proportion of it relates to agriculture and the minerals sector. Work and incomes in these sectors are notoriously variable and, due to their dependence on international markets and weather conditions, largely beyond the control of individual workers.

The extent of the seasonal and fly-in fly-out workforce is not well understood although it has a range of impacts on costs and demands on services (including health services) in rural and remote areas that can add benefits and challenges to local economies – and particularly for people on low incomes.⁸

In addition, communities in regions with single sector industries are vulnerable to changes in policy that can reduce the viability of those industries and hence employment.⁹

People in small country towns and rural areas have higher rates of economic exclusion than residents of the inner city, as evidenced by their greater difficulty in raising \$500 in an emergency or \$2000 within a week.¹⁰

The highest prevalence of 'deep and persistent exclusion' is recorded by people in outer regional areas, followed by those in inner regional areas.¹¹ The prevalence in remote areas was unassessed, but would in all probability be higher again.

Aboriginal and Torres Strait Islander incomes

About 70 per cent of Australia's Aboriginal and Torres Strait Islander people live outside the capital cities, making Indigenous wellbeing a critical rural, regional and remote issue.

Aboriginal and Torres Strait Islander people are especially vulnerable to low incomes and their consequences. Comparative income data show as follows.

- The average Aboriginal and Torres Strait Islander person's disposable income is only 70 per cent of the average non-Indigenous Australian. This gap is often wider in rural, regional and remote areas; for example, in Cape York in Queensland the estimated average disposable income for Aboriginal and Torres Strait Islander people was \$394 a

⁸ Erny-Albrecht K, Brown L, Raven M, Bywood P. PHCRIS Policy Issue Review. Fly-in Fly-out/Drive-in Drive-out practices and health service delivery in rural areas of Australia. Primary Health Care Research & Information Service, 2014. <http://www.phcris.org.au/publications/policyreviews/report.php?id=8425>

⁹ ABS Census data 2006.

¹⁰ Ibid.

¹¹ Ibid.

week, only 45 per cent of the average disposable income of non-Indigenous Australians (\$869).¹²

- There is no region in Australia – rural, remote, regional or urban – in which Aboriginal and Torres Strait Islander people have a higher average disposable income than non-Indigenous people.¹³
- The average disposable income for a non-Indigenous male who is not employed is 1.4 times as high as the average income for an Aboriginal or Torres Strait Islander male who is not employed.¹⁴
- Although Aboriginal and Torres Strait Islander people make up 2.5 per cent of the total Australian population, 25 per cent of the homeless population identified as Aboriginal or Torres Strait Islander in the 2011 Census.¹⁵

Issues related to and influencing low income

A range of factors affect the capability of individuals to escape the effects of low income, its duration and its impacts. These factors include:

- education;
- health;
- housing and energy costs;
- the nature of work, employment and income;
- the characteristics of their place of residence; and
- access to and the cost of goods and services.

In aggregate, or on average per family, there is a gradient in relation to these matters from major city, through regional, to remote and very remote areas.

However, despite all of these real disadvantages, people from rural and remote areas frequently score higher on self-perceived notions of 'happiness'. It is not clear what the main reasons for this are, but they are likely to include benefiting from a sense of community connectedness that is more readily available in smaller places. For instance, the prevalence of voluntary work for groups or organisations is higher outside major cities.

If one has a job and a reliable income that is reasonable (according to one's expectations), rural and regional Australia may well be the best place in the world in which to live. Unfortunately, however, a greater proportion of those in such areas do not have that prerequisite. Incomes are poorer and associated deprivation considerably worse in rural and remote areas than in Australia's major cities.

The Federal Budget 2014-15 and other options to address income inequality

Some of the changes proposed in the 2014-15 Budget would exacerbate the current income inequality between city and country areas.

¹² Dr Nicholas Biddle, Centre for Aboriginal Economic Policy Research. Indigenous Population Project, 2011 Census Papers. Paper 11, Income. ANU, Canberra. <http://caepr.anu.edu.au/Publications/census-papers/2013CP11.php-0>

¹³ Ibid.

¹⁴ Ibid.

¹⁵ ABS Census data 2011.

The NRHA is particularly concerned about the proposed co-payments in the health sector, about some of the provisions relating to reform of higher education, and those relating to income support.

If such changes as these were to be implemented across the board in an untargeted fashion, it is those who are already marginalised who would suffer the worst consequences. For example, where additional cost for accessing a GP is concerned, the greatest effect would be on those who currently can only just afford such access. Given the variable distribution of GPs in rural and remote areas and the fact that out-of-pocket costs including travel costs are usually involved for the patient, there is more to the cost of seeing a GP in rural and remote areas than the question of whether or not the doctor bulk bills.

The safety nets relating to income security, welfare payments and expenditures in the health sector must be maintained. Any additional narrowing of the eligibility criteria for such safety nets must be designed and targeted in such a way as to protect those who are not in a position to accommodate them.

To ameliorate the serious disparities in income between city and country areas, the NRHA supports the call made by ACOSS for an anti-poverty plan, with a specific target - a national development goal - and an annual report on progress to the Australian Parliament.

The NRHA will also continue to call for investments in regional development and jobs, through such things as improved access to secondary education, economic opportunities based on high-speed broadband, industries related to renewable energy, and other means through which the economic base of rural regions can be strengthened.

ATTACHMENT

Member Bodies of the National Rural Health Alliance

ACEM (RRRC)	Australasian College of Emergency Medicine (Rural, Regional and Remote Committee)
ACHSM	Australasian College of Health Service Management
ACM (RRAC)	Australian College of Midwives (Rural and Remote Advisory Committee)
ACN (RNMCI)	Australian College of Nursing (Rural Nursing and Midwifery Community of Interest)
ACRRM	Australian College of Rural and Remote Medicine
AGPN	Australian General Practice Network
AHHA	Australian Healthcare and Hospitals Association
AHPARR	Allied Health Professions Australia Rural and Remote
AIDA	Australian Indigenous Doctors' Association
ANMF	Australian Nursing and Midwifery Federation (rural members)
APA (RMN)	Australian Physiotherapy Association Rural Member Network
APS	Australian Paediatric Society
APS (RRPIG)	Australian Psychological Society (Rural and Remote Psychology Interest Group)
ARHEN	Australian Rural Health Education Network Limited
CAA (RRG)	Council of Ambulance Authorities (Rural and Remote Group)
CRANaplus	CRANaplus – the professional body for all remote health
CWAA	Country Women's Association of Australia
ESSA (NRRC)	Exercise and Sports Science Australia (National Rural and Remote Committee)
FRAME	Federation of Rural Australian Medical Educators
FS	Frontier Services of the Uniting Church in Australia
HCRAA	Health Consumers of Rural and Remote Australia
IAHA	Indigenous Allied Health Australia
ICPA	Isolated Children's Parents' Association
NACCHO	National Aboriginal Community Controlled Health Organisation
NRF of RACGP	National Rural Faculty of the Royal Australian College of General Practitioners
NRHSN	National Rural Health Students' Network
PA (RRSIG)	Paramedics Australasia (Rural and Remote Special Interest Group)
PSA (RSIG)	Rural Special Interest Group of the Pharmaceutical Society of Australia
RDAA	Rural Doctors Association of Australia
RDN of ADA	Rural Dentists' Network of the Australian Dental Association
RFDS	Royal Flying Doctor Service
RHWA	Rural Health Workforce Australia
RIHG of CAA	Rural Indigenous and Health-interest Group of the Chiropractors' Association of Australia
ROG of OAA	Rural Optometry Group of the Australian Optometrists Association
RPA	Rural Pharmacists Australia
SARRAH	Services for Australian Rural and Remote Allied Health
SPA (RRMC)	Speech Pathology Australia (Rural and Remote Member Community)