

**Cape York Institute  
Submission to the  
Senate Community Affairs Legislation Committee  
Inquiry into the  
Social Security (Administration) Amendment (Income Management  
and Cashless Welfare) Bill 2019**

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## First Nations Voices on Cape York Income Management

*We are the pillars of our community. If the Family Responsibilities Commission [FRC] be removed from our communities, from our four communities who've been there for 10 years, I think we'll collapse. We will go back to those days where we used to be and that will never stop. Implementing another program, project, whatever you call it, will also take away our pride, what we have done and achieved through the FRC. The emblem that we wear on our t-shirts is representing our community. Community is a family, and responsibility is ours for the community. It is not for anybody else to make decisions for us, but to come to our community and consult with us. We will be there and we will come to you and make the decision together as we are Closing the Gap.*

—Local FRC Commissioner Aurukun, Vera Koomeeta OAM

As elected members of Parliament, First Nations people hope you may see your role is to support and enable their local leadership, decisions and responsibility—rather than making decisions in their stead. The welfare reforms implemented in Cape York, are designed, implemented, led, supported and owned by the people in the communities involved.

The arguments made in this submission, have long been made by many First Nations people from across Cape York communities. You can listen to their words directly, as many of those involved in developing and leading the Family Responsibilities Commission (FRC) and its particular model of income management in Cape York, again recently had occasion to let government know exactly what they think of the prospect of a far off government centrally imposing decisions about the future of their home-grown and hard won reforms.

On 27 November 2018, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, Jackie Trad announced the Queensland Government's new *Thriving Communities* approach to working with Indigenous communities, at an event celebrating 10 years of achievement of the FRC under Cape York Welfare Reform. The *Thriving Communities* announcement created a great deal of uncertainty and confusion about the future of the FRC and Cape York Welfare Reform, when according to the government's own promises this future should lie in the hands of the communities involved, not in the hands of the government. The local FRC Commissioners from the four Cape York Welfare Reform communities, and from Doomadgee, wrote expressing their views. They are powerful words, and the strength of these local leaders of change is clear. Please find **attached** the recent correspondence:

1. 29 November 2018, letter from local FRC Commissioners in Hope Vale
2. 29 November 2018, letter from local FRC Commissioner Doreen Hart
3. 30 November 2018, letter from local FRC Commissioners in Aurukun

4. 30 November, letter from FRC Commissioners in Mossman Gorge
5. 2 December 2018, letter from local FRC Commissioners in Doomadgee
6. 3 December 2018, letter from local FRC Commissioners in Coen.

We also **attach** a copy of correspondence from the Yarrabah Aboriginal Shire Council dated 30 January 2019, expressing their support for the introduction of such a model.

Of course these recent events are not the first time that First Nations people have had cause to make their voices heard. In Cape York, there is now 10 years of documented co-design, reviews, evaluation and government consultations that offer insights into the local views and the high levels of support. The Committee may wish also to consider correspondence provided when it considered, relatively recently, the previous extension of the income management provision—elected leaders in each of the relevant communities wrote unequivocally offering their support.

### Social justice requires welfare reform

Australian society is concerned about fairness and equality, and this is a good thing. We can look to countries such as America and be very proud of the comprehensive safety net we have established and maintain. Nonetheless, our welfare system is not perfect. Too often the complex problems and poor outcomes closely associated with welfare dependency are highly predictable. These harmful effects are not speculation or conjecture, they are proven and demonstrable, from both evidence and experience.

For welfare dependent families, their educational achievements are too often poor. They are less likely to find employment and more likely to be jailed. Their chance of enjoying stable adult relationships and a healthy, long life are much diminished. The predictability of poor outcomes associated with being on welfare for a long time, can not only impact on an individual's life course, but also their children's and even grandchildren's. Disadvantage, for many families, therefore runs deep, spans generations and is complex in the secondary problems that it creates.

The predictably poor outcomes associated with welfare dependence and entrenched disadvantage mean that our welfare system is not just. The inability of our welfare system to mobilise individuals and families to avoid or to break out of this cycle is unacceptable, in both human and financial terms. A more effective welfare system would help to provide the scaffolding needed for the most disadvantaged to move along a pathway that leads to the things that are needed in life—a good education, a functioning home, a job, assets and wealth creation.

### Our context—a broken system and vicious cycle

In Indigenous communities such those on Cape York, the problems associated with welfare dependency are exacerbated by the particular history and contemporary circumstances of these places. These communities are characterised by extreme and stubborn disadvantage. For example, Queensland's remote and discrete Indigenous communities account for seven

of the top ten most economically and socially disadvantaged locations in Australia.<sup>1</sup> With good intentions, governments act to try and fix these problems. Efforts are usually made on the basis of targeting inequality, rather than seeking to address the root causes of entrenched disadvantage. There have been unintended and adverse consequences, correlating to at least three decades of decline in measures of family development and wellbeing.

These communities are almost entirely *public* economies—that is, there is little economy or income other than that which is provided externally through government service delivery and welfare support. Objectives of protection and management continue to dominate the government’s relationship with Indigenous communities. The [Queensland Productivity Commission’s \(QPC\) recent inquiry into service delivery in remote and discrete Indigenous communities](#) concluded that the current system of Indigenous affairs is “fundamentally broken” (p. viii) and that “in discrete communities, government essentially ‘operates’ the community—individual choice, markets, rewards and responsibilities have a limited role. This creates ‘principal–agent’ and incentive problems, contributes to welfare dependency, and undermines the development required to bring about fundamental change” (pp. xvi & 72).

Closing the Gap will not be achieved in Indigenous communities through attempts to address inequality through government focusing on more or better provision services and/or income support—indeed governments’ heavy focus on these solutions is part of the problem.

The QPC explains the vicious cycle associated with government’s fixation on service delivery and income support:

*Consultations revealed a deep desire amongst Aboriginal and Torres Strait Islander people for greater economic opportunity. The lack of opportunity is a fundamental cause of community dysfunction and ongoing reliance on government support. The reliance on government money is seen by many as creating perverse incentives which, in turn, discourage enterprise and perpetuate ongoing dependence on services delivered and funded by government. (p. xxiv)*

This whole well-intended, but ultimately self-defeating system, is what First Nations people in Cape York have long referred to as the “passive welfare system”. In Indigenous communities such as those in Cape York, the passive welfare system must be replaced to Close the Gap.

## A shift to holistic development and empowerment

A far more holistic approach to social, economic and cultural development is required to improve outcomes in Indigenous communities—and change must be led by Indigenous

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<sup>1</sup> Census data cited in Queensland Government, 2018. [Queensland Government Response to the Queensland Productivity Commission Inquiry into service delivery in remote and discrete Aboriginal and Torres Strait Islander communities](#), DATSIP.

people, and supported or enabled by governments. A complete paradigm shift is required—one that finally abandons the objectives of protection and management that continue to dominate the government’s relationship with Indigenous communities, to instead enable Indigenous agency and authority to take power and to lead. This is consistent with vast assembled knowledge from across the world—development does not occur where there is a lack of active, effective and lasting participation of the intended beneficiaries. Empowerment and local ownership is vital to success.

A holistic approach to development must include a cohesive approach to economic development, service delivery reform, welfare reform, and changing the incentives. It is only by pursuing a comprehensive strategy for development and empowerment, of which service delivery reform and welfare reform are a part, that communities can achieve a functioning level of social, economic and cultural health to reverse crises such as those in Indigenous child protection, incarceration and suicide.

Replacing the broken system and shifting to a holistic development and empowerment approach, requires structural reforms which are well beyond the scope of this Committee’s deliberations. Such reforms are being pursued elsewhere, for example, at the national level through constitutional recognition and a First Nations Voice to Parliament as proposed by the [Uluru Statement from the Heart](#); and at the regional level through Indigenous-led initiatives such as [Empowered Communities](#), and [Pama Futures](#) in Cape York.

Nonetheless, it is critical to understand the context within which First Nations people are arguing for government to enable welfare reforms for their people and places. Welfare reforms devised by First Nation people themselves, rather than imposed centrally by government, are a vital element of supporting people to make the changes that are needed to move to a model of development and empowerment that will Close the Gap.

## Cape York’s unique income management model

It is more than 10 years since Cape York Welfare Reform arose in partnership with four Cape York communities, the Queensland and the Commonwealth Governments and Cape York Institute. At the core of the reforms was the establishment of the Family Responsibilities Commission (FRC), legislated by Premier Anna Bligh in 2008. Together with a suite of Cape York Welfare Reform initiatives, the FRC represents Australia’s most effective, comprehensive, joined-up effort to tackle entrenched disadvantage, based on the principle of rebuilding and empowering local Indigenous agency and authority to support Cape York families to take control of their lives and build their future.

The FRC itself is an example of local Indigenous empowerment, achieved by giving life to a structure designed by Cape York people, for Cape York people. It is the only extant example of a structural reform in Queensland that shifts real power and responsibility that would otherwise be held by government, to respected local elders and leaders acting as local FRC Commissioners, so they can assist their own people to change their behaviour. Through a set of ‘family responsibilities’ triggers, it gives local Commissioners, the power to call people

in and conference them if they have failed to send their children to school, been the subject of a child safety notice, committed a crime, or failed to pay their rent, for example.

Cape York's model and the FRC provide a very nuanced and balanced approach—applying highly targeted conditional welfare and linking clients to extra support services to motivate and build capability for change. The FRC model restores the social and cultural authority of community elders and leaders, with income management orders applied only after restorative justice conferencing from local FRC Commissioners who have social and cultural authority, and only where a person has failed to meet a basic obligation set out in the triggers. During an FRC conference, local Commissioners can have difficult conversations and they can make decisions about how a person before them, or the family, can be supported to improve their lives.

Income management is an important tool for the FRC. On its own, however, income management is not enough to tackle entrenched disadvantage. The FRC through conferencing, income management and case management links clients to extra support services to motivate and build capability for change.

The FRC provides a unique bridge connecting the State service support system and the Commonwealth income support system, which usually operate in isolation from each other. The FRC establishes a connection through complementary State and Commonwealth laws, and coordinates the service system and the income support system to provide maximum support to disadvantaged families.

Income management under the FRC and Cape York Welfare Reform model is seen as a means of support for those who need it the most. It forms one tool in a more holistic approach. Such an approach is more effective at promoting behavioural change than delivery of support services alone, as supports are often least likely to be accessed by those that need them the most.

Important points to note about the Cape York model are:

- It is the local FRC Commissioners who make an income management order when it is needed, according to an individual's circumstances. The assessment is made after restorative justice style conferencing, and income management is not the only tool available to be used under a case management approach.
- Unlike other models, income management is not a blanket restriction imposed on all. Nor is income management endless, but rather an order can be removed by the local FRC Commissioners where a person takes steps to change and to fulfil their basic obligations.
- Some people, elect to come before the FRC and voluntarily request an income management order as a means of supporting them to manage their money and protect it from others (e.g. humbugging).
- The reforms were not imposed, but the four communities involved, opted-in. The reforms were co-designed on-the-ground over more than 18 months of intensive engagement. The level of local leadership support and involvement in both the design and implementation of the reforms is a stand out in Indigenous affairs. High levels of in-community support remain for the reforms. A clear message from the ground from those who engaged in the 2018 Queensland Government led consultation process on Cape York Welfare Reform, for example, was overwhelmingly support for continuation

of community-controlled welfare reform. Cape York communities do not want government deciding their futures for them.

- There are group or coterie of people in each community that are very difficult to help through the FRC model alone and local FRC Commissioners need much more support in terms of both services to direct people to and compelling external service providers and case managers to support the FRC's authority.

### Strong evidence that income management is a highly effective tool

Conditional and voluntary income management have proven to be highly effective tool used by the FRC to ensure that quarantined income is used to meet basic household needs.

There have now been three independent evaluative exercises with a focus on the FRC since its establishment. The conclusions in each have been very promising (see the [2012 CYWR Evaluation](#) and the [KPMG Implementation Evaluation](#)), including in the recent evaluation of the FRC and Cape York Income Management provided in the [Strategic Evaluation of Cape York Income Management](#), by Queensland University of Technology (QUT) (commissioned by the Department of Social Security), which provides evidence for building upon the progress of the past decade.

There can be no doubt the FRC has successfully re-established local authority. There is little support for the notion that the FRC is a 'punitive' model. It is clearly not. Rather there is a great deal of evidence that suggests that FRC clients feel supported by the FRC.

The best evidence available suggests there is a direct (casual) link between improvements in school attendance and FRC conferences held by local FRC Commissioners:

- The 2018 review shows FRC intervention extends the time between breach notifications for individuals notified to the FRC.
- The 2013 evaluation also provides linked data analysis showing the FRC's conferencing interventions of clients are followed by an increase in school attendance of the children of those conferenced in the period after. This type of linked data analysis sheds light on the mechanics of change at the individual and family level. The FRC is a restorative justice model that works.

On the release of the most recent independent review, QUT's Strategic Evaluation, the principal author [Professor Scott](#) stated:

*Taken together the Cape York Welfare Reforms, Cape York Income Management and FRC had contributed to improved social capital with some members of the communities reporting they felt more empowered to make positive changes in their own lives and act as role models for their families. These factors may offer useful lessons when considering any future rollout of the model, or similar models in Cape York and elsewhere.*

The QUT's Strategic Evaluation report itself suggests the Cape York model should be expanded and built upon. It says:

*On the whole, the review finds that the Cape York Income Management model has a number of unique characteristics that not only distinguish it from other Australian*

*models, but may provide the key to any successes that are attributed to it. These factors may offer useful lessons when considering any future rollout of the model, or similar models, in Cape York and elsewhere. (p. xii)*

*There is a clear view in the current Cape York Welfare Reform communities that the FRC should continue in some form; presumably because this goal of community-wide empowerment has not yet been achieved... Cape York Income Management is able to overcome many of the problems with Income Management schemes elsewhere because it is delivered through the context of the FRC. This context is a key component of any 'successes' that can be attributed to the Cape York scheme. (p. 84)*

*Cape York communities are looking to make a decision about evolving from Cape York Welfare Reform towards new arrangements based on the empowerment/development model. There is an expectation from communities that this review will inform a decision about the future of welfare quarantining in Cape York and what role the current Cape York Income Management approach can/should have in any future models. Different communities have different needs and may come to different conclusions. Consultation and implementation are critically important to any future extension of the Cape York Welfare Reform, FRC and/or Cape York Income Management. Consultation should be broad (involving a significant proportion of the community) and deep (i.e. cover not just theoretical models, but also the realities of how the models would apply in practice). By gaining widespread, informed endorsement of any future models, it may be possible to improve early take-up and support of any new models. (p. 90)*

The recent report of the QPC inquiry also provides a great deal of positive comment suggesting the FRC and Cape York Welfare Reforms exemplify exactly the kind of community-driven reform effort that the governments could embrace and expand, when communities themselves opt-in.

- The report states “governments and other non-Indigenous institutions have usurped ‘responsibility’ for the welfare of Indigenous people over many decades” (p. 82). It says, the evidence is clear that communities must be able to exert more control over service delivery, and Cape York Welfare Reforms are named as one of the few “isolated examples of initiatives to increase community control over some elements of service delivery”. It goes on to state “the evidence suggests there has been significant improvements in community governance capacity” in this example. (p. 105).
- The Cape York Welfare Reforms are provided as an example of governments adopting a place-based approach involving both Queensland Government and Australian Government participation, which can help address the problem of uniform standards (p. 202).
- The report also notes a theme to emerge through the inquiry was the “need for greater coordination and case-based approaches to address the multiple factors that affect behavioural pathways”, and the FRC is named as one of only two methods identified for such coordination currently in use (p. 348).

- The report is highly critical of the lack of initiatives that address the underlying causes of high service use in remote and discrete Indigenous communities, which it notes are the kind of initiatives that could result in large potential savings (pp. 26, 44, 49, 92, 107, and 128). The report cites the Cape York Welfare Reforms as a rare example of an approach which has sought to address underlying causes (p. 92).

### *Cost vs benefit*

The total FRC costs are approx. \$4M p.a. for the four CYWR communities, and Doomadgee. Actuarial information on the lifetime of costs associated with those suffering from entrenched disadvantage of the kind that is typical of FRC clients, would suggest that if the FRC changes the lives of even a small proportion of its clients, it is effectively paying for itself.

- According to Australian data, the lifetime costs of welfare payments alone are in the order of up to \$400,000-500,000 per person.
- The lifetime costs under the current broken system also includes the cost of the vast range of services needed to respond to the poor outcomes associated with such welfare dependency (e.g. child protection, juvenile justice, courts).
- New Zealand has estimated, for example, *the total lifetime cost of welfare and such other service responses, for a single 5 year old in a welfare dependent family with the profile of problems such as those seen by clients of the FRC, is over \$1 million.*

These facts about the cost of continuing to fail, together with the FRC's results to date, show the FRC can provide excellent value for money. Indeed, in Cape York there many examples where the FRC and income management orders have had a big impact on the lives of individuals and families. For example, one of the first FRC clients to be placed on an income management order for the non-attendance of children at school, has turned things around with the support of the FRC and is now looking forward to the successful completion of her fifth child at boarding school.

### *Answering the objection that conditional welfare is punitive*

Despite the nuances of the Cape York model of income management, there are those who believe any form of income management to be punitive. There are two key points to be made in this regard.

Firstly, such a position denies that there are problems associated with long term welfare dependency and entrenched disadvantage—ignoring the very social injustice that Australian public policy is failing to make inroads into. The Australian Productivity Commission's 2018 report, [\*Rising Inequality: a stocktake of the evidence\*](#), highlights that Australia is not making progress in dealing with the problem of inherited poverty, despite 28 years of sustained economic growth. This finding reinforces that the key public policy problem we must confront is not inequality, it is overcoming entrenched disadvantage.

Australia is at a crossroads in terms of responding to its most disadvantaged populations, including our First Nations populations in communities such as those in Cape York. Despite what has become a highly polarized debate, the potential for policy innovation to effectively

and fairly coordinate the Commonwealth's provision of income support, together with the state's provision of social support services—to provide maximum opportunity for disadvantaged families to break the cycle—is very large indeed. Given that in Queensland soon, it is predicted 50% of children in out of home care will be Indigenous, the need for such further policy innovation is also very large.

Secondly, to assert all models of income management are punitive, denies the agency of First Nations people and leaders who support welfare reform and case management as a critical means of support. Such a position privileges a view usually derived from principle, rather than any direct experience of the particular circumstances of Indigenous communities and the powerlessness and oppression that comes with the ubiquitous dependence on government that exists in these places. The same people who hold any form of conditional welfare is punitive, often keenly express support for the self-determination of Indigenous people. What of self-determination though, when those who understand the circumstances of their communities the best—local community members and leaders themselves—want welfare reform?

Self-determination means that Indigenous people of a place should be afforded the opportunity to devise models of welfare reform that are right for their own people and places, particularly where these are pursued within a holistic development and empowerment approach as in Cape York. First Nations people themselves should have the right to try, to learn, and to adapt and evolve reforms over the long-term. For example, much has been learnt from Cape York Welfare Reforms and the FRC. While these have been highly successful innovations on many fronts, there are opportunities for improving effectiveness within the current model, and to scale the FRC model on an opt-in basis.

Self-determination means supporting First Nations to lead the changes they believe to be effective and appropriate in their particular circumstances, rather than centrally imposing decisions based on experience and circumstances that are far removed from that of the people concerned.