



## SUBMISSION

### THE SOCIAL SECURITY (ADMINISTRATION) AMENDMENT (INCOME MANAGEMENT AND CASHLESS WELFARE) BILL 2019

#### About us

In early 2006 the Australian Government agreed to fund the development phase of the Cape York Welfare Reform (CYWR) trial proposed by the Cape York Institute for Policy and Leadership (the Institute). The Queensland Government also agreed to participate in the development and provided in-kind support and assistance throughout the development period.

The Institute subsequently released a design report titled *"From Hand Out To Hand Up"* in May 2007 and a final report with the same title in November 2007. The report outlined the Institute's proposal for the CYWR trial to be implemented in the communities of Aurukun, Coen, Hope Vale and Mossman Gorge. The objectives of the CYWR trial were to restore social norms and local Indigenous authority. The trial aimed to initiate and support a positive change in social norms and community behaviours in response to chronic levels of passive welfare, social dysfunction and economic exclusion within these communities.

In December 2007, the Queensland Government agreed to contribute \$40 million and the Australian Government \$48 million to finance the implementation of the CYWR trial over four years.

The reforms are designed with a strong emphasis on partnership, capacity building, respect and use of local authority in order to initiate early intervention to address issues and behaviours before they escalate. A key feature of the CYWR trial was the creation of the Family Responsibilities Commission as an independent statutory authority.

The Commission is regarded as a critical mechanism to facilitate the rebuilding of intra-community social norms and to encourage behavioural change through attaching reciprocity and communal obligations to welfare and other government payments. The intention of the reforms and of this Commission is to enhance and complement the existing responsibilities of Queensland and Australian Government agencies, service delivery and community organisations.

The philosophy of welfare reform is grounded in the Institute's view that historically policies have created a passive welfare environment in Indigenous communities which resulted in a retraction of positive social norms, and fostered the displacement of Indigenous responsibility. People in receipt of welfare payments, or who are participating in community employment programs, not only have an obligation to their community not to behave in ways which are detrimental, but must reciprocate with economic engagement and actively support their community. Indigenous and non-Indigenous people living in the five communities receiving welfare or community employment program payments are subject to the Commission's jurisdiction.

The *Family Responsibilities Commission Act 2008* (the FRC Act) was passed in the Queensland Parliament with bipartisan support on 13 March 2008 and the Commission commenced operating on 1 July 2008. As regulated by the FRC Act at that time the Commission was to cease operations on 1 January 2012. Each subsequent year until 2014, following Australian and State Government consultations and budget allocations, the Commission was granted 12 month extensions.



On 5 August 2014 the Family Responsibilities Commission Amendment Bill 2014 was introduced into Parliament. The Bill proposed the several amendments aimed at increasing efficiencies and expanding operations, one being to omit the FRC Act's sunset clause (section 152), which states that the FRC Act expires on 1 January 2015. The Bill was subsequently passed by the Queensland Parliament and the FRC Act was proclaimed on 28 November 2014.

The main objects of the Commission's enabling legislation (*Family Responsibilities Commission Act 2008*) are:

- (a) *to support the restoration of socially responsible standards of behaviour and local authority in welfare reform community areas; and*
- (b) *to help people in welfare reform community areas to resume primary responsibility for the wellbeing of their community and the individuals and families of the community.*

The objects are achieved by holding conferences with clients about agency notices to encourage them to engage in socially responsible standards of behaviour.

## Policy context

Our activities support the Welfare Reforms and the 'Our Future State: Advancing Queensland's Priorities Plan' published by the Queensland Government. The Commission contributes specifically to the following Government priorities:

- 'Create jobs in a strong economy' – by working to reduce passive welfare, assisting clients to increase their financial stability and initiating a continuous improvement strategy in regard to our organisational capability
- 'Give all our children a great start' – by supporting expectant mothers and young families in welfare reform communities to access maternal and child health, early childhood education and care services, and to understand the importance of the early years to the long-term health and wellbeing of their children
- 'Keep Queenslanders healthy' – by working with service providers to support the delivery of effective responses to alcohol and drug misuse, mental illness and violence for our clients in the welfare reform communities and developing self-care and resilience in Local Commissioners
- 'Keep communities safe' – by influencing the wider acceptance of socially responsible standards of behaviour, promoting Indigenous local authority and nurturing a spirit of inquiry and innovation in order to address the complex problems facing the welfare reform communities
- 'Be a responsive Government' – by providing effective and efficient client services for families, strengthening collaborative cross-agency partnerships to support local Aboriginal and Torres Strait Islander authorities, improving access to relevant service provision in the communities and working to increase school enrolment and attendance.



## Our operations

The FRC Act sets out the statutory obligations of relevant Queensland departments to notify the Commission when a community member is not meeting pre-determined obligations.

Agency notices are received for the communities of Aurukun, Coen, Hope Vale and Mossman Gorge in the following circumstances:

- The Department of Education (DoE) must submit a School Attendance notice to the Commission if a child is absent for three full, or part days of a school term without reasonable excuse, or submit a School Enrolment notice where a child of compulsory school age is not enrolled to attend school.
- The Department of Child Safety, Youth and Women (DCSYW) must submit a Child Safety and Welfare notice where the Chief Executive becomes aware of an allegation of harm or risk to a child.
- The Department of Justice and Attorney-General (DJAG) must submit a Court Offence notice if a person is convicted of an offence, or if a domestic violence protection order is made against a person.
- The Department of Housing and Public Works (DHPW) or the provider of social housing must submit a Tenancy Breach notice if the tenant has breached their social housing tenancy agreement.

Agency notices for the community of Doomadgee are presently received from DET and DCCSDS only.

Once an agency notice is received, a determination is made as to whether the person/s notified is within the jurisdiction of the Commission in accordance with the FRC Act. The matter is then referred to the Local Commissioners for a decision as to whether the client should be ordered to attend a conference and if other associated persons should be invited to attend the conference.

At the conference Commissioners discuss with the client the matter/s subject of the agency notice and any related problems the client wishes to raise. The conference is held in an atmosphere which is informal and confidential. Conferences are convened either with a panel comprising of the Commissioner (or Deputy Commissioner) and two Local Commissioners, or with a panel of three Local Commissioners. At the conclusion of the conference Commissioners may decide that no action is necessary, reprimand the client, encourage the client to enter into an Family Responsibilities Agreement (FRA), direct the client to relevant community support services or place the client on a Conditional Income Management (CIM) order.

## What is Conditional Income Management?

Should a conference decision include the issue of a notice to the Department of Human Services, Centrelink of a CIM (Conditional Income Management) order, due consideration is given firstly to the individual circumstances of the client and whether it may be more appropriate to take alternative action. Primarily CIM orders are issued to stabilise a client's circumstances, particularly where children or other vulnerable people are concerned. CIM orders are also made where a client fails to attend two scheduled conferences, is not complying with their agreement or order, or the Commission is continuing to receive additional notices in relation to their behaviour. CIM orders are issued for a defined period (normally 12 months) with the Commissioners determining whether 60, 75 or 90 percent of fortnightly welfare payments are managed.

Centrelink meets with the client to discuss their priority needs and financial obligations such as rent and bills, and allocates the remainder of funds to a BasicsCard for the purchase of food and other consumables. The client receives the remaining funds (40, 25 or 10 percent) as discretionary spending. CIM orders are



reviewed at the six and ten month point of the order. Some clients request extensions of the CIM order or a decrease of the percentage managed to ensure stability of their finances is maintained. Clients may also enter into a Voluntary Income Management (VIM) agreement to assist them to manage their budget and meet the costs of everyday essentials.

### Who makes the decision to Income Manage?

Local Commissioners are Elders or respected community members who encourage individuals appearing before the Commission to take the necessary steps to make lasting changes which will benefit their health, wellbeing, home and community life.

The Local Commissioners have continued to grow in local authority since 2008 with the majority of conferences being conducted in the four Welfare Reform Communities without the presence of the Commissioner or his Deputy Commissioner in the financial year to date.

All Commissioners have equal authority in the decision-making process. Decisions made at conference are made fairly and with the best interests of the client and their family in mind. The authority of the FRC is the strength of its Local Commissioners, with decisions in conference involving community members (FRC clients) being made by their own Indigenous leaders.

### The importance of Income Management

- The Commission has always been of the view that Income Management is an essential element to continuing successful operations in the welfare reform communities; an enabler to encourage community members to behave in a socially acceptable manner and consistent with community expectations.
- Commissioners use income management with the following outcomes in mind:
  - *Reducing stress* - individuals and families experience the benefit of reduced financial pressures
  - *Capacity building* - If availing themselves of further financial management support services, basic financial skills are acquired which remain once a CIM or VIM ends
  - *Health* – Basic essentials (i.e. refrigerators) can be afforded improving the health of families
  - *Child safety* - children are appropriately fed and clothed reducing child safety concerns and the removal of children from community
  - *Homelessness* - Income management can work to assist with housing arrears (minimising homelessness)
  - *Avoiding Crises* - Income management can minimise financial counselling which tends to be 'crisis' counselling
  - *Resolving issues* - Income management can resolve issues as opposed to manage issues through limiting the duration of orders and reviewing/monitoring progress
  - *Support services* - Income management can draw together a network of support services to focus on an individual's skill gaps (social and economic)
  - *Welfare dependency* – Without the basic financial skills to increase the clients capacity to manage their own financial situation and improve living standards, the client will remain welfare dependent



- Commissioners have generally taken a moderate approach to issuing Income Management orders, often concentrating on those clients who would be more receptive to the benefits of financial management. The Commissioners explain to those clients the advantages of Income Management as a means of managing their money to meet essential household needs and expenses, thereby assisting in stabilising their home situation and better providing for their children. Many clients therefore commence their orders in the spirit of an agreement.
- Commissioners order CIM for clients who have demonstrated a resistance to fulfilling their responsibilities for the children in their care, or their responsibilities to their community. In this respect CIM is used as an enabler for compliance with orders.
- CIM is used as an incentive to improve school attendance by reducing the CIM rate relevant to improved school attendance.
- Commissioners continue to report that a number of clients are requesting CIM orders and to be placed on a BasicsCard. These clients request that the Commission order the CIM as a means to stabilise the household and ensure bills are paid and children are fed, in preference to being placed on Voluntary Income Management (VIM) where pressure from spouses and family members can erode the intent of Income Management.
- Those clients, who do request VIM, advise it assists in the management of household budgets and provides a tool for savings for special occasions such as Christmas
- Attendance rates at conference are directly linked to CIM as clients are income managed if they do not appear at conference when ordered to do so. Without the ability to provide a client with the compulsion to attend, engagement at conference is frequently not possible, and thus the Commission is unable to meet its objectives. The ability of the Commission to be able to engage clients at conference is directly related to the level of social outcomes achieved.

The vast majority of CIM orders relate to education notices (not sending children to school). For example, as at 25 February 2019, 90 children are in the care of 54 Aurukun clients currently on a CIM order with 34 of these clients on a 90 percent CIM order. Whilst the benefit of Income Management is in the capacity of the BasicsCard to assist people to manage their income, and the negative is the perceived loss of choice, it is only one of the tools available to the Commissioners in restoring social responsibility in their communities. Income Management is used in a targeted approach, mostly as a last resort, and thus only a small percentage of clients are subject to an Income Management order. Of primary importance to the Commissioners is their ability to link FRC clients with support services and Income Management does play a vital role in incentivising FRC clients to make the necessary changes in their lives for the benefit of their families and the community, whilst the overall benefit of Income Management to the welfare reform communities should not be overlooked – households which have the money to feed, clothe and otherwise care for the future generation.

Any change to the current operation of the FRC and income management in these FRC communities must be properly and carefully planned as the FRC is a vital part of community life, and it provides critical support to families and children who would be at great risk of serious adverse outcomes if income management was to be suddenly removed. These outcomes include children going hungry, worsening school attendance and increases in child safety and violence as a result of an influx of cash to individuals who have shown they are unable to meet their most basic obligations to their families and the community. Governments would be well advised to listen to the Indigenous people who are intimately involved in



these communities, and support their wishes to continue their difficult but good work to assist in bringing about important change that is particularly beneficial for children and other vulnerable community members, including many women.

Dated at Cairns this 19<sup>th</sup> day of February 2019

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Family Responsibilities Commission

*This submission was prepared by Registrar Maxine Mcleod on the instructions of, and in consultation with, Commissioner David Glasgow; and in response to the invitation of the Committee. The submission is authorised by him as CEO and Commissioner of the Family Responsibilities Commission. Responsibility for the content rests with Commissioner David Glasgow*