

Submission

to

Senate Standing Committee on Legal and Constitutional Affairs

Inquiry into the Appropriation (Northern Territory National Emergency Response) Bill (No.2) 2007-2008

Submitters: Laynhapuy Homelands Association Inc. on behalf of our members -
Traditional Owners of the Laynhapuy, Djalkarripyungu and
Miyarkapuyngu regions of North East Arnhem Land

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Background and Context to Laynhapuy Homelands Association Inc.

Laynhapuy Homelands Association Inc. is a 'homelands resource centre'. The organisation effectively started in the early 1970's under the auspices of Presbyterian Church mission at Yirrkala, and then subsequently under Yirrkala Dhanbul Community Association until it became separately incorporated under the Northern Territory Associations Incorporation Act in 1985.

The organisation is member owned and driven, with a Board comprising of 12 Yolngu members. The membership of the organisation is comprised of Yolngu 16 or so clans whose clan estates consist of the lands and seas surrounding the 19 'homeland' centres that have been established across an area of some 6,500 km² in north east Arnhem Land, and which currently affiliate themselves with our organisation. Approximately 750 people are permanently and temporarily resident on the Laynhapuy Homelands.

Although Laynhapuy Homelands Association Inc. 'resource centre' is based at Yirrkala, a major community targeted by the 'Northern Territory National Emergency Response' (NTER) legislation, its services are directed at Yolngu people living on the homelands, and outside the identified area for the purposes of the proposed 5 year leases under section 31 of the Bill. Our homelands and Resource Centre fall within the proposed 'prescribed area'.

LHAI has for many years undertaken the following activities and services to the homelands:

- provision and maintenance of Indigenous community housing (96 units)
- provision and maintenance of water, sewerage and power infrastructure
- provision and maintenance of access and internal roads
- provision and maintenance of airstrips
- provision and maintenance of communications and administration facilities in the homelands
- provision of mobile and workshop based mechanical to support infrastructure, vehicle fleet provision of airline charter service (through Laynhapuy Aviation Pty Ltd)
- provision of clinical and preventative health services
- provision of community care services for aged and disabled
- provision of CDEP for some 300 participants
- provision of training as and when resources/opportunity permit
- provision of staff housing (15 units)

Many of these programs and services rely on support from CDEP participants

The organisation has a number of 'business activities' which generate income including:

- Laynhapuy Aviation Pty Ltd.
- Mechanical Workshop
- Civil Works
- Kava Wholesale Business (until the recent precipitous an ill-informed 'ban' imposed by the Health Minister)

Additionally the organisation is currently receiving a small (< \$100,00 per annum) of 'royalty' payment relating to Alcan's operations at Gove.

At the time of writing this submission, Laynhapuy Homelands Association Inc. employs on contract, as distinct from CDEP, 29 local Yolngu people and one other indigenous person. (50% of our staff). In absolute numbers, this is at least seven times the level of direct Yolngu employment currently provided in the Gove peninsula (including Nhulunbuy) by the Territory Government, Australian Government, and Alcan combined, if NT Education Department employees at Yirrkala and Laynhapuy schools are excluded. Mr Brough's own Department and the local ICC have no local Yolngu employees.

With respect to employment issues, the Committee may wish to note that the 'incentive/bonus' package the Minister is offering public servants to take up the Business Manager positions in some cases exceeds the entire salary package we are able to offer staff under current inadequate funding arrangements.

Over the 22 years of operation since formal incorporation, LHAI has acquired and maintained significant 'operational' assets in terms of staff housing, plant and equipment, workshops, administration building, etc. and the assets of our airline business. Many of these assets have been financed through bank loans, received as donations, purchased from members funds generated by royalties and income generating activities. Although some 'operational' assets have been wholly or partly acquired through government specific funding, the organisation more generally often bears the cost of maintenance, operation and depreciation.

In recent years, the kava wholesale business allowed LHAI to also make significant investment of its own funds in infrastructure and housing improvements in the homelands.

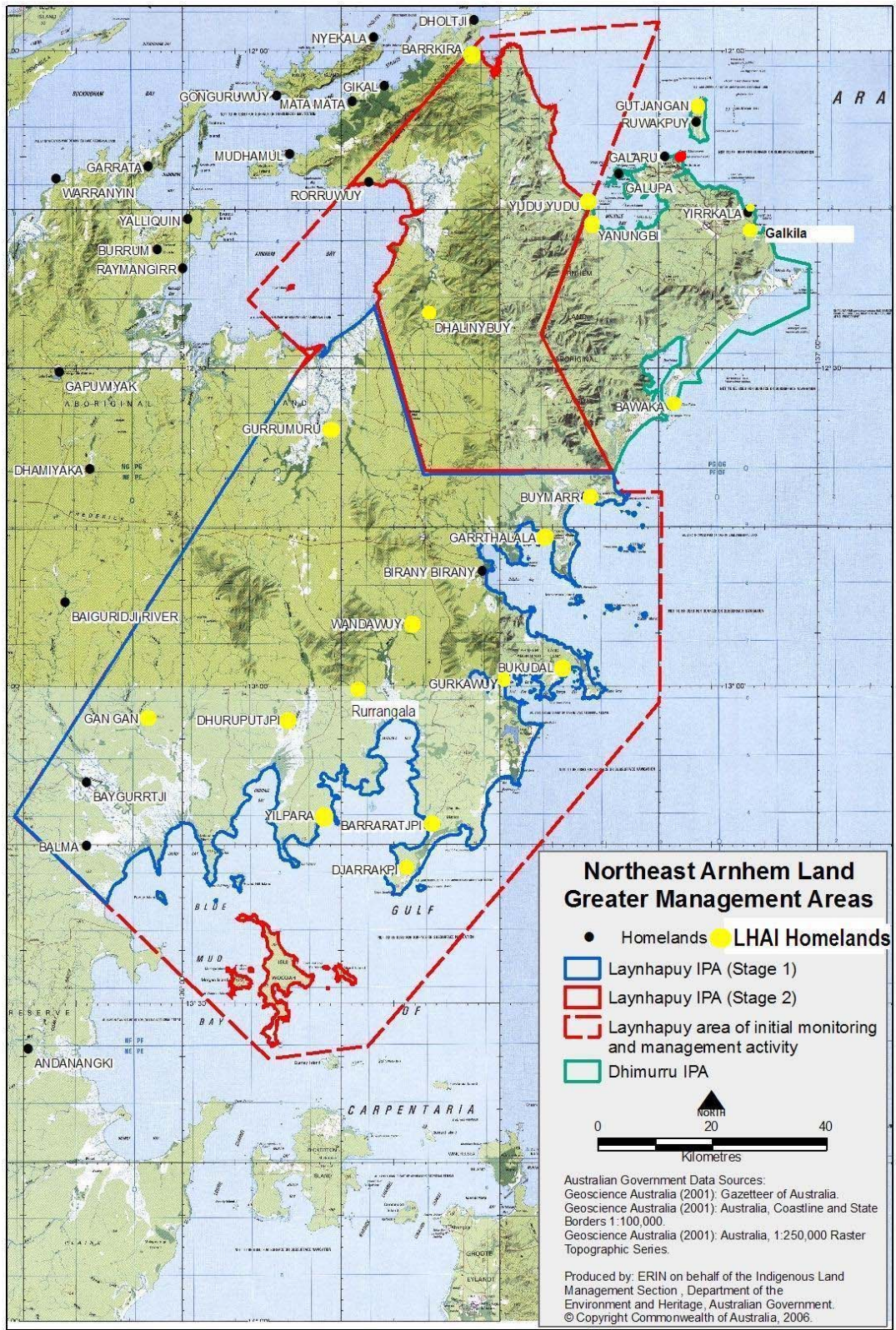
The LHAI resource centre has operated on an area of land at Yirrkala, that was specifically allocated many years ago for this purpose by agreement between the senior traditional land owners at Yirrkala and the senior traditional owners representing the homelands. The clans are closely affiliated through kinship and regard the continuation of homelands and 'living on country' as in the interest of all Yolngu of the region. Although LHAI has always paid a small annual 'royalty' to the nominated Traditional Owners no formal 'land use agreement' (ie. ALRA section 19 lease) over the area allocated for LHAI's current and future use, has never been entered into. There has not been a need as the relationship has been based on cooperation, trust and mutual benefit. Some 12 months ago, however, LHAI began moves to formalise the arrangement under a section 19 (ALRA), primarily so that we could secure finance to undertake further development/redevelopment of staff housing. Had the Commonwealth Government not intervened a proposal, fully supported by Traditional Owners was to be put to the next full council meeting of the Northern Land Council.

Laynhapuy Homelands Association Inc. embodies much of the accumulated physical, economic and social capital of our members and their homeland communities. They have built the organisation up over decades of work, contribution and sacrifice. It is their organisation, developed to advance their needs and aspirations.

The organisation has worked tirelessly for decades, with the support of its members, to keep the homelands free of alcohol, to keep culture and 'law' strong to prevent social breakdown, and within the extremely limited funds available and endlessly changing policy/funding parameters, to address the housing, infrastructure, education, and health needs of the people

LHAI is not simply an 'administrative arm of government' and never has been. Government has only ever 'paid for' (ie. funded) a part of its activities and services, and instead has extensively depended on LHAI for a quarter of a century as the chief means of contact, communication, and consultation with Yolngu of this region and for the delivery of key 'public services' to these citizens of Australia.

LHAI is also a 'business' (owned by our members) just as much as any company or 'farm' run as a business. The difference is that we are a not-for-profit one that returns the profits to its owners (ie. members) in the form of improved member services. If the government is imposing such dramatic changes of our 'industry', then individual organisations/business should be entitled to the same sort of '**structural adjustment assistance**' as would any businesses elsewhere in the country.



General Concerns about the Australian Government's Emergency Response

Our members have very serious general concerns about:

- the lack of consultation with Yolngu
- failure to act in accordance with the recommendations of the *Little Children are Sacred* Report.
- Minister Brough's complete disregard for the views of our members in relation to the Permit System – expressed in both submissions and petitions to the Parliament
- the strategy the Government has used to tar all Indigenous people and communities with the same brush, and generalise the problems and the responses - to the point of dishonesty and misrepresentation.
- the failure of Government to recognise that the history and circumstances in every organisation and community are different. Responses that do not take this into account will make matters worse.
- the failure of the Government to identify and work with initiatives that are already underway and working (eg. the soon to be introduced take-away alcohol permit system for the Gove peninsula.)
- the completely inappropriate linking of 'land issues' (permits and leases) with child abuse and neglect.
- the general lack of competence of Government to tackle these very real and difficult problems across the so many locations. Our experience with the ICC structure, government programs, and knowledge of COAG trials, provides no basis for comfort or confidence whatsoever regarding Government's capacity.
- the apparent contempt the Australian Government has for organisations and individuals, including Yolngu people, already working in this complex and difficult area with many years of experience and local knowledge. We have been systematically painted as 'part of the problem'.
- the complete failure of Government to understand with any depth the issues of communication (language and technological), cultural difference/understanding and remoteness.
- the complete failure of Government to understand that Yolngu want to be Yolngu - that is, they want to be different and maintain a significant degree of cultural and physical 'separateness', and that their link to 'country' is still absolutely fundamental to identity and social organisation. They do not want to be just black skinned 'ngapaki' (non-Yolngu).
- the Government response could well precipitate the collapse of generally well functioning organisations such as LHAJ. This is because of the precipitous withdrawal of funding without time to plan or structurally adjust, the climate of extreme uncertainty which makes retention and recruitment of staff and the maintenance of morale extremely difficult, and the uncertainty as to security of land and assets. An organisation cannot plan if it has no idea what in 8 weeks time its income will be or what assets it can undertake its work with.

Key Concerns with the Northern Territory National Emergency Response Bill 2007

Part 2 Alcohol:

Division 2 – Prescribed Areas

LHAI has no 'in principle' objection to the homelands areas of North East Arnhem Land being a 'prescribed area' in terms of alcohol prohibition.

It should be noted that Yolngu people of this region have on several occasions over the past 30 years tried through the courts, unsuccessfully, to prevent the issuing of liquor licenses to business in Nhulunbuy.

The Laynhapuy homelands have always been 'dry' through the choice of our members. Alcohol abuse in the homelands is not a significant problem. The small number of individuals with alcohol problems tend to leave the homelands for periods of time and live as itinerants around Nhulunbuy or Darwin.

The Commonwealth initiative is however of concern in a few respects:

- Staff of the LHAI organization living in Yirrkala currently have the option of applying for a liquor permit that if appropriate is supported by the Yirrkala Council and approved by the NT Licensing Commission. A complete prohibition of alcohol may make recruitment and retention of staff – particularly skilled trades staff - more difficult than it already is.
- The Yolngu community and their organizations, and the non-Indigenous community and liquor licensees in Nhulunbuy have been working very successfully and cooperatively over a period of two years to agree on and develop a 'permit' system to control the sale of take-away liquor. The approach is based on a scheme which has been proven to have significant benefits. Homelands Yolngu have already requested formal legal prohibition of alcohol across the homelands under this scheme. It is very unfortunate that the Australian Government is completely ignoring the significant work that has been undertaken, and the inter community relations and goodwill that have been generated through this project. We are very concerned that the Commonwealth's proposal will not work nearly as effectively as the proposed scheme.
- Under the proposed local scheme there was provision for alcohol to be sold/supplied as part of *bone fide* visitors as part of business activities, such as tourism and buffalo hunting safaris, etc. Alcohol is not important for consumption for homelands people. They recognise however that some non-Indigenous people expect to be able to drink as part of their 'tourism' experience. We are therefore concerned that this ban should not impede the responsible development of tourism activities in the 'prescribed area'.

Part 3 - Requirement for publicly funded computers.

In principle LHAI has no objections to the banning of 'restricted materials' (pornography) and auditing of computers – either those 'publicly funded' or acquired through our own resources.

The key issue for LHAI relates to the human resources necessary to implement and monitor the requirements. LHAI has no on-site dedicated IT staff nor can we afford them.

The recording of computer usage by staff can be automated through the server software. However there will be significant cost in installing 'filter' software because of the labour and travel costs (this will run to several thousands of dollars).

The 'auditing' requirement would likewise impose a cost of several thousands of dollars, if physical inspection of the computers was required to be undertaken.

LHAI has been systematically trying to extend internet connectivity to our remote homelands through satellite broadband. While these computers are used for administration purposes, they also function as 'public access internet' sites. Without this our homelands people cannot access news, current affairs, banking services, etc. There is no radio, television broadcast coverage, newspaper deliveries, or mobile phone coverage in our homeland areas.

Until now the general supervision of the homeland offices where this equipment has been located has been undertaken by locally based CDEP participants/supervisors. With the abolition of CDEP, such on the ground monitoring will be more difficult to ensure.

It is of major concern that LHAI Director/Executive Management could be held accountable for misuse of 'public access' computer equipment.

LHAI will need to review whether it can take this risk, or whether all computer equipment should be strictly restricted to work use by employed staff.

This of course begs the question of how Government will otherwise ensure the internet telecommunications needs of these citizens can be met.

Part 4 - Acquisition of rights, titles and interests in land: Division 1 - Grant of leases for 5 years.

As indicated above, the LHAI resource centre has operated on an area of land at Yirrkala, that was specifically allocated many years ago for this purpose by agreement between the senior traditional land owners at Yirrkala and the senior traditional owners representing the homelands. The clans are closely affiliated through kinship and regard the continuation of homelands and 'living on country' as in the interest of all Yolngu of the region.

Although LHAI has always paid a small annual 'royalty' to the nominated Traditional Owners no formal 'land use agreement' (ie. ALRA) section19 lease) over the area allocated for LHAI's current and future use, has never been entered into. There has not been a need as the relationship has been based on cooperation, trust and mutual benefit. Some 12 months ago, however, LHAI began moves to formalise the arrangement under a section19 (ALRA), primarily so that we could secure finance to

undertake further development/redevelopment of staff housing. Had the Commonwealth Government not intervened a proposal, fully supported by Traditional Owners was to be put to the next full council meeting of the Northern Land Council.

LHAI is very concerned that the consent of the Minister will now be required before a lease can be agreed between the Traditional Owners, Land Trust /NLC and LHAI. Media comment and the tone of other parts of the NTNER suggest the government may be quite hostile to existing organizations and may not necessarily support their continuance and expansion.

LHAI is also concerned about the resource and financial/legal costs of trying to establish an 'existing right, title or other interest' over the land that we currently occupy, over the area of land proposed for development in the near future, and other land 'promised' by the old people for future development. These agreements are known, understood and respected by Yolngu, but are verbal.

From a 'non-legal' reading of the Bill, LHAI is very concerned at the powers the Minister appears to have in relation to 'terminating existing rights titles and other interests' and thereby also acquiring the fixed (building and housing) assets of the organisation. Organisations such as LHAI simply do not have the expertise or recourse to challenge decisions of the Minister, in regard to such matters or issues of compensation. This is a potentially a grossly unjust and inequitable situation.

These fairly exceptional powers, potentially make organizations vulnerable to intimidation and constraint on their valid role of advocating for their members and publicly commenting on Government policy. This is extremely concerning from a civil, political and human rights perspective.

Part 5 – Business management areas:

Division 1 – Funding agreements

Division 2 – Directions relating to services provided in business management areas

This aspect of the legislation is very concerning. As indicated above, over the 22 years of operation since formal incorporation, LHAI has acquired and maintained significant 'operational' assets in terms of staff housing, plant and equipment, workshops, administration building, etc. and the assets of our airline business. Many of these assets have been financed through bank loans, received as donations, 'scrounged', purchased from members funds through by royalties and income generating activities. Although some 'operational' assets have been wholly or partly acquired through government specific funding, the organisation more generally often bears the cost of maintenance, operation and depreciation.

In recent years, the kava wholesale business allowed LHAI to also make significant investment of its own funds in infrastructure and housing improvements in the homelands.

Very few of LHAI's assets are 100% government funded – either NT or Commonwealth.

'Funding Agreements' of earlier years contained few provisions regarding the long term ownership of funded assets, or how the percentage of 'ownership' could be calculated over the life of an asset.

This aspect of the Bill (s.65(4)) and Subdivision B – Directions relating to assets is attempting to be '**retrospective**' and therefore very unjust. Assets have both a 'residual financial value' but also a 'use value' to the organisation

To the extent that the Commonwealth attempts to control how assets that have only been partly funded, or funded without clear and precise terms regarding ownership, are used, transferred, disposed of, this is effectively 'misappropriation' of the members funds/assets.

Clause 65(3) and Schedule 3 to the Bill is effectively an admission that the Commonwealth has either not required/sought such control over assets or has simply been incompetent.

While the Minister is able to give direction as to how an asset must be used or service provided, the Bill fails to address the issue of legal and financial liability where an asset is used or service provided under such direction. For example, if LHAJ is 'directed' by the Minister to undertake certain civil works with its grader, and the gear box fails (approx \$70,000) or if damage is inadvertently done to infrastructure such as underground pipes or power. Will LHAJ or the Commonwealth bear this liability.

The Bill also does not deal with the situation where the organization is simply unable financially to provide the service to the standard 'directed' within the available funds. 'Southerners' are notorious for grossly underestimating the costs of construction and service provision in remote locations – most of which are outside the control of the provider (eg. Fuel, transport, freight, market rates for skilled labour, rental housing). The Board of management is then placed in an impossible position, as they would have to ignore their fiduciary duties as a director, or commit an 'offence' against the Bill incurring civil penalties.

What liability does the Minister assume for financial losses to members in the event that he directs an organisation to act in an un-financially sound manner.

While in some cases there may be completely dysfunctional or malevolently behaving organizations that need to be externally controlled, it would be very presumptuous for the Minister or delegated bureaucrat to believe they could have sufficient understanding of local circumstances to understand why things may or may not have been done at a particular time or location or in a particular way. Organisations such as LHAJ must continually juggle scarce human and capital resources to meet competing priorities. Equipment and people do not sit idly around waiting for things to do, the opposite is true. Internal coordination of activities is critical to ensuring cost effectiveness because of the exceedingly high costs of freight and transport. Poor or uninformed 'direction' could potentially result in significantly increased costs and interference in delivering other works/programs.

It should also be noted that over the past decade Government has been making a fundamental shift from a 'funding' model to a 'contracting' model for specific and

limited outputs, under which Government has required organizations to operate under increasing uncertainty of funding, and has taken less and less responsibility for ensuring that organizations such as LHAI can meet the overheads, capital and general resource requirements for providing services.

Division 3 – Observers of community services entities.

This Division is of significant concern as it gives exceptional power to the Minister to interfere/influence by way of an ‘observer’ (who may in fact participate in all aspects of the business of the governing body except voting). That is they are not just an ‘observer’.

No other forms of ‘body corporate’ in Australia are treated in such a manner, and except for the suspension of the *Racial Discrimination Act* this would clearly be ‘racially discriminatory’.

The Bill is deficient in that it neither:

- limits the involvement of the ‘observer’ to matters relating to specific use of government funds,
- imposes any sort of explicit ‘confidentiality’ requirement on the ‘observer’ or the Minister, or other public servants to whom information would presumably be passed.

As indicated above, LHAI is not simply an ‘administrative arm of government’ and never has been. Government has only ever ‘paid for’ (ie. funded) a part of its activities and services. LHAI is also a ‘business’ (owned by our members) just as much as any company or ‘farm’ run as a business. The difference is that we are a not-for-profit one that returns the profits to its owners (ie. members) in the form of improved member services. We are entitled and have a right to the same ‘commercial in confidence’ and privacy consideration as any other individuals or corporate entities, except as required by formal statutory and funding agreement reporting requirements.

In light of the approach taken by Government members and the media, over the past two years, in deliberately trying to expose as much ‘dirt’ as possible about Indigenous communities, individuals and organizations, LHAI has little confidence that internal information would not end up as distorted/exaggerated ‘propaganda’ to support the Government’s intervention initiative.

In assuming (section 81 of the Bill) powers of the NT Minister, under the NT *Associations Act*, there are already properly considered processes for the Minister to require information, instigate inquiries, appoint administrators, and if need be wind up associations. The proposed extension of powers to impose ‘observers’ is extreme. The same comment applies in relation to Community Government Councils.

Subdivision B – Commonwealth management of incorporated associations

This subdivision is also concerning as there is no limitation on the scope of control a ‘Statutory Manager’ appointed by the Minister. It is not limited specifically the services the Minister believes the government has funded.

As indicated above, LHAI is a complex multi-million dollar enterprise. It embodies much of the accumulated physical, economic and social capital of our members and their homeland communities. It is not appropriate for such an appointed 'Manager' to be able to exercise control over other assets resources and services of the organization.

What financial liability to members would the Minister assume if such administration caused the collapse of currently viable business activities or other losses to members (eg. fully controlled aviation business)?

Division 5 - Enforcement

Subdivision A – Civil Penalties

Section 83 Persons involved in contravening civil penalty provisions verges on being 'McCarthyian'.

Clauses (1) (a) and (c) are effectively broad 'conspiracy provisions'. Australian citizens have the right to discuss, take advice, privately and publicly advocate, and take actions in relation to how their communities should function and their member owned associations operate within the accepted parameters of the law.

This provision is clearly designed to suppress the expression of dissent, non-cooperation or the possibility of 'civil disobedience'.

Potentially, members (owners) of an association who in accordance with the NT Associations Act and the Associations constitution, convened a Special General Meeting and instructed their Directors and staff not to cooperate, or delay action pending legal advice/challenge, would potentially be in breach of these provisions and be subject to 'civil penalties'.

This is unacceptable in a 'democracy', and is probably in violation of international treaties and covenants on civil, political and human rights.

Part 7 - Licensing of Community Stores

LHAI strongly supports the principle of trying to make healthy and fresh foods more readily available and affordable to communities. However, we are not convinced the proposed mechanism is necessarily the best way to achieve this.

LHAI has for over 12 months been trying to establish a 'food stores and distribution network' through an SRA (Shared Responsibility Agreement) process across our homelands in order to address nutrition and the exorbitant costs of travelling large distances to do shopping. Travel for shopping trips can cost up to \$1,200 for a return trip by aircraft charter (at subsidised non-for profit rate) or by private 'bush taxi' operator.

Frankly, government has been slow and unhelpful with continual referrals back to 'Outback Stores' by different Territory and Commonwealth bureaucrats and other delays. We have been through our needs with Outback Stores and they have confirmed in writing that they could not address our needs in the foreseeable future due to small scale and dispersion/remoteness.

LHAI is very concerned that the new licensing provisions could prove to be yet another obstacle to getting this service provided to our members – a venture it seems we will now probably have to fund ourselves without government assistance, since we can't wait any longer.

The hard reality is that any store is usually better than no store, which is where most of our homelands are currently at. The proposed legislation would seem unable to accommodate this situation.

LHAI is also concerned for one store which is independently owned and operated by one of our homeland communities. It is small and it struggles. It will be extremely difficult for it to comply with the licensing and assessment provisions. Its closure would be a disaster for both that homeland and the nearby homelands which also use it.

It is of concern that the Bill specifically excludes 'roadhouses' and 'take-away food' establishments in the 'prescribed area' from the licensing provisions.

This could have some rather 'perverse' effects. 'Take away' and 'junk food/drinks' are highly sought after, they generally have a lower cost structure to supply and higher profit margins. Established food and drink preferences are not easy to shift. It is possible people will choose to travel - more than would be desirable, to locations where they can purchase these items. This would result on a net loss of income towards travel, and the 'profits' being expropriated outside the community.

It would seem to be 'discriminatory' to allow some establishments, which for the most part are owned by non-Indigenous people, to trade on Aboriginal land while closely controlling Indigenous owned business including 'not-for-profits'. Especially since 'road houses' and 'take-aways' specialise in confectionaries, soft drinks and foods of dubious nutritional value.

Other Aspects of the Emergency Response Measures

Welfare Reform.

For LHAI and our members resident of homelands, the 'welfare reform' measures will have serious implications unless the changes are phased in over an appropriate timeframe.

Our members need to travel extensively to access services, purchase food, etc. Over many years LHAI has offered a limited and carefully controlled 'book up' system for 'air charters' and savings/deductions for 'vehicle repairs' at our workshop. Both these services are provided on a 'not-for-profit' basis.

LHAI has only been able to 'lend' these funds to members because of the security of being able to make deductions from CDEP payroll to ensure debt repayment, or to help individuals 'save' for car repairs.

The welfare reforms have the following implications:

LHAI will need to move all members from a 'debtor' position (max \$250) to a 'creditor' position, helping them to save towards travel and repair costs. This is a very significant practical/financial, attitudinal and behavioural change. On \$246 per week, changing your financial position by \$500 is a significant challenge, made even more difficult through the income (management) quarantining proposals.

LHAI will also need to try and recover all outstanding debts before CDEP participants transition to Work for Dole or other benefits where repayment cannot be guaranteed.

For our homeland residents, the possibility of 'quarantining' would have very significant impact. Resident MUST travel regularly to Nhulunbuy to purchase food, essential items and access services. Quarantining pension money will potentially 'halve' their ability to travel since it is unclear how these high travel costs (up to \$1,200 per return trip) will be treated in the income management arrangements. In principle this might be a good thing, but in practice it may impose real hardship for the following reasons:

- Most of our homelands currently do not have 240v reticulated power. Very few people have the ability to refrigerate and store food for any length of time.
- The amount of food that can be purchase on any one shopping trip is also limited by space/weight restrictions on both aircraft and bush taxi - especially since several families may be represented on one shopping trip to defray travel costs.

It is therefore not possible at present for people to go shopping 'half' as frequently.

Secondly, there are no 'local stores' at present that would have the capacity to cope with the 'income management' arrangements.

LHAI is able and willing to address both the issues outlined above, but it cannot be done 'overnight', but could be achieved over a planned 12 month transition from CDEP during which time the proposed homeland food stores and distribution network could be established.

Members of LHAI generally do not support the 'income management' proposals as best as we can currently understand how they work.

- the measures appear to be discriminatory in effect, but also in terms of closing off avenues of appeal.
- the mechanisms appear to be very complex, intrusive and paternalistic/controlling, and will invariably require significant expenditure on 'bureaucracy'.
- they will potentially impose significant hardship on people who live in remote homelands.
- they will demoralise those who for years have acted responsibly and survived on minimal incomes, and will take responsibility away from parents and carers.
- CDEP provided real opportunities and incentive to work through 'top up' and interest in the activities themselves. Work for the Doles will not have these benefits.

LHAI believes this Welfare Payment Reform measures are inappropriate and cumbersome.

LHAI strongly believes more appropriate and effective, and less cumbersome measures can be developed to achieve the intended outcome.

An alternative proposal developed by an LHAI staff member is attached to this submission (Attachment A) as an example of a different approach. This approach has NOT been considered by the LHAI members or Board and has not been endorsed by our organisation. It is included only to generate further thinking and reflection on how the issue of inappropriate use of social Security payments can be addressed.

Abolition of CDEP

Background CDEP

LHAI manages the CDEP program in 16 remote homelands with approximately 303 CDEP employees under the scheme. The Community Development Employment Program (CDEP) is just that - a scheme that employs a large number of Indigenous people in a range of capacities that enhance community development in the homelands. The essential services that CDEP participants provide address key community needs. It must be pointed out that CDEP is not an 'Aboriginal Work for the Dole' program. Nor is it passive welfare, as payment is based on actual work participation and for all intents and purposes, according to ABS and ILO definitions, CDEP participants are in fact, employees, and are able to enjoy entitlements such as annual leave, long service leave and superannuation – which is why some 7500 CDEP participants are not included in welfare benefits data.

How this will affect LHAI

LHAI is extremely concerned that the abolition of CDEP has not been undertaken in the best interests of the Aboriginal people affected. It is not being driven by the opportunities for 'real jobs' – but driven by the belief that it is necessary to 'strip the communities of CDEP cash' and so the government can legally quarantine payments to those forced onto Welfare.

Cessation of CDEP for LHAI will result in the direct loss of 17 individual full time Indigenous contracted staff positions in an already limited labour market area. The loss of these jobs will directly impact upon the remaining 11 Indigenous positions at LHAI as the resource centre becomes increasingly constrained in it's capacity to deliver core business services to homelands residents.

Morale is already being tested with many Yolngu feel disempowered as they are pushed towards the mainstream, with no concern or regard for retention of culture, let alone celebration of Australian multicultural fabric. A clear sense of disempowerment and is evident throughout our Yolngu membership because of the NTER, and the failure of Government to listen to concerns expressed to various inquiries over the past two years (eg. Land Rights, Permits, Little Children are Sacred).

Rushed timeframes for implementation of Welfare Reforms and scrapping CDEP, and lack of clear detail are adding to an already overwhelmingly mind boggling administrative and communication nightmare. We are being expected to communicate these complex policy changes to a remote population, which is quite mobile, which does not speak English as a first language, has low literacy levels, minimal communications infrastructure, and poor understanding of 'ngapaki' systems. No support has been given by the government. To assist with increased workloads in Resource Centres.

The proposed replacement for CDEP, the STEP program is an employer focused and oriented program, which will clearly struggle to be successfully implemented in remote communities due to miniscule labour market. Work for the Dole is time limited, with limited resource capacity and which delivers no jobs at the end for welfare recipients.

The government has criticized CDEP as a 'destination' – we would strongly argue that we have secured 28 full time jobs off CDEP in 12 months, and that Work for the Dole will not have this employment success rate. Work for the Dole, rather than CDEP, is what will be the ultimate destination for many living in the remote communities.

We question the Government's insistence CDEP must cease in remote areas, as it can work extremely well and services community needs effectively, and has been successful in placing participants into off CDEP work. We question why government feels the need to 'reinvent the wheel' when you have all the mechanisms already in place for community development, training and developing jobs off CDEP.

We are very concerned at the Government's misuse of the LGANT 'Audit of Employment Opportunities in Remote Communities in the Northern Territory August 2006' report, commissioned by DEWR. The report clearly states that:

"It is believed that if CDEP were to be removed, then this would severely hamper service delivery, given the declining funding in grants and there being little current economic development opportunities due to remoteness and skilled workers."

Further, the report goes on to say

"Extremely low levels of literacy and numeracy that was identified is of major concern...and this, plus other factors has an enormous impact on professional and semi professional positions being offered to, or taken up by, Indigenous persons."

The inference that non Indigenous jobs will be taken up in a short period of time by Indigenous persons according to the FaCSIA Minister is a farce, given the limited achievements to date and current capacity to deliver literacy and numeracy training in remote areas. There are not enough service providers on the ground to even cover the most basic literacy and numeracy needs across the LHAJ homelands, let alone make rapid improvements to allow for succession in the timeframes mentioned by the Minister.

Mr. Brough has said that 2000 jobs will be created – what about the other 5500? According to Mr Brough these will be full time, however DEWR representatives have confirmed that the full time jobs may be split to make up two part time jobs.

In the Social Justice Commissioner's Report of 2006, Chapter 3, page 2 Of 50, "The Minister for Families, Community Services and Indigenous Affairs has also stated that: 'The one size fits all approach will not work. We need different strategies for urban, rural and remote areas. Indeed we must recognize that every individual community is different and that local solutions need to be designed with local people to suit their local circumstances.'"

Clearly the one size fits all approach **has** been taken with respect to abolition of CDEP, and no consideration given for organizations or participants who have met their requirements and obligations to continue the program, or to geographical location or available labour market, or to the availability on ground resources to support training and transition to employment and business development.

Sacking 303 LHAI CDEP employees and forcing them to go onto Welfare/the Dole is not the solution to the NTER. Sacking up to 7500 CDEP employees across Northern Territory is not the answer. Cessation of a successful employment program should not be considered, nor sacking 17 Indigenous contracted staff members from LHAI who will be sacrificed in order to legally gain control of their welfare payments,.

The CDEP scheme works well in remote areas – and assistance should be given to improve and refine this service if necessary, not abolish it altogether. This is clearly not being implemented to provide 7500 jobs, but so cash flow into Aboriginal communities can be managed.

Changes to the Permit System

The views of LHAI members on this issue have been strongly put to the Australian Government in submissions to the Reeve's review some years ago, to the Land Right Review in 2006, to the Review of the Permit System in 2006/07, and in partitions directly to the Australian Parliament.

Our members strongly oppose any changes to the Permit System. It is a diminishment of their land and property rights and a threat to the maintenance of their culture, and future economic opportunities. They strongly reject that the Permit System hides and protects criminals, child and women abusers, or other anti-social behaviour, or the clearly identified and documented disadvantage that continues to exist in remote communities.

The ‘ban’ on the commercial importation of Kava.

Kava has been a highly regulated substance in the Northern Territory for the past 4 years – unlike kava in the southern states, which is the source of the black market. Kava’s history of use in this East Arnhem region goes back however a quarter of a century.

In Licensed Kava Areas in the NT, adults can only purchase 400g per week per person, and their names and purchase quantities must be recorded. 100g of licensed kava costs \$15 including GST.

Laynhapuy Homelands Association Inc. (LHAI) is the licensed wholesaler of kava under the Northern Territory *Kava Management Act*.

LHAI hold a legally valid importation license issued by Mr Abbott’s own Department that does not expire until 31 December 2007. However we are now not allowed to import any product.

This decision was taken without any advance warning and with no consultation with the communities or businesses affected. In fact we received advice a day after the ban came into place

The decision to ban kava is **not** a decision based on reliable scientific, medical or social research.

In 2004, Foods Standards Australian New Zealand compiled a technical report on Kava – A Human Health Risk Assessment. It says

“ While excessive consumption may lead to adverse health effects, such as kava dermatopathy (scaly skin rash), there is no evidence that occasional use of kava beverage is associated with long term health effects.”

Because many of our Associations’ members, directors, staff and their families drink kava to varying degrees, they are obviously directly concerned about possible health risks – and they want to know the facts.

Our Association has commissioned two independent reports by the Sydney Health Projects Group from the School of Public Health at Sydney University, to identify and review all available scientific and medical literature on the health impacts of Kava.

Current evidence indicates a ‘casual effect’ related to kava drinking, only in relation to: lethargy, ‘scaly skin rash’ nausea/loss of appetite and indigestion, weight loss, and raised levels of a liver enzyme – which is a reversible condition.

Compare this with the well know harmful effects of tobacco, softdrinks and high sugar/fat content foods which are killing many Aboriginal people through lung disease, heart disease, diabetes, and with the effects of alcohol which alone has killed 19

people in this regions in the past 4 years through violence, suicides and road accidents.

If the Minister has any credible information on kava-related morbidity and mortality, or adverse social consequences, this should put it into the public arena so it is available to health professionals and consumers alike. Quite frankly, LHAJ doubts that such evidence exists.

Yes, there is some abuse of kava sold under license, but the licensees – all of whom are indigenous (Yolngu) run multi-purpose service organizations - and the respective communities are working on strategies to address this in cooperation with the NT Licensing Commission and Division of Racing Gaming and Licensing..

Yolngu communities in this region made a conscious choice at the community level to request the sale of licensed kava in preference to alcohol. All of the six licensed kava communities are 'dry' communities – they have already banned alcohol of their own volition. Their choice should be respected.

There is no known association whatsoever between kava use and violence, crime, child abuse, sexual assault, etc. In fact the opposite is likely because of the sedating effects of kava.

No consideration appears to have been given to the impact of the ban on the likely influx and use of alternatives, which are far more damaging to health and social functioning of the communities.

We understand that Minister Brough and Minister Abbott have never actually visited a 'licensed kava community'. They have only visited communities where the black market has been allowed to thrive. Black market kava can cost up to 10 times the price of legal kava – and definitely would cause financial hardship. They have certainly never discussed their concerns directly with the licensees or licensed communities.

Some of the information provided by Government has been misleading in relation to health and social impacts and details of the supply of kava. Licensed kava has effectively and incrementally displaced 'black market kava' in communities where it was licensed. This was precisely the intended effect of the regulatory system, and is the proper explanation of why legal imports of kava have increased to the current stable levels.

Better regulation of kava in other jurisdictions to prevent it being illegally brought in quantity into the Northern Territory would have been a far more appropriate policy response. Similarly the expansion of the licensing regime into unlicensed communities would similarly have removed the black market and provided for more effective control and monitoring of kava use and incremental reduction in consumption levels.

The Australian Government's precipitous action will also have very adverse financial consequences for the Yolngu owned organizations that sell kava as just one of their diverse community functions. All kava profits must go back to the community for

community benefit. That is, services, facilities, training and employment - it complements if not exceeds government assistance in these areas.

At Ramingining kava proceeds have been used to help rehabilitate the Murwangi cattle station and abattoir to create employment., Yirrkala Dhanbul Council currently has \$600,000 worth of community projects dependent on kava proceeds for completion. Laynhapuy Homelands Association has substantially funded our Ranger program, staff housing, improvements to community housing, and were planning to invest in a homeland training center, homeland power system, and cyclone shelter, co-finance owner-occupier house building, and the development of our construction and civil works businesses. We have current contracts with suppliers of various services to the value of some \$300,000 that we will now have trouble honoring

The Government has just removed several million dollars per annum of income from these communities – all of which goes to provision of services and facilities and generation of employment and other business activity – without consideration of the consequences.

Activities at LHAJ funded from proceed of Kava Wholesale business.

After the costs of running the Kava Wholesale Business and meeting licensing obligations (eg. health monitoring & education activities) the proceeds available for use for community benefit are in the order of \$900k per annum.

Annual proceeds have built to this level over the past 4 years, as licensed kava has supplanted 'black market kava' in the licensed communities. Wholesale sales have remained fairly constant for about 2½ years. So this is the anticipated level of income forgone with the current 5 kava License Areas.

Assistance to Members (recurrent)

- Health Escort Travel Assistance
- Training Assistance
- Funeral & Ceremonial Activities
- Welfare Assistance
- Cyclone Evacuation

External donations/support

- Support to school & sporting excursions
- Support to harmony/Night Patrol

Direct Indigenous Employment (recurrent)

- Chairperson's Stipend
- Executive Support Officer
- Community Worker (2 days/wk)

Homeland Capital Projects

- Ranger Station at Yilpara (approx 70%)
- Boat for Sea Rangers

- Yilpara Reticulated Power network (\$27k contribution)
- Power Line at Yilpara (approx 30%)
- Women's Centre, Yilpara (electrical, plumbing & slab) (10%)
- Community housing concrete verandas x 30 (100%)
- Reticulated power engineering study – Wandawuy Homeland (100%)
- Homeland Offices x 6 Force 10 building kits (100%)
- Homeland Office generators
- Dhuruputjpi SRA (School of Air) (\$30k)
- Homeland Tractors & Trailers (approx \$57K)
- Homeland Bores (approx \$39,000)

Resource Centre Capital Projects

- Short term accommodation for contractors & visitors x 2 units (100%)
- Staff housing – 2x3 bdr duplex (100%)
- Staff housing (CDEP Coord) – earth works & infrastructure (15%)
- Resource Centre Office Extensions & refurbishment (100%)
- Survey and engineering assessment for subdivision and Land Use Agreement (100%)
- Fencing, repairs and furniture for staff housing.
- Computer hardware (servers & PCs)
- Purchase of plant & equipment to support Civil Works business.
- 2 x vehicles

Funding Leverage

- 20% matching funds to Health People Healthy Country Early Investment project (approx \$250k Laynha contribution) to build housing for Ranger.

Other

Contribution to General Operating & Governance Costs:

- including part CEO and Corporate Services Manager positions
- Board meeting costs.
- Consultancy re finance & accounting.
- Cash flow/liquidity to underwrite commercial finance for Grader, Tipper and Low Loader.

Investment/Contracts Related to Kava Business

- Kava Warehouse - special construction/fit out in 2006 (approx \$140,000)
- Kava wholesale/retail sales, inventory and ID tracking software –almost completed (approx \$100,000)
- Kava Health Monitoring Project - \$120,000 contract with NT Health for 12 months – only 4 months in.
- Kava research. Two projects completed in last few months – approx \$35k.

(We anticipate a bill for approximately \$140,000 for kava ordered and ready for export that can no longer be delivered).

Planned Use of Kava Proceeds 07/08

- Labour & other material costs for homeland offices x 6
- Homeland Training Centre including VOQ accommodation (approx \$250k) if govt. funding not secured or co-contribution required.
- Basketball courts x 2
- Cyclone shelter/resource centre office/training room extension (\$350k contribution)
- Support to develop homeland stores business as part of SRA
- Reticulated 240v power for Wandawuy if Govt funds not secured or co-contribution required (\$400k)
- Purchase of D6 Bulldozer for Civil Works Business
- Infrastructure works for subdivision to allow expansion of business activities and staff housing. (\$450k)
- Proposal to develop Home Owner/Builder project with Habitat for Humanity involving establishment of mud brick construction business.

Laynhapuy Retail Kava License

Laynhapuy Homelands Association also hold a retail kava license for the Laynhapuy homelands. We have six 'nominee' outlets who sell kava in their homeland.

Proceeds from these sales (average of probably \$400 per week) are retained by the homeland to use as they see fit.

Yilpara Homeland is the largest nominee outlet and probably retains \$1,000 per week in kava proceeds. They have used their kava profit savings to set up their own community store, and use current profits to assist people with travel, subsidise the purchase of power cards (about 4 x the cost of Yirrkala/Nhulunbuy), and periodically support the operation of the store.

ATTACHMENT A

An alternative proposal developed by an LHAI staff member to address the issue of inappropriate use of Social Security income is attached as an example of a different approach. This approach has NOT been considered by the LHAI members or Board and has not been endorsed by our organisation. It is included only to generate further thinking and reflection on how the issue of inappropriate use of social Security payments can be addressed.

AN ALTERNATIVE POLICY RESPONSE TO INNAPPROPRIATE USE OF SOCIAL SECURITY INCOME.

Introduction

The idea presented in this paper was triggered by a Four Corners program on the 'Ice Epidemic', in which a Anglo-Australian, urban dwelling drug addict waited at the ATM machine for his pension to arrive so he could go and score.

However, living in a remote indigenous community I am confronted everyday by the irresponsible 'choices' that some carers make that results in children not receiving the food, health care, education, role modelling or parenting they require. The same can be said in relation to the unmet needs of elderly, frail, or disabled. Everyday I also witness the personal and community damage caused by substance abuse (including tobacco).

The current system of income support through social security, where expenditure choice is completely discretionary, can inadvertently facilitate and sustain a range of dysfunctional behaviours (ie. alcoholism, substance abuse, gambling, inappropriate diet, excessive/irrational travel, etc.) - both in the mainstream and Indigenous community.

In both the mainstream and indigenous community there can be instances where dysfunctional behaviour can verge on being 'normative' within a family, cluster of families, or a community.

Once the generally sanctioned 'norms' (either 'customary' or 'western') of routine, personal/family care and responsibility, self-support through education and work etc. have broken down (for whatever reason), the dysfunction is likely to be sustained by the flow of social security income¹.

Where this is the case, the availability of discretionary income that sustains dysfunctional behaviour needs to be addressed before progress can be made in other areas such as housing, health, education, employment, child welfare, criminality, violence, etc.

It should be noted however that in addition to people with addictions (ie. legal and illegal drugs, alcohol, gambling, tobacco), there are others such as people with developmental disabilities, mental illness, dementia, or simply an inability to manager personal finances, who could also benefit from the system proposed in this paper.

The Current Proposal by Government

The current proposal by government to quarantine 50% of the income of indigenous people living in remote communities in the NT is seriously flawed. It is:

- punitive

¹ A comparable effect can be observed at upper income extreme where the rigours and discipline of earning a living have been removed through access to 'wealth'. 'Dependence' is dependence – whether it be welfare, royalties, dividends or other unearned allowances.

- highly intrusive and paternalistic
- administratively very expensive and cumbersome
- discriminatory
- it removes responsibility from people to look after themselves or their children/old people - the state will do this through breakfast programs, food stamps, or whatever.
- it does not foster behaviour change or more appropriate prioritisation of expenditure.
- It does nothing to stop 'immediate consumption' on non-essentials (tobacco, alcohol, drugs, gambling, soft drinks, take-away foods, etc.) with the remaining 50% paid in cash.
- It does nothing to stop 'humbug' or intimidation to access the remaining 50% paid in cash.
- It penalises individuals/families who are acting responsibly.

Significantly it has requires the abolition of the CDEP program so it can be implemented - penalising those who make the effort to work and earn 'top up', not to mention the impact on community services.

An Alternative Response

As a general principle, it is reasonable to expect recipients of pensions/benefits to use them in the first instance for their intended use. That is, to improve their 'welfare' and social 'security' (ie. place/participation in society). Excessive alcohol or substance abuse, gambling, or wasteful and irresponsible expenditure results in the exact opposite outcome for both the recipient and their carers/dependents.

Rather than an overly restrictive, and punitive response to limiting what individuals can purchase using their social security pensions and benefits, an option that should be considered is a major reform of how social security is paid generally.

Social Security payments could incorporate a '**savings requirement for discretionary expenditure**' that could be applied to all recipients of all forms of Social Security payments - both Indigenous and mainstream.

The basic idea behind the 'savings requirement' is that Social Security payments in any fortnight should not be available for the immediate consumption of a selected range of non-essential items such as alcohol, drugs, tobacco, gambling, etc. or even single item purchases above a certain value (eg. luxury goods/travel). However, recipients should still be able to save for these 'discretionary' items.

Such a system would largely remove concerns about 'discrimination' or limiting 'personal freedoms/choice' - people would still have the 'choice' and 'right' to save for and spend their money on these 'discretionary' items.

This system could be implemented as follows:

- Any financial institution wanting to hold the accounts/funds of people receiving Social Security would need to offer an special account that:
 - was 'segmented' into an:
 - 'essentials' sub account
 - 'discretionary' sub account.each with own card and PIN
 - could record a '**minimum savings balance**' for the 'essentials' sub-account.
- With each fortnightly payment of any pension/benefit Centrelink would transmit a '**minimum savings balance**' figure to the account, based on the total fortnightly Social Security entitlement the individual would normally be entitled to. That is the aggregate of the Pension/Benefit, Family Assistance, other allowances.
- The bank account would automatically move funds between the sub-accounts after every transaction to maintain up to the 'entitlement minimum balance' in the 'essentials' sub-account. Any amount in excess of this would be automatically spilled over into the 'discretionary' sub-account.
- All purchases from the 'essentials' sub-account would need to be by eftPOS, and no cash (or minimal daily amount) could be withdrawn from either an ATM or at point of sale.
- A list of 'non-essential' items could be proscribed from purchase from the 'essentials' sub-account including tobacco, alcohol, kava, and potentially even confectionaries and takeaway food (as per GST classification), or goods above a certain value. This could potentially be encoded on a 'smart card' so it is accessible to retailer at point of sale.
- There would need to be appropriate sanctions against retailers who colluded in circumventing the system.
- It could if deemed necessary be made an offence to use or be in possession of another persons 'essentials account' card.
- There would be no restrictions on purchases or cash withdrawals from the 'discretionary account'.
- The 'minimum savings balance' could be incremented gradually as a % of the Social Security income entitlement, after implementation of the scheme. For example:
 - 25% initially
 - 50% after 1 year
 - 75% after 2 years
 - 100% after 3 years
 - 125% after 4 years
 - 150% after 5 years
 - 175% after 6 years
 - 200% after 7 years

This would progressively force Social Security recipients to **save** if they wanted to have 'discretionary income'.

Individuals who manage their finances responsibly should be able to achieve these 'savings' targets and maintain their discretionary spending.

It also means that over time, the vast majority of Social Security recipients will accumulate some savings to fall back on for paying essential bills in necessary (potentially reducing the need for 'emergency relief' outlays).

This would also significantly contribute to 'national savings'.

For those with addictions or unable to manage their money (eg. some mentally ill, etc), they are unlikely to be able to save significantly and their Social Security income will be effectively 'quarantined for essentials' - without the need for significant bureaucratic oversight and intervention in their lives.

CDEP

The same scheme could effectively be applied to CDEP participants, simply by requiring CDEP to pay wages into the same account as other Social Security payments. The notional 'minimum income' entitlement of CDEP participants is the same across the country, assuming the national minimum hourly rate and the minimum hours required to be worked at that rate. This 'notional income' can therefore easily be included in the calculation of the 'minimum savings balance'.

This would in fact provide an incentive to work at least the minimum hours if not more. This is because working fewer hours makes it harder to achieve and maintain the minimum savings balance and therefore have 'discretionary' income.

School Attendance

This approach could also provide an incentive to school attendance if appropriately linked to Family Assistance. As with CDEP the notional income entitlement through Family assistance is easy to determine. Non-attendance at school would reduce the actual income, whereas the 'minimum savings balance' would be calculated on the 'notional income'. Poor attendance would then result in it being harder to achieve and maintain the 'minimum savings balance' and therefore have 'discretionary' income.

Other Benefits of the Scheme

Protection from 'humbug' and intimidation. For individuals facing real pressure to hand over their income, they would simply need to spend enough on essentials to stay below the current 'minimum savings limit'. They would simply not be able to hand over cash for drugs, gambling, alcohol etc. since they could not access it, nor could someone who took possession of their card and PIN.

Prevention of 'book up' and cards being held by vendors. For similar reasons as above, there would be little value in vendors trying to hold people's cards or allowing people to run 'book up'. It could be extremely difficult for them to get their money back.

Prevention of inappropriate 'finance and contract arrangements' for vehicles, satellite TV, mobile phones, etc. If 'finance/contract repayments' above a certain amount per fortnight were proscribed then finance companies and other vendors would be forced to consider only the savings record in the 'discretionary account' in determining people's ability to pay when they enter a contract.

Summary

The advantages of this scheme (particularly in remote indigenous setting) would be:

- If expenditure on 'non-essentials' can be deferred by a 'saving' requirement, then there is an extremely good chance that the social security/CDEP income will end up being spent on food, and other necessities in the interim.
- it increases pressure against 'immediate consumption'
- it introduces the concept of 'saving' and 'prioritising' for non essential expenditures. It promotes positive income management rather than taking away responsibility.
- this system would ensure that there is likely to always be money available in peoples accounts for necessities such as food, because most people are likely to try to save enough to have some discretionary spending. Which means there will probably be money in the account in an emergency.
- this system would reduce pressure and 'humbug' by reducing the ability to access cash or purchase non-essentials under duress. Mothers, elderly, etc. by purchasing essentials (and deliberately not saving) could keep their balance below the discretionary 'threshold'. Their cards could then not be used for non-essential purchases by other kin.
- it is likely to significantly reduce the overall availability and amount of money for some activities the tax payer would prefer not to fund (eg. excessive alcohol and kava consumption, gambling, excessive travel)
- it provides an 'incentive' to maximise CDEP and/or 'work for dole' attendance (ie. easier to achieve and maintain the balance necessary to allow 'discretionary' spending)
- it provides an 'incentive' to maximise school attendance if attendance linked notional family payment is included in the calculation (ie. easier to achieve and maintain the balance necessary to allow 'discretionary' spending)
- this system could reduce problems of 'book up' and of traders holding people's card and PIN, since it would significantly reduce the trader's ability to access 'cash' for payment (by delaying this many weeks or indefinitely), and limit the 'discretionary' things they could sell to people.
- it can be applied nationally in a non-discriminatory manner.
- The 'savings requirement' can be adjusted upwards in an incremental manner to avoid hardship.

- If payments to finance companies above a certain proportion/dollar amount per week were a declared discretionary item, this would force finance companies to consider the persons truly discretionary income/savings rather than net income, and help low income people avoid unsustainable debt levels, and stop vehicle purchases being put before child nutrition.
- the benefit to banks from holding the 'savings' are likely to more than offset the costs to banks of introducing/maintaining these accounts.
- several of the 'discretionary' items are already heavily regulated (eg. tobacco, alcohol, kava, finance, gambling, etc.) so this would not be overly burdensome or out of routine.
- This approach could be sold politically as 'incentive' and 'choice' based rather than as 'punitive'. Recipients 'choose' how easy or hard it is to save for discretionary spending, and 'choose' how much they want to save. It is not prescriptive as it only excludes 'declared' items from immediate consumption.