

CHAPTER 2

Background and committee view

Background to Cape York Welfare Reform

2.1 In 2007 the Cape York Institute for Policy and Leadership (CYI) published the report *From hand out to hand up, Volumes 1 and 2*, which set out the policy design for Cape York Welfare Reform (CYWR). CYWR is a package of policy measures which aims to address welfare dependence and reverse the decline of social and economic conditions in Cape York Indigenous communities. The underlying policy principles of the design were:

- all welfare should be conditional;
- further government investment in capability building was needed;
- incentives needed to be fundamentally changed to encourage people to engage in the real economy.¹

2.2 Four communities – Mossman Gorge, Coen, Aurukun and Hope Vale – agreed to participate in a four year trial of the reforms which began in 2008. It is important to note that CYWR is a partnership between the CYI, the Australian Government and the Queensland Government.²

Family Responsibilities Commission

2.3 A key component of CYWR was the establishment of the Family Responsibilities Commission (FRC) by the Queensland Government as an independent statutory body.³ The FRC comprises a Commissioner, a Deputy Commissioner and Local Commissioners from each of the participating communities.

2.4 The FRC's website outlines its role and focus in the reform:

The purpose of the [FRC] is to support the restoration of socially responsible standards of behaviour and to assist community members to resume and maintain primary responsibility for the wellbeing of their community and the individuals and families within their community...

The FRC focuses on early intervention and the outcomes sought are clearly aligned with the goals of the wider criminal justice system – goals aimed at reducing drug addiction, violence, assorted crime, and child neglect in Indigenous communities. The FRC approach, however, is different to other

1 Department of Families, Housing, Community Services and Indigenous Affairs, Cape York Welfare Reform Evaluation, p. 67, available at: <http://www.dss.gov.au/our-responsibilities/indigenous-australians/publications-articles/evaluation-research/cape-york-welfare-reform-cywr-evaluation-report-2012> (accessed 5 December 2013).

2 The Hon Kevin Andrews MP, Minister for Social Services, second reading speech, *House Hansard*, 20 November 2013, p. 9.

3 Cape York Welfare Reform Evaluation, p. 1.

justice strategies in that its focus is socially orientated with conferencing, case management, and support for the community in nurturing, protecting and educating the future generation. The FRC methodology is aimed at being proactive and collaborative.⁴

2.5 The FRC applies to all community members – both Aboriginal and non-Aboriginal – who are welfare recipients or participating in Community Development Employment Projects and who reside in or have lived in the participating communities for three months since 1 July 2008.⁵

Triggers

2.6 There are four types of 'trigger events' which can result in a person being brought before the FRC:

- a person's child is absent from school for three full or part days in a school term without a reasonable excuse, or the person's child of school age is not enrolled in school without a lawful excuse;
- a person is the subject of a child safety report;
- a person is convicted on an offence in the Magistrates Court;
- a person breaches his or her tenancy agreement.⁶

2.7 If one of the four trigger events occurs, the FRC receives a notification about the breach. The FRC is then empowered to do a range of things:

[The FRC] might take no action if none is warranted. It might give the person a warning. It might recommend the person attend community support services to help them get their life back on track. It might order the person to attend those services.⁷

Support services

2.8 The FRC links individuals to relevant support services in their community which include:

- case managers to help children attend school;
- money management advisors; and

4 Family Responsibilities Commission, About the Commission, available at: <http://www.frcq.org.au/?q=content/about-commission> (accessed 6 December 2013).

5 Cape York Welfare Reform Evaluation, p. 71.

6 Cape York Welfare Reform Evaluation, p. 71.

7 The Hon Anna Bligh MP, Queensland Premier, second reading speech for the Family Responsibilities Commission Bill, *Queensland Parliament Record of Proceedings (Hansard)*, 26 February 2008, p. 333.

-
- counsellors for drug and alcohol addiction, family violence and mental health issues.⁸

Income management

2.9 In the CYWR framework, income management over a person's welfare payments is intended as a last resort where other support has not resulted in an individual changing their behaviour.⁹

2.10 An income management order operates in the following way:

The FRC advises Centrelink how much of a person's welfare payment will be income managed. This is usually 60 or 75 per cent of a person's welfare payments, to be used for essentials such as food, clothing, medicine, rent, electricity and basic household goods. The money cannot be spent on alcohol, tobacco, pornography or gambling. Income management does not reduce the total amount of a person's payments from Centrelink, and the rest of their fortnightly entitlement is paid in the usual way.

The FRC orders income management by issuing an income management notice to Centrelink, which Centrelink must implement if the customer named in the notice receives a relevant income support payment. The FRC may also amend an income management notice to revoke the notice, extend the its duration or amend the percentage of fortnightly welfare payments that are income managed. In CYWR communities, individuals also have the choice to go onto income management voluntarily, if the FRC agrees.

The FRC can direct that the client be income managed for a period of from 3 months to 12 months, which is typical. The FRC may extend income management because:

- it has received further notices about the person
- the client has refused to engage with the FRC
- the client has failed to follow through on commitments agreed with the FRC
- the client has asked for the notice to be extended.¹⁰

2.11 Individuals on income management are issued a 'BasicsCard' in respect of 60 to 75 per cent of their welfare payment. The BasicsCard can only be used for essential life expenses such as food, clothes and health items at a variety of approved stores and businesses.¹¹

8 Department of Families, Housing, Community Services and Indigenous Affairs and KMPG, Implementation Review of the Family Responsibilities Commission: Final Report, September 2010, p. 12.

9 Cape York Welfare Reform Evaluation, p. 187.

10 Cape York Welfare Reform Evaluation, p. 73.

11 See Department of Human Services website, About the BasicsCard, available at: <http://www.humanservices.gov.au/customer/enablers/centrelink/income-management/basicscard> (accessed 9 December 2013).

2.12 In introducing the legislation for the FRC into the Queensland Parliament, the then Queensland Premier highlighted the differences between CYWR and the Northern Territory Emergency Response (the Northern Territory Intervention):

[The CYWR] trial has a stronger emphasis on partnership, capacity building, local authority and service enhancement. Community ownership of the welfare reform trial is critical to its success.

The Cape York Institute and government officials have been working with each community for some time in designing the key features of the trial, particularly the [FRC] itself. Community participation in the trial will be formalised through each community's local Indigenous partnership agreement.¹²

2.13 The committee notes that funding for the FRC from the Queensland Government has only been extended until the end of 2014.¹³

Evaluation of Cape York Welfare Reform

2.14 An evaluation of CYWR was conducted by the Australian Government and publically released in January 2013. The evaluation notes that '[i]n the first three and a half years of the trial about half of the adult population in the four trial communities had direct contact with the FRC for breaching at least one of the behavioural obligations that act as triggers for referral to the FRC'.¹⁴

2.15 The evaluation found:

The FRC, operating in conjunction with a suite of support services...and opportunities...is encouraging and enabling many individuals and families to identify and start to address problems that affect their lives. The evaluation has found evidence of greater self-awareness about problems affecting individuals and families, and a greater preparedness to seek opportunities for supported self-help.¹⁵

Overall findings

2.16 The trial is designed to rebuild social norms in Cape York, starting with short to medium behaviour change which result in sustainable improvements over the longer term.¹⁶ The evaluation looked at the areas of progress in social change, education, social responsibility, housing, economic opportunity and restoring Indigenous authority.

12 The Hon Anna Bligh MP, Queensland Premier, second reading speech for the Family Responsibilities Commission Bill, *Queensland Parliament Record of Proceedings (Hansard)*, 26 February 2008, p. 333.

13 Queensland Government, *Submission 3*, p. 1.

14 Cape York Welfare Reform Evaluation, p. 2.

15 Cape York Welfare Reform Evaluation, p. 5.

16 Cape York Welfare Reform Evaluation, p. 2.

2.17 In the area of social change the evaluation noted that behavioural change sought has been at the foundational level to create the basis for further behavioural change:

There are signs that people are taking on greater personal responsibility and raising expectations, particularly in areas such as sending kids to school, caring for children and families and their needs, and accessing supported self-help measures to deal with problems.¹⁷

2.18 The evaluation also advised:

Residents of the communities report that, compared to three years ago, children are happier, more active and eating healthier food, and life is on the way up generally.¹⁸

2.19 A successful feature of the trial has been the:

[R]ebuilding of Indigenous authority to tackle antisocial behaviour through the local FRC Commissioners. Most community members and other stakeholders believe that the FRC has strengthened leadership, particularly through the Local Commissioner's listening, guiding and supporting role. The FRC conferencing process resonates with traditional Aboriginal dispute resolution practices and is consistent with restorative justice principles. An analysis of the social change survey data by social psychologists indicates that residents believe in the underlying logic of the trial – that the FRC can strengthen leadership and encourage people to take responsibility for their behaviour.¹⁹

2.20 The evaluation noted that more progress has been made changing behaviours around education and social responsibility and suggested:

[T]here is a natural sequence in which stabilising the social environment and improving educational attainment creates the preconditions for greater employment and business enterprise and transition to private home ownership.²⁰

Income management findings

2.21 The evaluation provided the following information in relation to the extent of income management in CYWR:

By December 2011, 424 people (25% of the population aged 17 and over) had been placed on income management in the four communities at some point in the preceding 3½ years, for an average duration of 16.8 months. 93% were compulsory and 7% were voluntary orders.²¹

17 Cape York Welfare Reform Evaluation, p. 2.

18 Cape York Welfare Reform Evaluation, p. 5.

19 Cape York Welfare Reform Evaluation, p. 6.

20 Cape York Welfare Reform Evaluation, p. 3.

21 Cape York Welfare Reform Evaluation, p. 15.

2.22 In summary, the evaluation made the following findings in relation to the operation of the income management scheme:

The evaluation has found that income management imposed by the FRC has been a successful intervention in ensuring that the needs of families and children are met...

The Cape York model of income management is far more targeted than the original [Northern Territory Emergency Response] model. The FRC seeks initially to counsel clients about their behaviour and refer them to support services, while income management is used as a means to reform behaviour if these initiatives do not work. Clients on income management are case managed and the FRC monitors their progress and can adjust or revoke income management orders as necessary. There is some evidence that income management assists in reducing subsequent breaches of the behavioural obligations that lead to FRC notices. In Hope Vale, Coen and Mossman Gorge, the average number of notices per quarter for an individual fell by about 10 percentage points after the individual was placed on income management.²²

2.23 Specifically in relation to the BasicsCard, which is issued as part of the income management program, the evaluation found:

In the social change surveys, 78 per cent of respondents in the four communities reported that the BasicsCard made their life better, while 12 per cent thought that it made their life worse. Furthermore, across the four communities, 69 per cent agreed that if people cannot pay for rent and food because they spend their money on other things, then they should be put on the BasicsCard. There is some dissent about the BasicsCard, with common complaints being the inability to use it in some stores and the paternalistic nature of the intervention. Generally, however, the qualitative feedback in the social change surveys was very positive about the impact of the BasicsCard in assisting people to manage their money to meet their families' needs, as well as reducing the money spent on alcohol and drugs.²³

Committee view

2.24 The committee notes this is not a new issue and this will be the third time income management has been extended since it started in 2008.²⁴ The committee is also mindful that income management is a divisive issue.²⁵

2.25 The committee understands there is no quick fix to the long-term challenges of Indigenous disadvantage in these communities. However, it notes advice in the

22 Cape York Welfare Reform Evaluation, p. 34.

23 Cape York Welfare Reform Evaluation, p. 34.

24 Income management was extended for 12 months from 1 January 2012 and 12 months from 1 January 2013. See A Biggs, L Buckmaster, C Ey and M Klapdor, *Bills Digest: Social Services and Other Legislation Amendment Bill 2013*, Digest No. 29, 2013-14, 10 December 2013, p. 14.

25 See, for example, St Vincent de Paul Society, *Submission 2*, pp 2-4.

evaluation report that 'after only three years...the trial of welfare reform points to a level of progress that has rarely been evident in previous reform programs in Queensland's remote Indigenous communities.'²⁶

2.26 The committee recognises that income management is a sanction of last resort in CYWR. In considering the extension of income management in the CYWR, the committee has referred to the findings of the evaluation that income management was a 'successful intervention in ensuring that the needs of families and children are met'.²⁷ In particular, the committee is persuaded by support for the measure by CYWR participants, where 78 per cent of respondents in the four communities felt that the Basicscard (issued as part of income management) made their lives better.

2.27 The committee also acknowledges the support of the Queensland Government, one of the partners in CYWR, for the extension of income management:

Income management is a critical and valued component of the Family [Responsibilities] Commission and the broader welfare reform program. It is considered vital to changing behaviour and increasing social function in the communities.²⁸

2.28 In the committee's view CYWR should be extended for a further two years in order to allow for further consolidation of the successes of the reform to date. Therefore, the committee supports Schedule 2 of the Bill.

Recommendation 1

2.29 The committee recommends that the Senate pass the measure contained in Schedule 2 of the Bill.

Senator Cory Bernardi

Chair

26 Cape York Welfare Reform Evaluation, p. 7.

27 Cape York Welfare Reform Evaluation, p. 34.

28 Queensland Government, *Submission 3*, p. 1.

