



SUBMISSION

THE SOCIAL SECURITY (ADMINISTRATION) AMENDMENT (INCOME MANAGEMENT TO CASHLESS DEBIT CARD TRANSITION) BILL 2019

Introduction

The Family Responsibilities Commission (FRC) appreciates the opportunity to comment on the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 (the Bill), at both the public hearing on 23 September 2019, and in this submission. The FRC supports the transition of FRC communities to the Cashless Debit Card (CDC), and welcomes the continuation of income management in those communities to support the invaluable work of the FRC Local Commissioners. During the public hearing on 23 September 2019, the Community Affairs Legislation Committee requested the FRC provide some further information on the operations, outcomes and costs of the Commission. Accordingly, this submission responds to the requests of the Committee, sets out the FRC's view on the importance of continuing Cape York Income Management, and the transition to the CDC.

The FRC is a unique organisation that directly links socially responsible standards of behaviour and improved care for children to welfare and other government payments. It is a community specific, socially oriented model that integrates restorative justice style conferencing, referral to support services and case management. The FRC operates under legislation that enshrines the wellbeing and best interests of children as paramount.

About us

A brief history of the creation of the Commission is relevant to understanding its unique context. 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 CYWR trial, which included conditional income management implemented by the FRC as a key feature, was the product of 18 months of extensive consultation with participating communities. The consultation culminated with community leaders endorsing participation, by signing an agreement on behalf of their communities.

The Institute 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 CYWR trial involved a suite of initiatives of which the creation of the Family Responsibilities Commission as an independent statutory authority was a key feature. Other initiatives included an economic development stream to support jobs in the real economy and moving individuals and families from welfare housing to home ownership.

The reforms were designed with a strong emphasis on partnership, capacity building, respect and use of local authority in order initiate early intervention to address issues and behaviours before they escalate.

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 the 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 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 *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.

In October 2014 the Queensland Parliament passed the Family Responsibilities Commission Amendment Bill 2014. Along with amendments aimed at increasing efficiencies and expanding operations, the FRC Act's sunset clause (section 152) was removed, under which the FRC Act was to expire on 1 January 2015.



The main objects of the FRC Act 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.

The FRC Act contains a robust information exchange regime. The Act allows the flow of information about Commission clients, through appropriate pathways, between the FRC, NGO support services, and the relevant Australian and Queensland Government agencies.

Conferences are conducted by Local Commissioners who are Elders or respected community members. Local Commissioners 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 Commissioner, Deputy Commissioner (whilst appointed) and Local Commissioners meet regularly to conference clients and make referrals to community support services, or in certain circumstances, to Centrelink for income management.

The FRC's Local Commissioners are appointed under the FRC Act, under stringent eligibility criteria. The Act prescribes a framework whereby Local Commissioners are, after taking into account a client's individual circumstances, able to make decisions that are legally binding. These decisions are all made with the underlying principles for administering the Act in mind. The principles include early intervention, making use of community support services and taking into account Aboriginal and Torres Strait Islander custom. The Commissioners are in turn protected by the Act from reprisal.

The FRC Act also has a number of avenues of administrative review built-in. Along with an external appeal mechanism, clients have fast access to internal review by the Local Commissioners through the provisions of the Act enabling clients to apply to amend or end their orders.

Our operations

The FRC Registry office is based in Cairns, and the Commission operates in the five communities of Aurukun, Coen, Doomadgee, Hope Vale and Mossman Gorge.

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 notified is within the jurisdiction of the Commission. The matter is then referred to the Local Commissioners to decide whether the client should attend a conference.

At the conference Commissioners discuss with the client the matters in 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, after taking into account the client's circumstances, and pursuant to the FRC Act, that no action is necessary, to reprimand the client, encourage the client to enter into a Family Responsibilities Agreement (FRA), direct the client to relevant community support services or place the client on a Conditional Income Management (CIM) order. The decision to place a client on a CIM order is discussed in further detail on page 6.

Financial Information

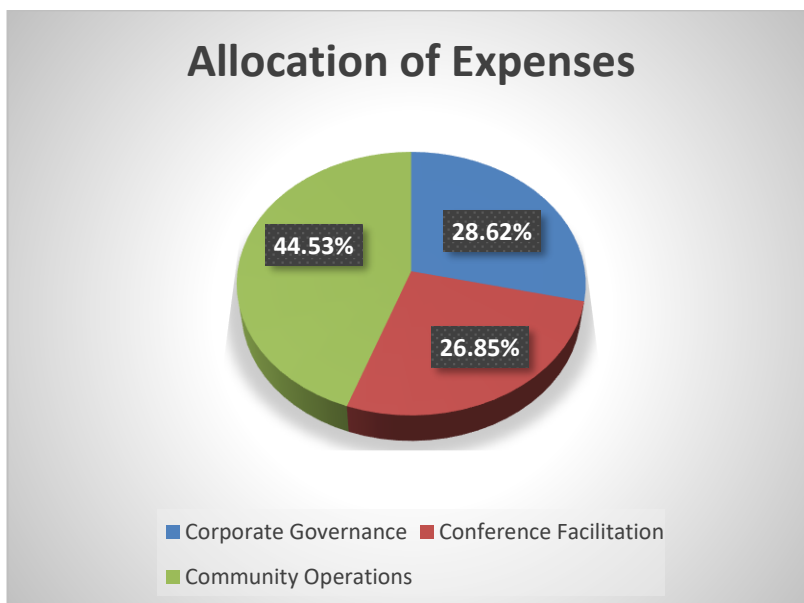
Since commencement in July 2008, the FRC has received funding of \$43M from the Commonwealth and State Governments at a ratio of 35%:65% respectively.

The core functions of the FRC can be summarised into three broad categories:

- **Corporate Governance:** including corporate governance, finance, statistical reporting, training and other administrative functions to ensure the effective and efficient operations of the Commission.
- **Community Operations:** including the operational costs in each of the five communities to conduct conferences, prepare and monitor case plans for clients for attendance at community support services and prepare and monitor income management orders.
- **Conference Facilitation:** including to facilitate the holding of conferences in the five communities, provide support to the Local Commissioners and Local Coordinators to hold conferences, assist with the on-going monitoring of case plans for clients through the provision of data and other information and process income management orders where considered necessary.

The functions of corporate governance and conference facilitation are conducted primarily in the Registry office in Cairns with frequent visits to community by staff. Community operations are conducted by local coordinators (with two of these living remotely in the larger communities of Aurukun and Doomadgee) and twenty-five Local Commissioners, resident in their respective communities, and are paid as sessional sitting Commission members for conferencing, serving notices, meetings and professional development.

The allocation of the FRC's costs based on the above core functions is:





The majority of the FRC's costs are spent locally in the five communities or in regional Queensland and contributes to these economies.

A high-level analysis of our costs to ascertain an average per client investment reveals that FRC's model of providing an integrated, client-centered case management and monitoring approach is affordable and represents good public value.

Average cost per conference held by the FRC	\$ 1,486.72
Average number of conferences held for a client	2.83
Average client investment per engagement	\$ 4,204.74

In our experience, it is unusual for a client to have no dependents, with an overall average number of people in a client's household being 3.52. This average is consistent with the 2016 Census data. The average client investment can be further broken down to determine an investment per person impacted by our approach.

Average per person investment per client household	\$ 1,194.53
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Cape York Income Management

The income management element of the FRC model is commonly referred to as Cape York Income Management (CYIM).¹ This term is used to distinguish it from the other models of income management operating in Australia, but it also refers the broader approach of the FRC which encompasses conferencing and case management. As noted, income management is just one tool in a suite of options available to Local Commissioners under the FRC Act and is generally used as a last resort. To illustrate, over the period from the 2013-14 financial year to the 2018-19 financial year, 37.7% of Commission clients had been placed on a CIM order. For the same period, 43.3% of Commission clients had been placed on a case plan to attend a support service. This demonstrates the holistic and complementary way in which CYIM is used.

Both the aim and the delivery of CYIM is unique. The 2018 report on the 'Strategic Review of Cape York Income Management'² conducted by QUT concluded that:

¹ Income management was introduced in Aurukun, Coen, Hope Vale and Mossman Gorge as part of Cape York Welfare Reform in 2008. In 2015, Doomadgee opted into the FRC and the same model of income management. 'Cape York Income Management' is used to refer to income management used in the four Cape York communities as well as Doomadgee.

² Scott, J., Higginson, A., Staines, Z., Zhen, L., Ryan, V., & Lauchs, M. A. (2018). Strategic review of Cape York Income Management (p.x)

‘The context within which CYIM is delivered (namely, through the FRC primarily by its Local Commissioners) is a key driving factor for any successes that can be attributed to it. This sets CYIM apart from other models in Australia, and enables it to be delivered in a way that is more culturally appropriate, promotes the restoration and rebuilding of Indigenous authority, and is uniquely matched to the individual circumstances of FRC clients. This is not the case with IM models being delivered in other parts of Australia. This delivery mechanism could provide useful lessons for future Cape York models, as well as other Australian models.’

The FRC shares the view that the success of CYIM is attributable to its highly targeted and flexible approach, implemented by respected members of the local community. A brief description of the model and how it is applied by the Local Commissioners is set out below.

CYIM is intended to address passive welfare by linking the receipt of welfare payments to an obligation to uphold social norms. If an individual is failing in their social obligations to send children to school, keep children safe, obey the law, is committing family or domestic violence, or not abiding by housing tenancy agreements, Local Commissioners can, after conferencing the person in relation to their issues and in accordance with the FRC Act, issue clients with a Conditional Income Management (CIM) order.

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 three 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.

The Commissioners’ primary role is one of support. During conferences, Local Commissioners discuss with the client the circumstances that have led them to conference and attempt to come to an agreement on the actions they will take to assume greater personal responsibility, including attending support services. However, where a client is unwilling to engage with the Commissioners, or is not taking the agreed steps, Commissioners can use income management as a tool to ensure that welfare payments are spent on necessities, and also as an incentive for the individual client and their family to engage with social supports and change behaviour.

Unlike other income management models, Commissioners can also make a decision to change the percentage of a person’s payment that is income managed. For example, once a client reaches an agreed school attendance goal, the income managed percentage can be reduced. If the attendance goal is maintained, the CIM order can be revoked.

Clients who are on a CIM order can also apply to Commissioners to have their CIM orders amended or ended. It is this in-built mechanism of administrative review which supports the human rights of clients and the principles of natural justice.

Because CIM orders are issued at the discretion of Commissioners, on a case-by-case basis and in accordance with the FRC Act, only a small number of community members within the FRC's jurisdiction are subject to income management. Since the inception of the Commission, the percentage of FRC clients on CIM orders has gradually decreased. A table showing the percentage of clients who were placed on conditional income management for each financial year 2008 to 2019 is included below.

Financial Year	Number of CIM Orders Made	Number of Unique Clients Placed on CIM	Total Number of FRC Clients at 30 June	Percentage of Clients Placed on CIM as at 30 June
2008-2009	89	84	Unavailable	Unavailable
2009-2010	232	217	1,047	20.7%
2010-2011	223	205	1,191	17.2%
2011-2012	218	208	1,344	15.5%
2012-2013	304	268	1,467	18.3%
2013-2014	304	239	1,566	15.3%
2014-2015	238	194	1,856	10.5%
2015-2016	249	202	2,000	10.1%
2016-2017	265	212	2,164	9.8%
2017-2018	233	179	2,312	7.7%
2018-2019	233	176	2,423	7.3%

Importance of CYIM

Many of the current FRC Local Commissioners played a central role in the design of Welfare Reform and CYIM. It is a rare and significant achievement that the architects of an empowerment reform aimed at restoring local authority remain implementing and driving that reform 11 years later. CYIM has the full support of this remarkable group of community leaders, and it is their view that it is imperative to continue CYIM in these communities. The Local Commissioners have made their own submission in this regard.

The FRC considers that the Australian Government's commitment to maintain the existing policy settings for CYIM been effectively met by the Bill. As noted in the Strategic Review of Income Management,³ these policy settings may provide useful lessons for further rollout of the model, or similar models, both in Cape York and elsewhere. Successful passage of the Bill would ensure the continuation of CYIM until December 2021. This would provide some much needed stability for Local Commissioners to continue to support improved social outcomes in their communities. It could also pave the way for expansion into other communities.

As noted, the sunset clause was removed from the FRC Act in 2014. This provided the possibility, if not the intention, for the FRC to continue as a permanent structure. The FRC Act allows the addition of new communities by regulation, and the existing *Social Security (Administration) Act 1991* and the amendments in the Bill do the same, through registered instrument. Whilst it is not the subject of this Inquiry, the Committee may give consideration to the FRC model as a basis for a more nuanced, culturally appropriate mechanism for delivering the income management in Aboriginal and Torres Strait Islander communities across Australia.

During the hearing, Committee sought further information about the costs of the model. The structure of the Welfare Reforms is such that the FRC does not manage the provision of support services. Local Commissioners refer clients to existing external specialist support services, rather than the FRC providing those services itself. Support services are funded through a range of different agreements. Some are directly funded by the Queensland Government, by the Australian Government, and some services that are funded by the Queensland Government receive funding from the Australian Government for that purpose. Accordingly, the FRC does not have access to those funding amounts.

The success of the model is, however, dependent on access to quality and reliable support services. This has been a challenge, particularly in the setting of remote communities. There is an opportunity for improving the model, should it be implemented more broadly, by giving the FRC or similar body a mechanism for influencing the quality of services available to its clients and the reliability of reports given back to Local Commissioners.

A further opportunity for improving FRC clients' access to quality services exists in strengthening the ability of the Australian Government to share information about clients' use of Income Management, whether on the BasicsCard or the Cashless Debit Card.

The FRC has been the subject of three major external evaluations.⁴ The conclusions of these evaluation reports have been consistently positive and provide evidence of the benefits of the FRC

³ Scott, J., Higginson, A., Staines, Z., Zhen, L., Ryan, V., & Lauchs, M. A. (2018). Strategic review of Cape York Income Management (p.x).

⁴ The [2012 CYWR Evaluation](#), the [KPMG Implementation Evaluation](#), and the [Strategic Evaluation of Cape York Income Management](#).

and CYIM. The reports have shown, using linked data, that FRC conferences are followed by an increase in school attendance,⁵ and that FRC intervention extends the time between breach notifications for individuals notified to the FRC.⁶

As an illustration of the potential impact of highly targeted use of income management, as at 27 September 2019, 141 children are in the care of 66 Aurukun clients currently on a CIM order. It is difficult to quantify the impact this may have on the families involved. However, when considering the ability to use income management to incentivise improved school attendance, and that the number of children enrolled at the Aurukun State School was 248 in Term 2, 2019, it is possible to see the potential to make a difference to the lives of a large number of vulnerable children.⁷

At a recent planning event, Local Commissioners from Aurukun and Doomadgee outlined their intention to prioritise conferencing parents of children who are in the early years of schooling to instill the expectation of good school attendance early on. It is the ability of to target specific areas of need, at particular points in time, which enables the Local Commissioners to make the difference they want to see in each of their communities.

Against the backdrop of the potential impact on families, coupled with the ability to use CYIM in a highly targeted way, CYIM delivered by the FRC is a cost-effective intervention. Given the learnings and efficiencies gained over the last 11 years, expanding an FRC-type model using the existing infrastructure would yield economies of scale. Expanding to a new community would be significantly less costly than the initial implementation.

Transition to the Cashless Debit Card

The FRC supports the transition from the BasicsCard to the Cashless Debit Card in FRC communities. It is considered that the improved technology available through the CDC will improve access to goods for FRC's income managed clients. The increase in the number of outlets where the card can be used will assist clients who often move between communities, and to regional centres for shopping and schooling for example. The ability to purchase goods online and more flexible options for paying bills online will also assist clients living in remote communities. Feedback received from community members indicates that the changed appearance of the card could reduce stigma associated with being income managed.

A key component of the transition will be the engagement of community members well ahead of the planned transition date. Misconceptions about the operation of the BasicsCard and the FRC remain after 11 years of operation. It will be imperative that clear and consistent information is

⁵ Department of Families, Housing, Community Services and Indigenous Affairs, (issuing body.) (2013). Cape York Welfare Reform evaluation : 2012.(p.223).

⁶ Scott, J., Higginson, A., Staines, Z., Zhen, L., Ryan, V., & Lauchs, M. A. (2018). Strategic review of Cape York Income Management (p.63).

⁷ It should be noted that not all the 141 children of the income managed clients mentioned are of compulsory school age.



provided to community members that the operation of CYIM will not change, and that at a basic level the transition simply involves swapping one card for another.

As noted, the extension of CYIM to December 2021 under the Bill will allow the FRC and Local Commissioners the stability which is needed to continue to meet the objectives of supporting the restoration of socially responsible standards of behaviour and local authority.

Conclusion

The FRC is firmly committed to fulfilling its purpose of restoring socially responsible standards of behaviour, local authority, and supporting people to resume primary responsibility for the wellbeing of their community. A key component in achieving that purpose is the use of CYIM by Local Commissioners, in a way that is supportive, flexible and tailored to the needs of individual community members and their families.

It is the FRC's view that the Bill supports the continuation of this important work.