

What is Welfare Reform?

Welfare Reform is a process of moving from passive welfare dependence to engagement in the real economy. This includes individual engagement in labour markets (ie real jobs) and private property (ie home ownership) and limiting the role of governments (federal, state and local) in people's lives to be more similar to that provided by governments in mainstream Australia.

Welfare Reform is also about social development. Social development underpins the ability of individuals to properly engage in the real economy and make meaningful choices. It is also a goal in its own right.

Cape York is socially underdeveloped. Basic social norms that are the glue to any society (such as sending children to school, respecting others, and taking care of one's family and one's house) have significantly deteriorated in Cape York communities.

This deterioration has occurred in the last 30 or 40 years: it was not a feature of Cape York communities in the 1960s. The breakdown is predominantly attributable to two factors: grog abuse and passive welfare dependence.

Widespread grog abuse has a corrosive effect on any society anywhere. Grog came into the communities in the late 1960s and early 1970s, and since then consumption has reached epidemic levels. Excessive grog consumption has become a normalised behaviour: between 50% and 80% of Cape York adults drink at harmful levels. It is likely that a significant number of individuals are addicts.

Acting in concert with grog abuse has been welfare dependence. It is now multi-generational. Long term welfare dependence saps people of motivation and erodes personal responsibility and individual capacity. Passive welfare has also meant that people have become less mobile over time as the incentives to stay in the community have strengthened (such as CDEP and free houses) and individual capacity has diminished.

Well intentioned government services (introduced to counter the social decline) frequently exacerbate passivity and further erode personal responsibility by doing tasks *for* individuals that would normally be done *by* individuals. Over time, it becomes normalised and expected that service providers will fulfil certain tasks, rather than individuals or families taking responsibility to fulfil them. Individual capacity is hence further deteriorated.

Four elements to Welfare Reform

Welfare Reform is premised on the view that in order to engage individuals in the real economy, and in order for there to be social development in the communities, four things must occur: rebuilding of norms, reform of incentives, normalisation of housing and a retreat of government from the (rightful) domain of individual responsibility. These four elements represent underlying principles guiding the development of policies, and should not be confused with the actual policies and streams of projects, which are not described in this document.

A. REBUILDING NORMS: Social norms must be rebuilt, particularly with regard to children. This should be done in three ways:

(i) *Incentives and laws must support the wellbeing of children.* There must be a clear message given (by governments and Elders) that individual behaviour which is contrary to the well-being of children is unacceptable. Laws and financial incentives must reinforce this message.

The primary purpose of the Family Responsibilities Commission (FRC) is to achieve this objective. Four clear obligations for all Indigenous and non-Indigenous adults in relation to child wellbeing, school attendance, lawful behaviour and responsible tenancy are now enacted in the FRC legislation as a clear message of what is expected. These obligations target direct neglect of a child as well as behaviours that indirectly affect prospects of children by lowering community morale. The FRC will have the legal power (and moral authority) to enforce the obligations and direct that individuals who breach the obligations have their welfare income payments placed under management. (Income management also has the effect of ensuring that children's expenses are properly catered for and that there is less free cash available for the purchase of grog or for gambling.)

(ii) *Supported self-help services should be provided* to assist individuals to meet their parental responsibilities and to meet normal behavioural expectations. These must be provided in a way that does not assume responsibility for things normally undertaken by individuals or families. Existing services that do this should be carefully scrutinised and removed unless there is an emergency requirement.

(iii) *The voluntary sector needs to be encouraged* to allow greater role-modelling and 'social capital' to be built. Within healthy communities, voluntary groups like mothers' groups, sporting teams and church groups are vital ways of building communities: they allow younger people to learn from others, relationships of trust to be developed and for social expectations to be made clear. Small pools of funds (providing on a matching basis) could be made available to support the voluntary sector in communities. Equally important is a willingness of governments (federal, state, local) to allow the voluntary sector to flourish by encouraging individuals to participate and by removing themselves from areas typically occupied by the voluntary sector.

B. REFORM OF INCENTIVES. Incentives must be established to promote individual engagement in the real economy and reduce passivity. All able-bodied people should be employed in real jobs or be participating in education or training, either in the communities or elsewhere. It is a fair opportunity to engage in one's own livelihood that underpins skill, pride, purpose, a sense of achievement and fulfilment, dignity and hope.

At present, a 'welfare pedestal' exists in Cape York communities that encourages people to obtain welfare and remain on it, despite employment or education opportunities being available in or near communities. Up to 70% of able-bodied adults are on welfare payments despite the existence of a national labour shortage. We are in the situation whereby many young people now aspire to be on CDEP rather than get real jobs or pursue further education.

Individual engagement in the real economy requires: (i) CDEP reform to make CDEP an unattractive or unavailable destination, particularly for school leavers; (ii) making communities more business friendly to facilitate community economic development; and (iii)

the development of mobility schemes to facilitate the take-up of jobs or education outside of communities.

C. NORMALISATION OF HOUSING. Housing (the largest part of the welfare state outside of welfare payments) should be normalised through proper tenancy agreements and the promotion of home ownership opportunities.

Just as welfare payments have dominated individual and family incomes in remote communities, the provision of very low cost (or even no cost) housing by governments has also been the norm for residents of remote communities. This situation contrasts strongly with the rest of Australia where privately owned housing (owner occupied or leased) is the norm and public housing comprises only a small percentage of total housing stock. As such, public (or community) housing has been a core component of the welfare state provisioning in remote Indigenous communities. Like other forms of passive welfare over the past three decades, public housing in Indigenous communities has removed responsibility from families, and promoted dependency and passivity. There should be a shift from the current system of exclusively public provision of housing to a system based on home ownership, with public housing catering for a minority, not the majority, of people.

D. NORMALISATION OF GOVERNMENT RESPONSIBILITIES. The scope of governments (federal, state, local) must be normalised to encourage *individual* responsibility. Whereas the private, public and voluntary sectors all have large roles in mainstream Australia, the community council has played the dominant role during the self management era in Indigenous communities. Welfare Reform aims to grow the private and voluntary sectors in Cape York communities, and limit the public sector to the roles it typically occupies in mainstream communities.

Councils for example, should not be involved in activities that are typically done by individuals or private groups. The scope of Council activities in Indigenous communities will probably be wider than in the mainstream in the foreseeable future. However, their focus should be on the core municipal functions, such as roads maintenance and town planning. Individuals or private enterprise should take primary responsibility for normal private sector functions such as operating businesses.

Similarly, state and federal governments need to ensure they do not ‘crowd out’ individual or private activity. A strong justification needs to be provided for the scope of government to be expanded beyond its scope in mainstream communities.

This does not mean, of course, that there is no case for additional government investment. The public sector needs to *properly* fulfil its legitimate roles (particularly the provision of public goods such as education, policing, health care, and infrastructure). Quality public services are required to provide the opportunity for individuals to make meaningful choices in how they lead their lives. A child without adequate education cannot *choose* to go to university. Equality of opportunity is therefore critical for people to exercise meaningful choice, and governments have a central role in this regard. However, the *scope* of government activities needs to be normalised in order to allow individuals and the private sector to flourish.

Implementation of Welfare Reform

The Federal and State Governments have committed to this framework for addressing dysfunction in the four communities of Aurukun, Coen, Hope Vale and Mossman Gorge. The necessary legislation has been passed by the Queensland and Federal Parliaments to introduce most elements of the framework, and \$100 million has been earmarked for the reforms.

Welfare Reform is currently in the implementation phase. The Welfare Reform trial will run for three and a half years from 1 July 2008 until 1 January 2012.

For further details and updates on Welfare Reform, see the Cape York Institute's web site: www.cyi.org.au.

Common questions asked in relation to Welfare Reform

Is Welfare Reform a policy of assimilation?

Distinct Indigenous traditional and post-traditional culture was in the past partly preserved by relative isolation and separation. The modern era of Cape York's Indigenous history is characterised by full universal citizenship rights, emerging recognition of specific indigenous rights, improved communications and globalisation.

Arguably, it is a lack of new policies for these modern circumstances that drives the crisis of Indigenous culture and identity in Cape York. The default direction of Indigenous communities in recent years may be described as assimilation to a dysfunctional underclass existence.

Welfare Reform is part of a broader agenda for Cape York that intends to fill this policy vacuum and give Indigenous people genuine choice to preserve their culture in the modern world. Only from a position of strength can Indigenous people choose to maintain their distinct identities; only prosperous and educated people have real choice. This is why Welfare Reform aims for integration into the real economy and normalisation of behaviour.

Integration is not assimilation. Rather than forced assimilation to a non-indigenous culture, Welfare Reform in fact represents a return to values and behaviours (including geographic mobility) that were actively embraced by a large majority of Cape York people in the recent past.

What about grog abuse?

The Cape York Institute's analysis is that grog abuse and passive welfare have been the two most important contributors to the break-down of communities over the last 30 to 40 years. Welfare Reform aims to tackle passive welfare and will have a role in addressing grog abuse through the operation of the Families Responsibilities Commission.

Additional effort, however, is required to tackle grog abuse. Supply-side measures need to be taken to curtail supply of grog and additional detoxification and rehabilitation facilities are required. The Premier and Federal Government have recently announced measures to more

directly address drug abuse, with a focus on the welfare reform communities, in order to complement the Welfare Reform program.

Does Welfare Reform mean cutting people's welfare payments?

No. Welfare Reform does not involve this. The strongest power that the FRC has is to remove an individual's discretion over their welfare payments (or direct some of it to a responsible adult in the case of family payments) so that the essential needs of children and family members are met. No money is ever held onto by the government or the FRC. Instead, Centrelink will give people cards or vouchers which must be used for things like food, rent, electricity bills and education expenses. People will also be encouraged to voluntarily sign up to the Family Income Management (FIM) program to receive budgeting assistance.

Does Welfare Reform replace the operation of the Child Protection services?

No. Welfare Reform has been designed to complement, not replace, the existing child protection services. Welfare Reform will provide an early intervention for child neglect. The Department of Child Safety will continue to exercise its full legislative jurisdiction.

But there aren't any jobs in the communities. What will people do if people are pushed off welfare?

Numerous fulltime jobs now go begging in Cape York communities. But prior to the introduction of CDEP, every available fulltime job was keenly sought after by locals, and waiting lists for fulltime jobs testified to the fact that staying on social security was not attractive. While there are not sufficient numbers of real jobs in communities for all current CDEP recipients, there are dozens of jobs or educational opportunities within close proximity of the Cape York communities, and thousands of jobs outside of Cape York Peninsula.

There is thus an important role for mobility, where people head out to engage in the real economy, and then return to home base again, bringing the resources they have earned with them. A person who becomes mobile for the sake of employment or education should not be assumed to be abandoning his or her community, homeland or Indigenous identity.

There is no reason why, through mobility, able individuals from the communities cannot be engaged in the labour market at the same rate as non-Indigenous Australians.

What level of community consultation was there before the Welfare Reform trial?

Dedicated staff were employed to work in the four communities in 2006 and 2007 to do individual, family, and community engagement. Hundreds of one-on-one interviews were conducted, and focus groups and community meetings were held. At the end of the Engagement Process, in late 2007, the governing bodies of each Welfare Reform community formally and voluntarily decided to move to implementation of the Welfare Reform trial.

Is there any help in Welfare Reform for old or vulnerable people?

Welfare Reform is all about improving the lot of the sober grandmothers, the responsible dads, and the vulnerable kids. It is about achieving the aspirations of the old and vulnerable – re-establishing respect in communities and keeping people safe. In the past, all people in

communities respected the rights of children to be fed, healthy, educated, and safe from neglect and abuse. But respect has been reduced by grog and sit-down money. No-one is immune from harm. Rebuilding respect for the rights of the vulnerable is necessary to build a better future for communities.

Some people may be concerned that dysfunctional people who have their income placed under management will 'humbug' older people for money. However, the voluntary income management schemes that are already in operation in Cape York communities will provide good protection; already large numbers of people use these services to move large amounts of money out of reach of the people who are involved in the cash-driven cycle of dysfunction.

Isn't welfare reform just about better service delivery?

No. This is not the focus of Welfare Reform. Welfare Reform is focussed on rebuilding norms and on engaging individuals in the real economy primarily through changing incentives and through individual and family initiative.

Services are important to this in two ways. First, a number of *supported self-help initiatives* are required in order to assist individuals to meet their FRC obligations and improve their capabilities. Such initiatives must support individual self-help. It should not *fulfil* the responsibility that would normally be assumed by individuals, families or communities (otherwise it risks displacing responsibility from individuals and families and placing it into the hands of the deliverers, thereby creating permanent dependency). The 'support' being offered must be carefully analysed from the following standpoint: are the intervenes generally being supported to take back their own responsibility for the issue?

Second, the base services of government that are essential public goods (eg education, policing, infrastructure, health care, town planning) need to be adequately delivered. This may require considerable additional investment