

AMSANT submission to the Select Committee on Intergenerational Welfare Dependence

October 2018

About AMSANT

AMSANT is the peak body for the Aboriginal community-controlled health service (ACCHS) sector in the Northern Territory. AMSANT and its member services have played a pivotal role in addressing the burden of ill health carried by Aboriginal people in the NT.

The Aboriginal community controlled health sector is the largest provider of PHC to Aboriginal people in the NT and provides a far greater proportion of overall health care to the Aboriginal population than is provided by similar services in other jurisdictions. Over half of all the episodes of care (58%) and contacts (57%) in the Aboriginal PHC sector in the Northern Territory are provided by ACCHSs (NTAHKPI Report 2017). The other major provider is NT Government health services.

It is from the perspective of our sector's long history of providing health services to, and under the direction of, Aboriginal communities, and working alongside government to meet those needs, that we provide the following responses to this Inquiry into Intergenerational Welfare Dependence.

Introduction

AMSANT welcomes the opportunity to provide this submission to the Select Committee on Intergenerational Welfare Dependence (IWD). We are however concerned that this inquiry's focus on the sustained receipt of welfare, rather than prolonged disadvantage and inequality, incorrectly frames this issue by identifying a symptom as a cause.

It is a simplistic view that an entitlement to receive welfare payments in itself causes individuals and their families to slip into cycles of dependency and reduces their capability to take advantage of available opportunities. It is AMSANT's position that this flawed ideology has led to the introduction of a number of simplistic and unfounded policy approaches that are costly, ineffective, and stigmatise and shame those affected. Recent rhetoric of Government Ministers suggesting that welfare dependency is "poison" for the unemployed reflects this individualistic and insensitive approach¹.

The Committee's discussion paper highlights the desire to move beyond the dichotomy between "resource and opportunity" (structural) and "behavioural" (individual) approaches to welfare. It is clear however, that the Commonwealth Government's punitive approach to welfare has seen increasing amounts of pressure placed on individuals to change their behaviour, with limited focus on addressing the structural disadvantage that drives access to welfare in the first instance.

Instead of paternalistic and ideologically driven measures we need a comprehensive set of policies that are grounded in evidence of what works, and which are targeted at tackling the complex underlying causes of disadvantage and inequality.

¹ Quote from Alan Tudge, former Minister for Human Services in his speech to the Committee for Economic Development of Australia, *Strengthening Australia's social security safety net*, on 26 May 2017 in Sydney.

Understanding welfare dependency: the extent and drivers of ‘dependence’

It is essential that Australia’s approach to welfare policy is informed by the best evidence available, which demonstrates that welfare dependency amongst the working age population has actually decreased substantially over the past two decades (ACOSS and Jobs Australia 2018). As at September 2017, 29% of people on long-term unemployment payments lived outside metropolitan areas (ACOSS and Jobs Australia 2018). Moreover, in 2014-15 Indigenous Australians over 15 years were almost twice as likely to rely on some kind of Government pension or allowance as their main source of income than non-Indigenous Australians, 55% as compared with 27%, with the reliance on welfare increasing to nearly 65% in very remote areas (AIHW 2017).

In relation to parental transmission of welfare dependency we know that young people with parents who received welfare payments over a long period of time are only somewhat more likely to receive social assistance compared to young people whose parents received welfare for a trivially short period of time (Perales et al. 2018). Furthermore, to the extent that a link between long-term parental welfare receipt and a child’s future need for social assistance exists, it is much more likely to be driven by parental circumstances outside of a person’s control, such as disability, geographic location or single parent status, than circumstances that could be linked to personal choice, such as engagement with employment (Cobb-Clark et al. 2017).

Similarly, when children in welfare-reliant households are compared to equally disadvantaged children whose families did not receive welfare, there is little evidence that parental social assistance has a detrimental effect on children (Levine and Zimmerman 2000). All of these factors question the idea of a widespread welfare culture that is becoming increasingly entrenched across generations.

Importantly, we also know that countries with high income inequality are estimated to have the least intergenerational mobility (changes in social status between different generations within the same family), while countries with relatively low inequality are estimated to have the most intergenerational mobility (Productivity Commission 2018). Therefore, reducing our national levels of inequality through policies such as progressive taxation are also key².

Directed by this evidence, some key reforms emerge as necessary to reduce disadvantage among people receiving welfare and increase opportunities for people to gain employment:

1. Place-based and community driven job creation and employment supports in remote areas, with a particular focus on transition to work for young people (refer to the [APO NT proposal for a Remote Development and Employment Scheme](#));
2. Increased investment in disability and mental health support services, including transition to work programs and supported employment options;
3. Improved supports for single parents including universal paid parental leave and accessible, affordable options for childcare; and
4. Economic policy that aims to reduce inequality.

² The Productivity Commission’s recent report *Rising Inequality?* notes that although overall inequality has risen slightly over the past 30 years, Australia’s progressive tax system has been fundamental to reducing the size of this increase.

The lack of focus on these kinds of structural reforms in shaping welfare policy in recent decades has seen recipients of unemployment payments (Newstart and Youth Allowance primarily) become more disadvantaged. The welfare reforms of the mid 2000s and 2010s were introduced with the intention of boosting workforce participation, but in many cases they simply shifted people from higher to lower social security payments (ACOSS and Jobs Australia 2018). This has meant a lower level of welfare expenditure at the individual level but has done little to address the underlying, structural causes of disadvantage that cause people to rely on welfare for long periods of time.

Government policy focus on reducing levels of welfare expenditure is also reflected in the introduction of the Priority Investment Approach³. We are concerned that this is a narrow cost-saving approach that fails to consider other fundamental indicators such as employment rates or health and wellbeing indicators. Lowering the government's future fiscal liability for welfare does not necessarily equate to a better functioning social safety net and seems an unjustified focus considering that Australia's welfare expenditure as a proportion of GDP remains lower than the OECD average and has remained relatively static (within 0.02 percentage points) since 2006-07 (AIHW 2017).

Furthermore, AMSANT challenges the idea presented within the Committee's discussion paper that income support fosters dependency when it places too few conditions on recipient behaviour. Empowerment and control over life circumstances are fundamental determinants of health and wellbeing which are undermined when people are subjected to highly onerous compliance and quarantining mechanisms. This is evidenced by the increasing numbers of people who are choosing to disengage entirely from the Community Development Program (CDP), rather than being subject to the program's onerous and discriminatory compliance measures⁴. The result of this disengagement is further entrenched poverty and disadvantage due to reduced resources in communities with already high levels of need. This further highlights the flaws inherent to the Priority Investment Approach, in that this kind of disengagement may be measured as a positive outcome because it contributes to a reduction in overall welfare expenditure without taking into account the broader circumstances.

Finally, we would like to highlight our concerns with the conflation of welfare receipt and anti-social behaviour, including alcohol and drug misuse. This perspective is reductive and inaccurate and fails to acknowledge the dynamics present in many of these communities and regions, including a lack of viable labour market, poor education, severe health problems and high levels of trauma and other complex social issues.

Fundamentally, long-term dependence on welfare is driven by disadvantage and this is where the focus of Government welfare policy should be. The disparity and inequality that exists between Indigenous and non-Indigenous Australians is well known, but so are the solutions. Below we briefly outline the policies and programs needed to address disadvantage for Aboriginal people before discussing some of the current government policies that act to exacerbate this disadvantage.

³ This approach uses actuarial analysis - a type of asset to liability analysis commonly used by insurance companies - to estimate Australia's overall future lifetime welfare costs

⁴ Please refer to Lisa Fowkes' comments made to the [Social Security Legislation Amendment \(Community Development Program\) Bill hearing](#) on the 21st of September 2018.

Responding to disadvantage: policy informed by the context of Aboriginal people that supports families to improve outcomes

Addressing racism and discrimination

A recent survey on attitudes of non-Indigenous Australians (aged 25–44 years) towards Indigenous Australians (Beyond Blue 2014) found that 31% witnessed employment discrimination against Indigenous Australians and 9% admit they themselves discriminate in this context. Another study examining self-reported racism among Indigenous people in Victoria found 42% of respondents experienced racism in employment settings (Ferdinand et al. 2012).

The impacts of discrimination extend well beyond the workplace, with two recent studies from the NT context making similar findings about Aboriginal people feeling stereotyped, judged, patronised and regarded with suspicion by non-Aboriginal people in their community. They also reported a significant lack of empathy for their life circumstances and felt they were perceived to be: irresponsible, choosing a morally corrupt lifestyle, a source of contagion, neglectful of their children, and engaging in unhealthy social behaviours including alcohol abuse (Habibis et al. 2016 and Holmes and McRae Williams 2008).

Moreover, the impacts of institutional discrimination have been shown to reduce the likelihood of Aboriginal people accessing essential services in areas such as the health system (AMA 2007) as well as the media, education, welfare and criminal justice systems and in the provision of public housing (Paradies et al. 2008).

Investing in early childhood development

Extensive research over many years has provided evidence that the early years of life are fundamental to both the physical and emotional health of children, for their social and cognitive development, and for later educational achievement and life chances (Center on the Developing Child at Harvard University 2010). Furthermore, investment in early childhood development has been recognised by the OECD as the single most important thing Australia can do to grow its economy and be competitive in the future (Hutchens 2016).

Adverse childhood events have been causally linked to poorer long-term outcomes in terms of health, education and employment. It is concerning therefore that data from the Australian Early Development Census (AEDC) demonstrate that Aboriginal children, particularly in remote areas, have very high rates of vulnerability across the five AEDC domains. In some communities, up to 40% of Aboriginal children are vulnerable on two or more domains at school entry (AEDC 2015).

Importantly however, it has also been well documented that intervention in early childhood can improve long-term outcomes across a range of areas including education, employment, health and wellbeing (Center on the Developing Child at Harvard University 2016).

Access to quality early childhood development services for Aboriginal families is therefore critical to addressing disadvantage as well as improving the long-term determinants of health and wellbeing. The Northern Territory Aboriginal Health Forum (NTAHF) has endorsed a core services approach to early childhood which builds on earlier work undertaken by the NTAHF to outline the core services required for an effective primary health care system. This document outlines the range of services required in the early years to make an optimal long term difference to health and social outcomes (NTAHF 2017).

Access to relevant, meaningful education, training and employment

The disparity between educational outcomes and attendance for Aboriginal and non-Aboriginal children is a long standing and mostly worsening reality, particularly in the NT (AIHW 2015). NAPLAN results for 2014 revealed that on average across the four year groups tested, only 34% of Indigenous students were at or above the benchmark for reading in the NT, compared with 91% for non-Indigenous students. The NT also had the largest attendance gaps between Indigenous and non-Indigenous students in 2013, ranging from 21-22% in the primary school years (Years 1–6), to 31% in Year 10 (AIHW 2015). In 2008, only 31% of young Indigenous people (20-24 years) had attained Year 12 compared with 76% of non-Indigenous 20-24 year olds (ABS 2011).

A recent data linkage study showed that overcrowding is one of the most important causes of poor school attendance (Guthridge et al. 2015). This reflects the interrelated nature of the social and cultural determinants of health and the need for a holistic approach to understanding and addressing them.

Evidence from research examining schooling and education has found that projects characterised by a high degree of Indigenous involvement and control produced significant benefits for participants, and that engaging parents in children’s learning was of critical importance (Closing the Gap Clearinghouse (AIHW, AIFS 2013). Of equal importance is the need to develop partnerships between the school, the family and the community. Opportunity should be provided for parents and communities to participate in the governance of schools through Aboriginal Parents Groups or community controlled school boards. Embedding culture into educational approaches can be a positive and enabling factor, and a form of early intervention in preventing future ill-health.

Prioritising Aboriginal employment in schools is essential to increasing overall Aboriginal involvement and cultural competency and responsiveness within schools (Perso 2012). The provision of Aboriginal scholarships for further education and training is an important step towards increasing the number of Aboriginal people who are qualified to teach and work within our school systems.

Furthermore, there is international recognition of the value of bilingualism in enriching individuals, and in creating modern flexible and tolerant societies (UNESCO 2003). Aboriginal and Torres Strait Islander youth in remote areas who speak an Indigenous language are less likely to experience risk factors associated with poor wellbeing (ABS 2011). International and Australian research also indicates better educational outcomes for children learning at school initially in their first Indigenous language (Commonwealth of Australia 2012).

Many young Aboriginal people struggle with the transition from school to work, particularly in remote areas where there are limited employment opportunities. Improving educational and health

outcomes are key to improving employment prospects and keeping young people out of detention. Studies have shown that job retention is significantly lower for people with health problems and recent involvement with the justice system (Hunter 2010).

A Closing the Gap Clearinghouse report examining possible pathways for Indigenous school leavers highlights that wage subsidy programs are consistently identified as having the best outcomes for Indigenous jobseekers, and that evidence on outcomes highlight the benefits of Indigenous participation in the design of these programs (Ibid). This has not been the case for the Community Development Program (CDP) currently in place for remote jobseekers (see more below).

Transforming the agenda: policy that exacerbates disadvantage and dependence

Community Development Program (CDP)

A review of the CDP program published by Jobs Australia in 2016 found that there has been little real community control or engagement in decision-making and consequently little community ‘buy-in’ in to this program. The program is widely considered to be discriminatory due to the significantly more onerous Work for the Dole requirements being applied to jobseekers in remote areas than non-remote (Jobs Australia 2016).

These burdensome requirements are resulting in alarming rates of breaching penalties on remote CDP participants and there are serious concerns that this program is exacerbating poverty and food insecurity in many communities, and resulting in increased disengagement with the program (Fowkes 2016). Furthermore, these kinds of Work for the Dole schemes have, in the past, been shown to have a significantly negative effect on transitions into employment (Borland and Tseng 2004).

Reform of CDP is urgently required to enable greater participation of Aboriginal community organisations, with a greater focus on job creation through social enterprise development and locally relevant economic development. The Aboriginal Peak Organisations of the NT (APO NT), of which AMSANT is an alliance member, have developed a proposal for the reform of CDP, developed and endorsed with the input of over 30 CDP providers and organisations servicing Aboriginal communities ([Refer to APO NT 2017](#)).

Income Management & the Cashless Debit Card

Income management has operated in the NT since 2007 since its introduction under the NT Emergency Response (‘the Intervention’). A comprehensive evaluation of this policy conducted over 2010–2014 concluded there was “no consistent evidence of income management having a significant systematic positive impact” across the range of indicators measured including: consumption patterns, financial wellbeing, alcohol drug and gambling related incidence, school enrolments and learning outcomes, and child wellbeing outcomes (Bray et al 2014, pp 316).

In fact, data linkage studies published last year have suggested that the introduction of income management in the NT have had a negative impacts on newborn health (lower average birthweights and a higher probability of low birthweight), worsened school attendance in the short term and made no long term impact on school attendance rates, and due to the nature of implementation may have resulted in income insecurity, barriers to day-to-day economic activity, and a loss of empowerment

which may have led to increased family stress and adverse consequences for parenting (Perales et al. 2017; Cobb Clark et al. 2017).

In addition to these potentially adverse social outcomes, it has also been suggested that compulsory income management can in fact diminish financial management skills and increase dependency on the welfare system by removing self-autonomy and control (Bray 2016).

Despite these clear findings, a trial of the cashless debit card (CDC)⁵ began in early 2016 and has since expanded to operate in the Goldfields and East Kimberley regions of Western Australia and Ceduna, South Australia, with Bundaberg and Hervey Bay, Queensland next in line to be subjected to this policy.

Research conducted by ORIMA⁶ to evaluate success of the trial was held up by many in government as demonstrating the overwhelming success of the trials (Alouat 2017). This rhetoric ignored important caveats that were contained in the reports and subsequently significant problems have been identified with the conduct of research and the reports themselves. An ANAO report assessing the implementation and performance of the trial found the DSS' approach to monitoring and evaluation was inadequate, including a "lack of robustness in data collection" and found as a consequence it is difficult to conclude whether there has been a reduction in social harm. Furthermore, they noted that the result of the ORIMA evaluation were being used to justify the programs further roll-out despite the fact that the research was not designed to test the scalability of the CDC (ANAO 2018).

It is AMSANT's position that these policies are paternalistic, overly punitive and without an evidence base. Existing income management and welfare card schemes should be reformed to a voluntary, opt-in model and only ever expanded to areas where it is requested and supported by local community members and organisations. Furthermore, the issues that income quarantining was designed to address need to be tackled with long term evidence based and community supported solutions rather than an expensive policy with little evidence of success.

Drug testing

The most recent addition to the Commonwealth Government's suite of punitive welfare measure has been the introduction of a drug testing trial for 5,000 recipients of Newstart Allowance and Youth Allowance in Canterbury-Bankstown (NSW), Logan (QLD) and Mandurah (WA).

AMSANT refers this Inquiry to a position paper developed by the Australian National Council on Drugs (ANCD) from 2013 which states that drug testing of welfare beneficiaries is "legally and ethically questionable", "lacks evidence as a method to support employment participation or to reduce drug use or related harms" and that evidence indicates "it is more likely to increase harms and costs... than it is to achieve its stated aims" (ANCD 2013, pp. 14).

In a submission to the Social Services Legislation Amendment Bill earlier this year, the Royal Australian College of Physicians noted their strong opposition to the trial due to the fact that it fails to recognise

⁵ The Cashless Debit Card forces recipients of a working age welfare payment to have 80% of their payments quarantined to a debit card that cannot be used for gambling or to purchase alcohol, or to withdraw cash.

⁶ ORIMA produced two evaluation reports, titled Wave 1 ([February 2017](#)) and Wave 2 ([August 2017](#))

that addiction is a serious and complex health issue, nor does it acknowledge or address the severe shortage of available addiction treatment and support services across the country (RACP 2018).

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