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16<sup>th</sup> August 2004

Dear Mr Clitheroe

**Submission to *Australian Consumers and Money Task Force***

I am pleased to submit to you the attached for consideration by your task force.

The fact I am pointing to the needs of remote living Aboriginal Australians I hope will make you want to focus your attention to this group of people, who although not large in numbers (circa 100,000 in total) are of significant value to all Australians for their cultural heritage. This culture is being diminished in stature every day as a result of their failure to live in "two worlds" which in the main is due to the dominant culture's inability to assist them in a proper fashion.

I hope that after reading my submission you will agree that an understanding of money is essential to the ongoing ability of Aboriginal people to manage a life in "our world" and deserves special attention through agencies such as the Traditional Credit Union in Darwin. I am sending a copy of this to the TCU and will be pleased to work with them in mounting a wider consultation on this issue.

Please advise if your Task Force is visiting Darwin and I will make sure I am available to meet with you.

Yours sincerely

ROLLO MANNING  
Principal

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# SUBMISSION To Consumer and Financial Literacy Taskforce

This submission will focus on the section of the Australian population that live in remote communities in the Top End of the Northern Territory. In particular it draws attention to the needs covered by the following "Terms of Reference".

- The current availability and adequacy of financial education and information in schools;
- The availability of financial information in the broader community, especially the capacity of Australians to understand and manage credit risk.

Without attention to these there is little point in assessing an understanding of other products such as superannuation, retirement benefits, tax planning, and credit management.

## Summary of importance

- One of the eleven accepted "determinants of ill health" is poverty.
- Poverty is brought about by an inadequate way of managing the personal needs of a developed society.
- Aboriginal Australians living in remote communities suffer from poverty but not from an inadequate amount of money but by being inadequately equipped with the knowledge to manage money.
- The result of remote Aboriginal poverty is a low life expectancy due to bad lifestyle choices exacerbated by an inability to manage money. This causes an outlook on life (as a whole) of hopelessness due to a low life expectancy.
- The attitude to money is to spend it "while you have it and as quickly as you can in case you are not here tomorrow."
- Further research is needed to establish a benchmark of knowledge to measure future change and success in educational programs.

## RECOMMENDATIONS

- 1) Improved health outcomes should be promoted as the goal of all endeavors in improving the life of remote living Aboriginal Australians. Better money management will lead to better health.
- 2) A properly targeted research program is needed, conducted by trained local people, to determine a benchmark of knowledge on financial management skills before formulating educational programs.
- 3) Taking account of the outcomes of 2), develop an educational program that will enhance the ability of people to manage money.
- 4) Seek the support of the corporate sector in these endeavors.
- 5) Highlight in all work the fact that better money management skills will improve life and therefore improve health.

## **BACKGROUND**

The problems of a dysfunctional society in remote Aboriginal communities will only have a chance of being turned around if the Commonwealth bite the bullet and change the way welfare payments are presented to the recipients. So long as money is handed out to people who have never had to use money for exchange a dismissive attitude will continue regarding its use.

The social problems that are now endemic are created by an overuse of substances such as tobacco products, alcohol and marijuana which could not continue without the surplus of money that is available for their purchase. While ever money is being spent on these products there will be a shortage for the individuals who do not consume these aggressive building substances and the children.

Unfortunately the more substance is abused the higher the stress levels and the greater the aggravation in the household – that will probably be inhabited by twice the number of people it was built for due to the sharing and caring nature of the traditional culture. This is the saddest symptom of all rising from the welfare dependant mentality that has been fostered since 1976 when unemployment benefits became available and has since earned the nickname of “sit down” money. Family allowance payments also became available in 1976.

Before its availability the majority of work done in remote communities was done by local people. Once they were told they would be paid if they did not have work the easy option to sit down became the preferred one and for the years since 1978 more and more work has been done by “outsiders”.

When the welfare money runs out other skills are used to obtain money and it is coerced from family, friends, visitors or unsuspecting white people in return for favors that do not eventuate. The sale of illegal Gunja is used as a way of making money by Aboriginal people who are able to buy it in bulk while visiting Darwin and return to their communities unchallenged to profit from their families and friends. The money gained will be used for immediate needs such as a “power card” and basic food with the balance going on more grog and gunja.

Begging is a common occurrence from people in Darwin or to visitors to remote communities. The degree of begging varies but the disappointing element is the early uptake of knowledge by young children (10 Years of age) in begging from older white people.

The above observations are anecdotal and a more detailed study is needed as outlined in Recommendation 2 above.

## **Specific comments on Task Force Discussion Paper**

### **1. Who is to blame?**

#### **You say**

*Their vulnerable position is often exacerbated by poor health, low Socio-economic circumstances, geographical isolation and limited English.*

#### **I say**

Poor health, low socio-economic circumstances and geographic isolation are caused by financial illiteracy.

It is too often when bureaucrats are commenting on Indigenous affairs that they try and find someone else to blame. Health is a ready target as if it is the fault of the health system that other things happen. The sooner it is recognised by all that the health system is a structure to deal with “ill health” and the promotion of good health is the responsibility of everyone else.

### **2. Consumer behaviour model**

It is evident that the factors working against financial literacy among Aboriginal people is recognised. The fact that it is non-existent is a reflection on the capacity of previous educational programs to deliver. The large financial institutions should

consider their social responsibility to consumers in disadvantaged situations and while clients of one of the four major banks cannot access ATM facilities in remote communities it is no wonder they cannot do anything else. There is a need for a far more service orientated mentality and funds made available to make this happen.

The Traditional Credit Union from Darwin would be the ideal vehicle to develop expanded services and the availability of funds should not be a barrier. Funds should be made available and if this cannot be found from the Australian Government then maybe there is a case to be put to the World Bank to assist these under-privileged people living in Third World conditions in a prosperous First World country.

### 3. External influences

Programs brought on by the institutions themselves who have obtained trust among Aboriginal people and then act against them are deplorable. Incidences are many and albeit sufficient here to cite just three examples of misuse of Trust.

- a. The **Centrelink** trust is used to grant \$500 loans that are spent, sometimes on good things, but also on bad. There are no conditions attached to the loan. The fact this loan is obtained without any reference to the client history of spending is something that should not be encouraged as it becomes part of growing the welfare mentality and fails to take the opportunity for positive education.
- b. **Deceptive advertising** is part of the problem and whilst it is recognised that advertising has to meet certain standards and ethics these are formulated with the dominant culture in mind. An example is furniture for filling a house to be rented for \$1 (one) dollar a month. Whilst this refers to the first month, and it is really a GE Capital Finance strategy to gain business, the small print explaining this is sometimes missed by the poor eye sight exacerbated by an inability to afford spectacles.
- c. **Keycard security**- the fact that a "bank keycard" contains some money sometime is enough to consider it a valuable asset. Keycards are left with stores as a means of paying for groceries sent to remote places. Whilst this is an admirable gesture on the part of the stores it is not supported by accountability mechanisms to ensure the client is not being ripped off by the store. Not to say this is happening but in an age of technology and Internet banking it is not hard for a person to have Internet banking and check on every transaction being made to their account.

### 4. Common consumer problems

**Superannuation** – this does not enter the discussion as most are unemployed and those who are employed are not aware of the degree to which salary and deductions are calculated let alone the hourly rate at which they are being paid.

**Buying a house** – this is not an option for people in remote communities although there should be an attempt made, as is being done in Cape York, to build purchasing into the spending patterns. Given such a scheme - the quantum of money may not be enough to maintain a standard of living so each decision that will create more spending must be looked at against the costs and benefits of the deal.

**Debt is continuous** - ongoing and a part of the day. It must be acknowledged that the people to whom this submission refers may not have been receiving any money 50 years ago and the giant leap the dominant culture is expecting them to make into modern day white man's world is enormous. The culture lives on sharing wealth – be it food, land, possessions or even wives. This sharing culture is taken through to the welfare handout every fortnight.

The people to whom this submission refers have customs many ancient years old and these cannot be changed with the flick of a switch, the telephoning of a call centre, or the showing of an advertisement for cash money.

## 5. The welfare dependence mentality

The "ordinary" Australian has to do something more than hand a form in to get money. There is a need to work. The culture of work and development of a work ethic is something that is gained from childhood and the success of a parent in working will determine the degree to which the sibling will face the world of work. In remote Aboriginal communities there is now developing a third generation of people to be brought up in a culture of welfare dependency and void of any working role model. The fact that children are borne to young girls means that by the time a woman reaches 35 years of age she could be a grandmother – and so the generations are far more compressed than they are in the white Australian society as a whole.

## CONCLUSION

The baby of today is the one who must be attended to with access to all the Rights of the Child. In the words of Nobel Peace Prize winner, Chilean born poet, Gabriel Mistral:

***"Many things we need can wait, the child cannot. Now is the time his bones are being formed, his blood is being made, his mind is being developed. To him we cannot say tomorrow, his name is today."***

**Gabriel Mistral, the Nobel Prize winning Chilean poet**

There is an urgent need to address this problem as it is a factor in accelerating the decrease in life expectancy with lifestyle choices being made that will be deleterious to an acceptable level of good health.

Institutions such as Traditional Credit Union in Darwin must be encouraged and supported in their work. The fact this organisation exists is the result of some people believing they have to take control of their own situation. To deny them the opportunity to continue their work is to deny the people they serve their access to basic human rights.

The Task Force has the opportunity to leave a mark in history for these people and it is encouraged to do so.

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Darwin  
16<sup>th</sup> August 2004