

# INDIGENOUS FINANCIAL IMPACTS & RISKS AND COVID-19

*CSI & First Nations Foundation  
Response*

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*In 2019, our research estimated that across Australia, one in ten Indigenous people who took our survey were classified as financially secure, based on our framework of financial resilience. Additionally, severe financial stress was reported by more than half of the sample. This response looks at the financial impact and risks of COVID19 on Aboriginal and Torres Strait Islander peoples.*

The Centre for Social Impact and First Nations Foundation policy response to the COVID-19 Disease is based on 3 key strategies:

- **CARING FOR COMMUNITIES**
- **ACCESS TO APPROPRIATE SERVICES**
- **TARGETING HIGH-COST LENDING & MISLEADING ADVICE**

The research also highlighted some important considerations that need to be taken into account if the goal is to ensure that Aboriginal and Torres Strait Islander people are kept financially safe over the coming months.

### *Wealth is shared*

When asked what being ‘rich’ or ‘wealthy’ meant to them, people who took part in our research often spoke about having ‘a full fridge’ or not having to worry about money. Many people spoke about the importance of taking care of family and community in making sure that everyone had ‘enough’, and the emphasis was on the distribution of resources rather than a Western approach to wealth which may emphasize accumulation through things like savings and investments. (It’s important to note that this approach to wealth was mentioned by some Aboriginal or Torres Strait Islander people who took part in our survey, too).

Caring for community and sharing resources is a very effective model of distributing wealth, however it is particularly vulnerable to financial shocks. COVID-19 is currently leading to high levels of economic stress across all groups of people, but for communities where many residents can live paycheck to paycheck, a sudden loss of income can be devastating.

The COVID19 crisis has [already had impacts on people across Australia](#) – social distancing measures, business closure, and worldwide economic stresses have led to an increase in unemployment. The Federal Government has quickly rolled out a number of [stimulus packages](#), including one-off payments to people receiving social service payments such as Newstart or Unemployment Benefits.

For many communities where there are higher proportions of the population who are Indigenous who are also receiving [some form of welfare](#), this payment may provide some relief. However, there are critical issues to consider, based on our research, that may contribute to increased risk of financial hardship:

- Half of the people that we spoke to in our survey said they did not have any money put away, and just under 40% said they would be able to get \$2,000 in a week if there was an emergency. This tells us there is likely to be high levels of high stress for a lot of Aboriginal and Torres Strait Islander people in the face of an economic downturn.
- For people who are in communities that are part of the [Cashless Debit Card trials](#), 80% of this money will be quarantined to the ‘Indue card’ and can only be spent with particular retailers. This can restrict certain activities, such as paying with cash at a food market, or buying groceries at a non-authorised store.



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- People living in remote communities are already [paying much higher prices](#) for basic personal and household items. Recent events seen through panic buying of basics such as toilet paper, flour and hand sanitiser in metropolitan areas will impact remote communities through sheer demand. The same stimulus payment will buy less in remote communities compared to metropolitan areas.
- Social distancing and the restriction of ‘non-essential’ activities may restrict access to volunteer or charitable services and activities, where people who typically use the services may rely on receiving meals, legal advice, or other social services that may otherwise cost them money if they weren’t able to access them.
- ‘Humbugging’ – asking for help or money in a way that is persistent or annoying – is a commonly talked about practice among Aboriginal and Torres Strait Islander families. Lending or giving money can be a strong social norm, but may create more tensions if there is sustained financial stress without a clear endpoint.

People who are already experiencing high levels of financial stress are going to be hardest hit by an economic recession. Stimulus packages should consider the impact of location when allocating stimulus payments. Where possible, community leaders and financial counsellors should be consulted to determine the priorities for government spending to help reduce economic stress.

Stimulus or other social measures (such as a freeze on rental evictions) should be clearly and appropriately communicated to ensure that vulnerable communities are aware of their rights and the limits of any additional benefits they may receive.

### Access to appropriate services

When we spoke with people who took part in our survey, we were interested in the barriers that people experienced when trying to access financial services. Many people that lived in remote locations had problems getting good financial help, especially if it required that they visit a bank branch that was far away. With increased social distancing, there is likely to be an increased demand for telephone banking. This could lead to increased wait times to receive help, and a strain on banking staff that leads to reduced service quality. Our research talked about the difficulty in receiving financial help when the customer doesn’t speak English as their primary language, or has inconsistent identification documents. In times of high demand, it is likely that these barriers will be amplified if not intentionally targeted.

Financial and social services should be aware of, and try to reduce where possible, barriers to their services. Telephone services should be adequately equipped with interpreters, and provide clear, easy-English (and translated) information about how to access essential services.

The recent surge in unemployment has seen the Centrelink and mygov online platforms [overwhelmed](#) through demand. Navigating these systems can be confusing, particularly if the person seeking help has lower levels of literacy or confidence using technology.

Access to online services should be made accessible in its language options, as well as providing clear, simple instructions. It should not be assumed that access to technology is experienced equally across Australia. Planning for human services personnel should account for extra time required for people, for example, who have lower levels of English or have multiple or inconsistent forms of identity documentation (both issues identified in our research)

A move towards working remotely or learning from home relies on adequate access and knowledge of technology. The latest results of the [Digital Inclusion Index](#) indicates that people with low levels of digital inclusion are often on lower household income, using mobile technology only, and are



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Indigenous. It is likely that digital inclusion diminishes with remoteness, where there is less reliable access to mobile connections. There are anecdotal reports that with the shift towards online consultations (such as tele-appointments with financial counsellors) is likely to contribute to increased financial hardship due to increases in data usage.

**If moving services to online-only, financial and social services must consider what responsible alternatives are available to people who are at increased risk of financial insecurity, as well as already experiencing low levels of digital inclusion. Not all services that can be delivered online in metro or urban areas will be as appropriate online in rural and remote locations.**

### Targeting high-cost lending and misleading advice

The [Royal Commission](#) into Misconduct in the Banking, Superannuation and Financial Services Industry highlighted that Aboriginal and Torres Strait Islander have been [particularly targeted](#) by predatory loan and insurance schemes. This was partly possible because of lower levels of financial literacy, as well providing a service that seems more accessible (for example, receiving a loan from a pawnbroker or pay day lender when they were rejected for a loan from a bank).

In our research, close to one in five people reported a form of high-cost credit in the last 12 months, compared to one in twenty in the general Australian population. These loans can create significant financial difficulties due to their high interest rates.

Similarly, misleading advice has been reported, for example, by some real estate agents who suggest tenants withdraw from their superannuation as a way of continuing to pay rent. The Australian Securities & Investment Commission has [provided resources](#) to advise agents that they are providing advice they are not authorised to give, however it also requires that tenants are aware of their rights and that they are not given inappropriate advice.

Government agencies should work with organisations that specialise in providing financial counselling to Aboriginal and Torres Strait Islander people to identify where there is misleading advice being offered, and supporting the development of resources that clearly and appropriately communicate the risks of using high-interest credit.

Where possible, barriers that are experienced when trying to access No-Interest Loan Schemes (NILS) should be quickly addressed; during a period of financial crisis the categories that applications can apply could extend essential households goods beyond appliances or furniture to groceries and personal care.

### First Nations Foundation Statement

What we are starting to see is the devastating impact of what we already knew about financial vulnerability among Indigenous people. The vast majority of the Indigenous population don't have savings that would last beyond a month. In a time where jobs are being lost or hours significantly cut back, we are seeing this impact on the community. Even having enough funds to bridge the gap to receive the Government stimulus package is a challenge.

A simple solution for the Government is to support more Indigenous financial education programs. We have seen the Government push for increased Indigenous employment, now it's time to support organisations who can provide culturally appropriate financial education. It's through financial education that we will end the low socio-economic cycle for Aboriginal people and start to move towards financial prosperity.



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