

# Australian governments allow Aboriginal communities to be exploited by funeral fund

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Last month a delegation of Aboriginal people and their advocates, the Save Sorry Business coalition, visited the Australian capital Canberra to demand the Albanese Labor government provide compensation to victims of the bankrupt ACBF-Youpla, a so-called Aboriginal community and funeral benefit fund.

ACBF-Youpla went into liquidation in March 2022, affecting up to 30,000 low-income Aboriginal policyholders, who were left without reimbursement and no means for their families to pay for a funeral. The company had falsely presented itself as an Aboriginal-owned and run business, providing funeral insurance.

Six months after the company went into liquidation, the federal Labor government offered an interim relief scheme amid reports that Aboriginal families were being forced to leave family members in morgues while they raised money for funerals. The relief program is currently open until November 30 this year but only includes people who had paid policies to the company up until 2020. It is not a compensation scheme and only pays a funeral benefit for a member who has died.

Policyholders lost up to an estimated \$300 million. The Save Sorry Business delegation is demanding that the government compensate all policyholders back to 2001, either via a full refund, a savings product, or a funeral bond.

Successive federal and state Labor and Liberal governments and corporate regulators were aware of ACBF-Youpla's exploitive and predatory role but did little to protect or warn Aboriginal policyholders of the company's unlawful activities. Throughout the 30 years of the company's operations, there were many indications of an impending financial crisis.

The fund, which began in 1992 selling funeral insurance for \$2 per week, was initially promoted by *Koori Mail*, a national Aboriginal-owned newspaper. It reported that the scheme had been developed by two Aboriginal health workers and wanted to employ others to sell the scheme in Aboriginal communities. The company claimed that surplus funds would be fed back to the families and into

communities to assist with Aboriginal healthcare.

UK-born businessman Ron Pattenden was one of ACBF-Youpla's co-founders. He served as the company's director and secretary, eventually controlling 90 percent of the shares until 2018, when he sold all his stock.

Within the first year of its operation, the New South Wales state government intervened and temporarily shut down operations, believing the company was not financially secure. The next year a second fund, ACBF 2, was launched and over the following three decades, four separate companies were established. They rebranded and offered different products, escaping business regulations and deceiving policy holders. The operation included sending funds offshore to avoid tax.

ACBF-Youpla deliberately preyed upon Aboriginal families, for whom life expectancy is more than nine years lower than the Australian average. Sorry Business is an important cultural mourning practice for Aboriginal people and includes specific obligations, not just to attend funerals but involves ceremonies within the community, thus allowing family members to die with respect and dignity.

Funds were gathered by targeting financially disadvantaged Aboriginal members of regional and remote communities that were systematically door-knocked. Salespeople used marketing materials in the distinctive red, black and yellow colours of the Aboriginal flag, cultural motifs such as the Rainbow Serpent and colouring books for children.

Thousands of families signed up, including teenagers and even children under 10 years old. They believed it would assist in paying for funeral expenses, which is always an enormous burden on vulnerable Aboriginal families.

The far north Queensland town of Yarrabah was one of the targeted communities, with 769 people signing up in a town with a population of 3,000. At least \$1.7 million poured into ACBF-Youpla's coffers from the area.

Yarrabah resident James Frederick Creed told Australian Broadcasting Corporation (ABC) News that salespeople went door to door, saying, "Well you should sign up because

your next-door neighbour signed up and the next-door neighbour after that signed up.”

Creed held a total of six policies for his family over two decades. He said: “I blame the government because they should have kept an eye on them.”

In 1999, Australian Securities and Investments Commission (ASIC), a government body responsible for regulating financial services, raised the alarm about ACBF visiting Indigenous communities without the appropriate permission, and giving false representations about the fund.

The regulator launched legal action, alleging ACBF had been “unconscionable, misleading and deceptive” to Indigenous customers. The case settled out of court, and the company was ordered to change its marketing material, offer refunds in certain communities, and establish a compliance program. It was not required, however, to change its name or logo.

In all, ACBF faced three challenges from ASIC—first in 1999, again in 2003 for breaking federal anti-hawking laws, and finally in 2020 for its behaviour from 2015 through to November 2018.

Despite the 1999 finding against the company, just two years later the Liberal-National federal government allowed it privileged access to Centrepay, a financial management tool that allows welfare recipients to have certain expenses deducted from their entitlements before the money enters their bank accounts. ACBF was the only funeral fund given such access.

Beverley Roberts, from Dubbo in New South Wales, explained to ABC News how the salespeople who door-knocked, “had the Centrelink forms for them to take direct debit out of our Centrelink pay.” She estimated that she paid more than \$60,000 for policies for herself and her family.

Vennessa Poelina, a resident of Broome in Western Australia and part of the delegation to Canberra, pointed to the government’s destructive role.

“When they authorised this company to use Centrepay, it gave them some sort of recognition, and gave them a shot in the arm to sign people up en masse,” she explained. “This mess wouldn’t be so big if it weren’t for the government giving that endorsement. There’s a direct link between the government and the harm that’s been caused,” she added.

In 2015, the government changed the rules so ACBF could no longer access Centrepay, but court challenges meant it kept using the system until February 2017.

In 2018, the Haynes Royal Commission into the banking and finance industry investigated ACBF and found that it engaged in conduct that fell below community standards, had exploited the cultural significance of funerals, and sold low-value products, including to children.

Following the Royal Commission, company co-founder

Ron Pattenden sold his ownership of ACBF but remained linked to the company. This was through its ongoing ties with Crown Insurance Services, Pattenden’s Vanuatu-based underwriting business. Crown Insurance was acting to underwrite, or insure, the group of ACBF companies, with members’ contributions from Funds 2, 3, and 4 sent offshore.

Despite its exposure at the Royal Commission, the company continued operating and rebadging itself. Just months after the Royal Commission, ACBF acted as one of the sponsors of the NSW Koori Rugby League Knockout in Dubbo, running a stall and handing out show bags to children. Giveaways included a kangaroo soft toy and a mini rugby ball both featuring ACBF’s logo. The stall featured a football passing game and the chance to win a large screen TV, with a representative taking down contact details that were used as sales leads.

In 2019, ACBF was rebranded as Youpla, with former Aboriginal NRL rugby star Jamal Idris made a company ambassador and featured in its advertising material. Issac Simon, his brother, was a co-owner of the business with CEO Bryn Jones. Simon and Jones each owned 50 percent of the company.

In 2020, ASIC commenced proceedings against Youpla, alleging misleading and deceptive conduct. These proceedings continued following the company’s collapse, with ASIC seeking a financial penalty of \$7.5 million.

The *Guardian* reported on November 23, 2022, that “ASIC investigations had found Ron Pattenden and his offshore entities were deriving \$800,000 to \$1m every year from the business between 2015 and 2018.” The regulators are also appealing to the Federal Court to preserve a property that is part owned by a former director, Bryn Jones. That case is scheduled to be heard before June.

The Sorry Business coalition is demanding that compensation for victims of the company be issued by the federal Labor government before its May budget.

The terrible situation now confronting thousands of Aboriginal families as a result of this cruel and deliberate manipulation, is not an aberration but a contemporary example of the centuries of exploitation and oppression of Aboriginal people by the capitalist profit system. As Vennessa Poelina told the media, “[O]ur misery has just become an industry for anybody who’s chasing vulnerable people.”



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