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Committee Secretary
Senate Standing Committees on Community Affairs
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Via email: community.affairs.sen@aph.gov.au

9 June 2015

Dear Committee Secretary

SUBMISSION REGARDING SOCIAL SERVICES LEGISLATION AMENDMENT (No. 2) BILL 2015

UnitingCare Australia is the national body for the UnitingCare Network, one of the largest providers of community services in Australia. With over 1,600 sites, the network employs 39,000 staff and is supported by the work of over 28,000 volunteers. We provide services to children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

UnitingCare Australia works with, and on behalf of, the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking with, and on behalf of, those who are the most vulnerable and disadvantaged for the common good.

We take this opportunity to provide feedback to the Committee on the Social Services Legislation Amendment (No. 2) Bill 2015, specifically regarding the measure to continue the Income Management programme and provision of the BasicsCard for an additional two years.

UnitingCare Australia believes that the Senate should oppose these measures. There is no substantive evidence to demonstrate that compulsory income management has resulted in any measurable reduction in social harm through its implementation to date. The lack of data that directly measures the impact of income management separately from other policy



interventions, has prevented evaluation of compulsory income management as a stand-alone strategy¹.

We note, in this context, that evaluation of the New Income Management (NIM) programme, introduced in the second half of 2010 to replace the former government's Northern Territory Emergency Response Income Management program, found that there have been "few, if any, strong and consistent impacts of NIM; rather, there have been diverse outcomes"². As further observed in the NIM Phase One Evaluation Report:

"There is little evidence to date that income management is resulting in widespread behaviour change, either with respect to building an ability to effectively manage money or in building 'socially responsible behaviour' beyond the direct impact of limiting the amount that can be spent on some items. As such, the early indications are that income management operates more as a control or protective mechanism than as an intervention which increases capabilities"³.

These findings have been similarly observed through a number of other independent studies that have sought to evaluate the effectiveness of compulsory income management⁴. A common finding through such research has been that policies designed to support people to make sound income management decisions will only be effective if the policy supports basic human needs for "relatedness, competence and autonomy"⁵. These conditions are fostered by "interpersonal communication, opportunity for self-direction, and an internal locus of control"⁶. Compulsory income management fails this test. These characteristics are contrary

¹ Buckmaster, L, C. Ey and M. Klapdor. 2012. 'Income Management: An Overview'. Accessed 9 June 2015. Available at:

http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2011-2012/IncomeManagementOverview#_Toc328056526

² Bray, JR, M. Gray, K. Hand, B. Bradbury, C. Eastman and I. Katz. 2012. 'Evaluating New Income Management in the Northern Territory: First Evaluation Report'. Accessed Available at:

http://www.dss.gov.au/sites/default/files/documents/11_2012/nim_first_evaluation_report.pdf.

³ Ibid.

⁴ See, for instance, Dee, M. 2013. 'Welfare Surveillance, Income Management and New Paternalism in Australia'. *Surveillance & Society* 11(3): 272-286 and Mendes, P. 2012. 'Compulsory Income Management: A Critical Examination of the Emergence of Conditional Welfare in Australia'. *Australian Social Work* 66(4): 495-510.

⁵ Homel, J and C. Ryan. 2010. 'Incentives, Rewards, Motivations and the Receipt of Income Support'. Occasional Paper 32, Department of Families, Housing, Community Services and Indigenous Affairs. Accessed 9 June 2015. Available at: https://www.dss.gov.au/sites/default/files/documents/05_2012/op32.pdf

⁶ Ibid.



to the present administration of income management, and this situation will be exacerbated following changes proposed in the Bill, which simply make income management even more of a control or protective mechanism, and will do nothing to increase the capabilities of the people it affects⁷.

In this context, we draw the Committee's attention to specific changes that are proposed:

- The Bill seeks to **reduce the amount of compulsory contact between income management clients and Centrelink**. We view this measure as undermining the potential for building individual confidence in income management strategies, noting the need for interpersonal communication as a fundamental mechanism to build individual capacity.
- The Bill provides for the **removal of the compulsory requirement for all income management participants to be referred to Financial Wellbeing and Capability services**. This will mean that people will continue to have their income controlled, but they will lose the services that would help them to learn the skills to manage it themselves. This further undermines the support that would foster individual responsibility and moving people away from welfare dependence. It suggests that the government is planning for income management to become a permanent feature of some people's lives. This is not only bad policy and inconsistent with individual liberty and choice, it goes against the government's own objective of encouraging people into work and live independently.
- The Bill proposes **phasing out Voluntary Incentive Payments and the Matched Savings Payment**. We view this measure as particularly problematic as voluntary income management is the only type of income management that should be made available. UnitingCare Australia's view is that a flexible voluntary approach represents a more measured response to income management that includes a focus on individual autonomy. If income management is to be used as a policy instrument, then incentives to support it should be encouraged.

⁷ Buckmaster, L. 2014. 'Does Income Management Work?' Accessed 9 June 2015. Available at: http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/Briefing_Book44p/IncomeManagement



In addition to opposing the specific measures outlined above, UnitingCare Australia maintains that income management is an expensive process to administer⁸, directing funds away from alternative programs for which there is evidence of efficacy in fostering sustained changes in behaviour. We believe that the funding prioritised for income management could be better directed to support services in the early intervention and prevention spheres (at lower unit costs), or towards more intensive interventions to address the underlying causes of financial disadvantage or entrenched unemployment, such as alcohol or substance misuse, poor mental health or homelessness.

We recommend that the committee ask the government to provide evidence demonstrating improved outcomes that have been measured and are attributable involuntary income management; and evidence of improved outcomes that have been measured and are attributable to the BasicsCard. If the government cannot produce that evidence, then the measures should be opposed.

We thank the Committee for the opportunity to provide the above feedback in relation to the Bill and invite any further questions in relation to the comments expressed.

Yours sincerely,

Lin Hatfield Dodds
National Director
UnitingCare Australia

⁸ Ibid.