

Australian Greens' Dissenting Report

1.1 Income Management is a flawed policy. The evidence provided by the submitters, who were put under a very tight submission timeframe and not offered the opportunity to answer Committee questions through a public hearing, overwhelmingly points out the problems with income management. We thank submitters for taking the time to put their views on the public record again.

1.2 Their evidence is complimented by a significant number of independent assessments, including Government commissioned reports, from a number of income management sites that demonstrates again and again that income management is a punitive policy that has not only failed to improve the well-being of those placed on it but is actively harmful for many of those who are subjected to it.

1.3 These reports highlight how disempowering this program is. The impacts are deeply felt as described in the ACOSS submission:

Income management creates strong feelings of embarrassment, discrimination and unfairness in many participants. Specific examples include embarrassment and stigma in using the Basics Card, finding Centrelink's involvement in one's life intrusive and finding compulsory income management restrictive, complicating, time-consuming and limiting of one's ability to engage in community life.¹

1.4 Yet successive governments have continued to take this ideological approach that punishes and stigmatizes the most vulnerable in our community.

1.5 The Australian Greens have opposed this measure in all its incarnations since it was first introduced by the Howard Government in 2007 and do not support this latest round of amendments.

1.6 The Greens have consistently opposed income management because it is a radical departure from the basic principle of the social security safety net that makes Australia a caring and more equitable country.

1.7 Our social security system is based on ensuring a minimum income for all eligible citizens without seeking to disempower the recipient by supplying their income in kind rather than in cash. Income Management on the other hand is a policy whose stated objective is to control how income is spent in order to 'encourage socially responsible behaviour, including in relation to the care and education of children'.

1.8 The concept of income management is clearly rooted in a notion of new paternalism that flies in the face of nearly 50 years of continual progression away from the heavy-handedness of a less enlightened era. That is was first rolled-out in

1 Australian Council of Social Service (ACOSS), *Submission 1a*, p. 10.

blanket fashion to Aboriginal families during the Northern Territory Intervention only serves to highlight how paternalistic this policy is.

1.9 The social security net is one of the most important features of our democracy and the way of life in Australia. It is meant to ensure that there is some minimum standard of living for each and every Australian. There are already stringent tests to access that support in the first place. To impose upon some of the recipients of that support that they must now demonstrate somebody's version of socially responsible behaviour is to promote the idea that disadvantage is primarily a result of the individual's failure to demonstrate the necessary social values and norms.

1.10 The ACOSS submission highlights how the application of the policy to broad categories of income support recipients has failed in both the *New Income Management* trials and the *Place Based* trials:

The Parenting / Participation Measure under the NIM and the Youth Triggers Vulnerability Measure under the place based trials are extremely poorly targeted. This is because the criteria are based on length of time on income support payments (Parenting / Participation Measure) and benefit received (Youth Triggers Vulnerability Measure) rather than inability to manage one's finances. Unemployment and receipt of income support payments are often unrelated to an individual's financial management skills and discipline.²

1.11 This program is not simply a failure, it is an incredibly expensive failure that the Government has estimated to cost up to \$8,000 per person per annum to administer.³ This Bill will result in an additional \$147 million being spent on a program that has already racked up a \$1 billion price tag.⁴ There is no justification for continuing this incredibly costly, unsuccessful program, when a range of other services have been cut in the last two budgets from the Abbott Government.

1.12 The evidence does not support the continuation of income management; it is an expensive failure and should be abandoned.

Vulnerability assessments

1.13 The Bill also seeks to deliver 'more streamlined' income management by allowing the Minister to designate classes of vulnerable people and place them on a compulsory regime of income management, rather than requiring an assessment by a qualified social worker.

1.14 This is a broad power that will not be subject to the same level of parliamentary scrutiny as legislation. This committee has commented previously on the inappropriateness of seeking to amend legislative arrangements in this manner

2 *Submission 1a*, p. 5.

3 Luke Buckmaster, Carol Ey and Michael Klapdor, *Income management: an overview*, Parliamentary Library Background Note, 21 June 2012, p. 34.

4 *Submission 1a*, p. 7.

without also providing copies of the draft regulations.⁵ Those criticisms should extend to this legislation, because without being able to examine the regulations, it is impossible to know how the Minister might seek to apply these new powers.

1.15 Even without the specific regulations, it is clear that:

instead of moving towards careful individual assessment, this Bill will make the imposition of compulsory income management an administrative decision exercised by Centrelink officers without social work qualifications, on a group of people against rigid external criteria, not focused on the best interests of the individual affected.⁶

1.16 Under the proposal before the Committee, it will be easy for the Minister to decree that specific groups or classes of people be brought under the income management regime. It may include, people who:

- are homeless;
- have applied for a Crisis Payment;
- have sought an exemption for the activity test due to domestic violence of other personal circumstances;
- have a mental health condition;
- have sought assistance from a social worker; or,
- have come to the attention of state or territory child protection authorities (as a non-urgent case for example).

1.17 Previous examinations of Income Management have highlighted the risk inherent in making high-level, broad-brush determinations about complex, personal circumstances.

1.18 For example, it has been demonstrated that domestic violence is a reason for homelessness, which in turn is a reason to consider someone on income payments vulnerable.⁷ The Australian Law Reform Commission's extensive inquiry into domestic violence found a clear need for Income Management exemptions in this case, as someone escaping an abusive relationship often needs financial flexibility.⁸

1.19 However, individuals may not always disclose their full personal circumstances to Centrelink in the first instance. This is just one example that highlights that individual experience is invariably complex and requires an assessment that is beyond the scope of Centrelink's frontline services. The submission from both the Ombudsman and Welfare Rights give a range of other examples that clearly

5 See for example: Community Affairs Legislation Committee, *Inquiry into National Disability Insurance Scheme Bill 2012*, pp 158-59.

6 *Submission 1*, p. 3.

7 *Submission 6*, p. 9.

8 Australian Law Reform Commission, *Family Violence and Commonwealth Laws—Improving Legal Frameworks*, ALRC Report 117, 2011, Chapter 10.

demonstrated why there is a role for social workers in making income management determinations.

1.20 The Department has indicated that they have found the use of social workers in the assessment process is time and resource intensive. However, the Government's recommended solution, to use Ministerial powers to reduce the need for a personal assessment, completely misses the point that income management is rarely a suitable tool for assisting those who are vulnerable.

1.21 Rather than trying to 'streamline' a failed policy, the Government should repeal compulsory income management altogether.

1.22 While our position on this issue is clear, if this Bill does pass, it should first be amended so as to include a clear discretion for Centrelink to exempt a person where there are special circumstances which would warrant such an exemption.

Matched savings

1.23 This Bill also seeks to repeal the matched savings and bonuses for those individuals who have opted to participate in income management voluntarily.

1.24 As noted in chapter two of this committee report, the Department has indicated that these payments have been removed because of the low take up rates. This is consistent with previous reports through Senate Estimates and program reviews.

1.25 It is abundantly clear that it is almost impossible to save any money while living on the inadequate payment rates that most income management recipients receive. The Newstart payment has now dropped in real terms to a level that makes it virtually impossible to access appropriate housing and also afford other basics such as food and transport, particularly for single parents.

1.26 The Australian Greens note that the submitters provided a range of views on whether the savings programs should be retained.

1.27 We support the view of National Welfare Rights that those who signed up for voluntary income management should not have the rules changed on them now; and that at a minimum the cut-off date should be extended to 31 December of 2015.⁹

1.28 However, we also recognise that this program is costly to administer and clearly ineffective. Going forward, we support the recommendation from ACOSS that this money could be better spend on preventative and support programs, particularly given that \$270 million dollars were ripped from social services in the 2014/15 budget which is incredibly detrimental to our community and will leave even more individuals and families at risk of falling into the 'vulnerable' category at some point in the future.

9 National Welfare Rights Network, *Submission 6*, pp 14 – 15.

Recommendation 1

1.29 The Australian Greens recommend that the Bill not be passed, and that all forms of compulsory income management should be repealed immediately.

1.30 The Australian Greens recommend that those who have joined income management schemes voluntarily should retain access to the bonus payment.

1.31 The Australian Greens recommend that any savings from the abolition of these programs should be used to restore the funding to social services that was cut in the 2014/15 budget.

Senator Rachel Siewert

