

The Senate

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Community Affairs  
Legislation Committee

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Social Services Legislation Amendment  
(No. 2) Bill 2015 [Provisions]

June 2015

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### **Secretariat**

Ms Jackie Morris (Acting Secretary)

Ms Jeanette Radcliffe (Committee Secretary)

Dr Joshua Forkert (Senior Research Officer)

Ms Carol Stewart (Administrative Officer)

PO Box 6100  
Parliament House  
Canberra ACT 2600

Phone: 02 6277 3515

Fax: 02 6277 5829

E-mail: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Internet: [www.aph.gov.au/senate\\_ca](http://www.aph.gov.au/senate_ca)

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# MEMBERSHIP OF THE COMMITTEE

## 44<sup>th</sup> Parliament

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# ABBREVIATIONS

ACOSS	Australian Council of Social Service
ACTU	Australian Council of Trade Unions
Aged Care Act	<i>Aged Care Act 1997</i>
Bill	Social Services Legislation Amendment (No. 2) Bill
Budget	Federal Budget
Department	Department of Social Services
EM	Explanatory Memorandum
Minister	Minister for Social Services
NCSMC	National Council for Single Mothers and their Children
NWRN	National Welfare Rights Network
Ombudsman	Commonwealth Ombudsman
Social Security Act	<i>Social Security Act 1991</i>
Social Security Administration Act	<i>Social Security (Administration) Act 1999</i>





# **LIST OF RECOMMENDATIONS**

## **Recommendation 1**

**2.29 The committee recommends that the Bill be passed.**



# Chapter 1

## Referral

1.1 On 28 May 2015, the Minister for Social Services, the Hon. Scott Morrison MP, introduced the Social Services Legislation Amendment (No. 2) Bill 2015 (Bill) in the House of Representatives.<sup>1</sup> Pursuant to a Senate resolution of 13 May 2015, the provisions of the bill were referred to the Community Affairs Legislation Committee for inquiry and report by 15 June 2015.<sup>2</sup>

## Background

1.2 In the 2015–16 Federal Budget (Budget) the government outlined proposed changes that aim to strengthen Australia's tax, foreign investment and benefit systems.<sup>3</sup> This included proposed reforms to income management, including continuing existing BasicsCard arrangements for two years while also trialling new income management arrangements and debit card technology in a small number of locations following community and industry consultation.<sup>4</sup>

1.3 In the 2014–15 Mid-Year Economic and Fiscal Outlook announcement, the government outlined a series of proposed reform measures including ceasing the pre-entry leave subsidy to residential aged care providers and abolishing the Aged Care Planning Advisory Committee as part of the third phase of the *Smaller Government* reforms. The *Smaller Government* reforms aim to reduce the size and complexity of government by eliminating duplication and waste, streamlining services and reducing the cost of government administration.<sup>5</sup>

## Conduct of the inquiry

1.4 Details of the inquiry, including a link to the Bill and associated documents, were placed on the committee's website. The committee also wrote to 30 organisations and individuals, inviting submissions by 9 June 2015.

1.5 The committee received 8 submissions. Submissions are listed at Appendix 1 and published on the committee's website.

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1 The Hon. Scott Morrison MP, Minister for Social Services, *House of Representatives Hansard*, 28 May 2015, p. 1.

2 On 13 May 2015 the Senate passed a resolution that the provisions of all bills introduced into the House of Representatives after 14 May 2015 and up to and including 4 June 2015 that contain substantive provisions commencing on or before 1 July 2015 (together with the provisions of any related bill), are referred to committees for inquiry and report by 15 June 2015. See: *Journals of the Senate*, No. 93–13 May 2015, p. 2585.

3 *Budget 2015–16: Fairness in Tax and Benefits*, [http://www.budget.gov.au/2015-16/content/highlights/tax\\_benefits.html](http://www.budget.gov.au/2015-16/content/highlights/tax_benefits.html) (accessed 29 May 2015).

4 *Budget 2015–16: Welfare Integrity Measures*, <http://www.budget.gov.au/2015-16/content/glossy/tax/html/tax-12.htm> (accessed 29 May 2015).

5 *Budget 2014–15, Mid-Year Economic and Fiscal Outlook*, p. 197, <http://www.budget.gov.au/2014-15/content/myefo/html/index.htm> (accessed 29 May 2015).

1.6 The committee agreed not to hold a public hearing.

### **Purpose and key provisions of the Bill**

1.7 The Bill proposes changes to the *Social Security Act 1991* (Social Security Act), *Social Security (Administration) Act 1999* (Social Security Administration Act) and *Aged Care Act 1997* (Aged Care Act).

1.8 The Bill contains three schedules. Schedule 1 reflects measures outlined in the 2015-16 Budget, and Schedules 2 and 3 reflect measure outlined in the 2014-15 Mid-Year Economic and Fiscal Outlook announcement.

#### ***Schedule 1 – Streamlined income management***

1.9 This schedule proposes changes to the Social Security Act and the Social Security Administration Act to continue income management and the BasicsCard for two additional years to maintain support for existing income management participants and to streamline the income management programme. The amendments in this schedule would generally commence on 1 July 2015.<sup>6</sup>

1.10 Proposed changes to streamline the income management programme include:

- the abolition of certain incentive payments relating to income management;
- amendments to the operation of the vulnerable measure associated with income management; and
- minor amendments streamlining the operation of income management, removing ambiguities and providing for more effective operation of the programme.<sup>7</sup>

1.11 The schedule proposes to empower the Minister to prescribe a class or classes of persons who are vulnerable welfare payment recipients by legislative instrument, rather than determining vulnerability on the basis of a case-by-case assessment by social workers from the Department of Human Services.<sup>8</sup>

1.12 The government has stated these changes will result in an estimated \$144.6 million over the next four years.<sup>9</sup>

#### ***Schedule 2 - Ceasing residential care subsidy for pre-entry leave***

1.13 This schedule proposes changes to the Aged Care Act to cease payment from 1 July 2015 of the residential care subsidy to residential aged care providers for holding a place for up to seven days prior to a care recipient entering care. The schedule also proposes consequential amendments to fee and leave provisions.<sup>10</sup>

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6 Explanatory Memorandum (EM), p. 2.

7 EM, p. 2.

8 EM, p. 3.

9 EM, p. 2.

10 EM, pp 1 – 6.

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**Schedule 3 – Aged Care Planning Advisory Committees**

1.14 This measure proposes to remove provisions from the Aged Care Act that allow for the establishment of Aged Care Planning Advisory Committees.

1.15 This measure forms part of the *Smaller Government* reforms to reduce the size and complexity of government. The Aged Care Planning Advisory Committees' role was to provide advice in relation to the distribution of aged care places. The last of these committees expired in September 2014.<sup>11</sup>

**Acknowledgement**

1.16 The committee thanks those individuals and organisations that made submissions.

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11 EM, p. 1.



# Chapter 2

## Key issues

2.1 Most submissions did not support the extension of compulsory income management and associated measures outlined in schedule 1.<sup>1</sup> Submissions expressed particular concerns about the following measures:

- extending compulsory income management for two years;
- removal of incentive payments; and
- changing the process for determining vulnerability.

2.2 The committee did not receive any submissions on schedule 2 (ceasing the pre-entry residential care subsidy) or schedule 3 (abolishing the Aged Care Planning Advisory Committees).

2.3 The Department of Social Services (department) advised the committee it did not wish to submit any additional materials or documentation in relation the Bill.<sup>2</sup> However, the committee notes that a number of issues relevant to the Bill were addressed by the department at the 2015 Budget Estimates hearings.<sup>3</sup>

### Extension of income management

2.4 Most submissions expressed broad opposition to compulsory income management and did not support extending current programs for two years.<sup>4</sup> The Australian Council of Social Service (ACOSS) noted it has expressed strong opposition to compulsory income management since it was introduced in 2007, and recommended existing programs should be phased out.<sup>5</sup>

2.5 Submissions expressed concerns about a lack of evidence to demonstrate that compulsory income management is effective.<sup>6</sup> Drawing from a range of studies, UnitingCare noted:

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1 See: Australian Council of Social Service, *Submission 1*; UnitingCare, *Submission 2*; National Council of Single Mothers and their Children, *Submission 3*; National Welfare Rights Network, *Submission 6*; Anglicare Australia, *Submission 7*; Australian Council of Trade Unions, *Submission 8*.

2 Mr Finn Pratt (Secretary, Department of Social Services) to Ms Jeanette Radcliffe (Committee Secretary, Senate Community Affairs Legislation Committee), 3 June 2015.

3 See: Community Affairs Legislation Committee, *Estimates Hansard*, 4 June 2015, pp 41 – 50.

4 See: *Submission 1*, p. 2; *Submission 2*, p. 1; *Submission 3*, p. 1; *Submission 6*, pp 3–4; *Submission 7*, p. 9; *Submission 8*, p. 5.

5 *Submission 1*, p. 2.

6 *Submission 1*, pp 2–3; *Submission 2*, pp 1–3; *Submission 3*, p. 1; *Submission 6*, pp 4–5; *Submission 8*, pp 4–5.

[T]here is no substantive evidence to demonstrate that compulsory income management has resulted in any measurable reduction in social harm through its implementation to date.<sup>7</sup>

2.6 ACOSS drew the committee's attention to its 2014 report *Compulsory Income Management: a flawed answer to a complex question* that concluded compulsory income management was 'poor policy' due to a number of factors, including the lack of 'evidence it results in widespread or long-term benefit'.<sup>8</sup> Similarly, the National Welfare Rights Network (NWRN) noted there is 'no case for expanding the system of income controls'.<sup>9</sup>

2.7 The National Council of Single Mothers and their Children (NCSMC) expressed concerns about how evidence on the efficacy of income management is collected. NCSMC noted anecdotal evidence indicates compulsory income management has not reduced, and in some cases has exacerbated, social harm:

[W]e hear from women who report that they are more unsafe, endure stigma, have less control within their family and feel that they must be complicit in this social security policy. They are keen not to 'rock the boat' and do not want to risk a suspension, reduction or removal from income.<sup>10</sup>

2.8 UnitingCare expressed concerns income management diverts funds from alternative programs 'for which there is evidence of efficacy in fostering sustained changes in behaviour' and argues:

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.<sup>11</sup>

2.9 UnitingCare recommended that the committee seek:

evidence demonstrating improved outcomes that have been measured and are attributable to involuntary income management; and evidence of improved outcomes that have been measured and are attributable to the BasicsCard.<sup>12</sup>

2.10 Following the 2015–16 Budget, the Minister for Social Services, Minister the Hon Scott Morrison MP, announced the government would be investing \$147 million to deliver 'more streamlined and cost-effective income management' to assist the approximately 25,000 Australians receiving income management. The government

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7 *Submission 2*, p. 1.

8 *Submission 1*, p. 3.

9 *Submission 6*, p. 5.

10 *Submission 3*, p. 1.

11 *Submission 2*, p. 4.

12 *Submission 2*, p. 4.



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further noted it would be investing \$25.6 million to provide financial counselling and money management skills to 'help improve the capacity and resilience of families and individuals to manage their finances, avoid the risks of poor financial literacy and help people move out of debt'.<sup>13</sup>

### **Removing incentive payments**

2.11 Several submissions expressed concerns about removing the Voluntary Income Management Incentive Payment (incentive payment) and Matched Savings Scheme Payment (matched savings) schemes which provide payments for remaining on voluntary income management for periods of six months or more, or for accumulating savings of income managed funds.<sup>14</sup>

2.12 While opposing compulsory income management, UnitingCare, NCSMC and Anglicare Australia supported retaining these payments for voluntary income management. UnitingCare noted that 'if income management is to be used as a policy instrument, then incentives to support it should be encouraged'.<sup>15</sup> Similarly, NCSMC noted the payments are:

a small compensation of the addition cost and the limitations of compulsory income managements such as not purchasing food from a local market, travelling to the large participating outlets and not capitalising on 'sale items' from stores than do not accept the basis [sic] card.<sup>16</sup>

2.13 NCMSC recommended 'administrative corrective action' be taken to address concerns about the low 'take up rate' of voluntary income management, rather than ceasing incentive payments.<sup>17</sup>

2.14 In contrast, ACOSS expressed support for abolishing income management incentive payments, noting 'these payments were poorly designed and administratively inefficient to administer'. ACOSS recommended the savings from this measure be diverted to strengthening financial counselling and support services to build people's capacity to manage finances.<sup>18</sup>

2.15 NWRN supported abolishing the matched saving scheme as 'the onerous requirements of the scheme acted as disincentives and rendered it an unattractive

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13 Minister for Social Services, the Hon Scott Morrison MP, 'Welfare integrity, fairness and sustainability for all Australians,' 12 May 2015, <http://scottmorrison.dss.gov.au/media-releases/welfare-integrity-fairness-and-sustainability-for-all-australians> (accessed 11 June 2015).

14 See: *Submission 2*, p. 3; *Submission 3*, p. 3; *Submission 7*, p. 9.

15 *Submission 2*, p. 3.

16 *Submission 3*, p. 3.

17 *Submission 3*, p. 3.

18 *Submission 1*, p. 3.

offer'.<sup>19</sup> However, NWRN recommended maintaining the incentive payment, noting those people who have already signed up for voluntary income management:

have done so in the expectation that they would receive the incentive payment for the duration of income management. The removal of the incentive payment may reduce the number of people on Voluntary Income Management. If the change is retained, the cut-off date should be extended to 31 December 2015 to qualify for payment.<sup>20</sup>

2.16 The Explanatory Memorandum noted these payments are being abolished as they are 'no longer needed'.<sup>21</sup> The department further indicated during Budget Estimates that the very low take up of these initiatives was the reason for their removal.<sup>22</sup>

### **Vulnerability assessments**

2.17 A number of submissions expressed concerns about proposed changes to empower the Minister to prescribe classes of people as vulnerable. ACOSS expressed strong opposition to any proposal that would 'reduce the capacity for social workers to make assessments about whether or not an individual meets the vulnerability criteria and would benefit from compulsory income management'.<sup>23</sup> ACOSS expressed concerns 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, against rigid external criteria, not focussed on the best interests of the individual affected.<sup>24</sup>

2.18 Similarly, NWRN notes the risk of prescribing classes of vulnerable people is: there is no assessment or consideration of whether income management will benefit that particular person, or assist them to overcome their vulnerability, or whether income management may in fact be detrimental to their wellbeing.<sup>25</sup>

2.19 The Commonwealth Ombudsman (Ombudsman), responsible for independent oversight of income management programs, also expressed concerns:

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19 *Submission 6*, p. 12.

20 *Submission 6*, pp 14 – 15.

21 Explanatory Memorandum (EM), p. 2.

22 Mr Philip Brown, Acting Group Manager, Department of Social Services, *Estimates Hansard*, 4 June 2015, p. 42.

23 *Submission 1*, p. 3.

24 *Submission 1*, p. 3.

25 *Submission 6*, p. 9.

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the sole use of an automated decision-making process to determine that a person is a vulnerable welfare payment recipient creates a risk that vulnerable customers might be further disadvantaged through the application of income management in their particular circumstances.<sup>26</sup>

2.20 The Ombudsman noted it is currently preparing a report on a similar measure used by Centrelink, called the 'vulnerable youth' measure, that automatically applies income management to young people who live in an income management declared area and are classed as 'vulnerable youth' based on age and qualification for a particular Centrelink payment.<sup>27</sup> The Ombudsman highlighted:

the subjective consideration of an individual's circumstances when applying income management is important, both to ensure that the individual is afforded natural justice, and that the application of income management will be consistent with its intended purpose of supporting and assisting the individual.<sup>28</sup>

2.21 The Ombudsman expressed further concerns about the proposed streamlining measure to limit exemptions from income management for vulnerable welfare payment recipients to refer solely to a person's rate of income payment, rather than also require a subjective assessment. The Ombudsman noted limiting the exemption:

may also mean that some customers will be stuck in a system that could potentially exacerbate their disadvantage.<sup>29</sup>

2.22 Similarly, Ms Patricia Lucas expressed concerns about the lack of restrictions on who may be defined as vulnerable and that, over time, the measure may 'lead to increasing numbers of welfare recipients being subjected to income management without sufficient public consultation or parliamentary oversight'.<sup>30</sup>

2.23 NWRN recommended the introduction of an incentive based voluntary income management model, or alternatively, a genuine case-by-case income management model (rather than declared areas or targeting specific classes of people).<sup>31</sup>

2.24 The Explanatory Memorandum noted the current vulnerable income management measure was 'under-utilised and administratively burdensome' and that prescribing the class by legislative instrument will 'allow continuing flexibility about who this measure covers'.<sup>32</sup>

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26 Commonwealth Ombudsman, *Submission 5*, p. 4.

27 *Submission 5*, p. 3.

28 *Submission 5*, p. 4.

29 *Submission 5*, p. 9.

30 *Submission 4*, p. 1.

31 *Submission 6*, p. 10.

32 EM, p. 2.

2.25 During Budget Estimates on 4 June 2015, the department indicated that current vulnerability assessment processes detracted from the support social workers could provide. The department further noted that removing the vulnerability assessments:

is not changing the person's ability to access a social worker or social workers being able to make assessments. It was a specifically set out, intense mechanism in addition to the other triggers. It was not being utilised to the degree expected in the original design.<sup>33</sup>

### **Committee view**

2.26 The committee acknowledges concerns raised by submitters about extending compulsory income management for a further two years. However, the committee notes income management programs have been in place since 2007 and have assisted around 25,000 Australians. The committee is satisfied the proposed changes, together with the government's additional investment in financial wellbeing, will deliver more streamlined and cost-effective income management programs.

2.27 The committee also acknowledges the concerns raised about removing incentive payments for people entering voluntary income management. The committee supports measures to assist people seeking to better manage their incomes, but accepts the existing measures are administratively inefficient and that these funds are better directed at initiatives to improve financial management skills.

2.28 The committee further acknowledges the concerns raised about changes to the process for determining classes of vulnerable persons, particularly the possibility that objective criteria may cause people to enter income management programs when their particular circumstances may not warrant this. The committee accepts that the existing case-by-case process is under-utilised and administratively burdensome. Moreover, the committee is satisfied that by requiring the Minister to determine classes by legislative instrument, the Parliament will have opportunity to ensure the criteria are appropriate and retain adequate flexibility.

### **Recommendation 1**

**2.29 The committee recommends that the Bill be passed.**

**Senator Zed Seselja**

**Chair**

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33 Ms Barbara Bennett, Deputy Secretary, Department of Social Services, *Estimates Hansard*, 4 June 2015, p. 45.

# Labor Senators' Dissenting Report

1.1 Labor Senators do not support the Social Services Legislation Amendment (No. 2) Bill 2015 (Bill) in its current form.

1.2 In particular Labor Senators do not support the proposed changes to the Centrelink social worker role under the vulnerable measure of income management.

1.3 Labor Senators do not support any changes that alter the role of a Centrelink social worker in making initial determinations to place people on income management; and reduce the ongoing interaction with people on income management.

1.4 Submissions made to the inquiry highlight concerns with changing and reducing the role of Centrelink social workers in assessing and providing ongoing support for people on income management.

1.5 In line with the concerns raised through the inquiry, Labor Senators oppose changes that go to the vulnerable welfare payment recipient measure of income management and the role and requirement of a social worker.

1.6 In relation to the proposed changes to the assessment by a Centrelink social worker under the vulnerable measure, ACOSS expressed their disapproval stating:

ACOSS strongly opposes the move to reduce the capacity for social workers to make assessments about whether or not an individual meets the vulnerability criteria and would benefit from compulsory income management. The more broadly and inflexibly the policy applies, the greater the risk of capturing individuals who may not be assisted by or may experience harm from mandatory controls over financial decision making.<sup>1</sup>

1.7 The ACOSS submission went on:

[W]e are very concerned 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, against rigid external criteria, not focussed on the best interests of the individual affected.<sup>2</sup>

1.8 In their submission to the inquiry the Commonwealth Ombudsman expressed similar apprehensions about the impact of the reducing the role of social workers in making assessments under the vulnerability measures, stating:

We are concerned that these proposed amendments could leave open the way for IM [income management] to be applied to customers in circumstances where it will not assist them and could be detrimental to their

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1 ACOSS, *Submission 1*, p. 3.

2 ACOSS, *Submission 1*, p. 3.

wellbeing. This is because the amendments would seem to remove many of the existing safeguards.<sup>3</sup>

1.9 Labor Senators share these concerns and believe income management should be appropriately targeted to vulnerable individuals and families who will most benefit.

1.10 In relation to the reduction of compulsory contact between income management clients and Centrelink social workers, Uniting Care Australia stated that they:

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.<sup>4</sup>

1.11 Labor Senators share this concern. Continued support and interaction between very vulnerable people and families who are participating in income management is critical to ensure people are supported to stabilise their lives by prioritising money for housing and rent, food, utilities and items for children. The Centrelink interaction also helps to support individuals who may be very socially isolated.

### **Recommendation 1**

**1.12 Labor Senators recommend amending the Bill to remove all sections that change the vulnerable welfare payment recipient measure of income management.**

### **Recommendation 2**

**1.13 Labor Senators recommend removing parts of the Bill that alter or reduce the role or requirement of a social worker in income management.**

**Senator Carol Brown**

**Senator Nova Peris OAM**

**Senator Claire Moore**

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3 *Submission 5*, p. 8.

4 *Submission 2*, p. 3.

# 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.<sup>1</sup>

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

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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.<sup>2</sup>

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.<sup>3</sup> This Bill will result in an additional \$147 million being spent on a program that has already racked up a \$1 billion price tag.<sup>4</sup> 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

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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.



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without also providing copies of the draft regulations.<sup>5</sup> 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.<sup>6</sup>

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.<sup>7</sup> 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.<sup>8</sup>

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

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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.<sup>9</sup>

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.

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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**



# **APPENDIX 1**

## **Submissions received by the Committee**

### **Submissions**

- 1** Australian Council of Social Service (plus an attachment)
- 2** UnitingCare Australia
- 3** National Council of Single Mothers and their Children
- 4** Ms Patricia Lucas
- 5** Office of the Commonwealth Ombudsman
- 6** National Welfare Rights Network
- 7** Anglicare Australia
- 8** Australian Council of Trade Unions