Australian Council of Social Service

9 June 2015
Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat,

Re: Inquiry into the Social Services Legislation Amendment Bill No. 2 2015 ('the Bill')

Thank you for the opportunity to participate in this inquiry.

ACOSS is a national voice for people affected by poverty, disadvantage and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

The Bill being considered by the Committee would effect changes to the operation of existing income management schemes and extend them for two years, as well as make a number of changes to aged care subsidies and advisory structures. Due to capacity constraints, we have only addressed the income management measures in this submission.

Income management schemes have been in place in various forms since 2007. This Bill would extend all existing income management schemes for two years, including the schemes currently operating in the Northern Territory, Cape York and the Place Based child protection and 'vulnerability' schemes.[1] It would also:

- Abolish incentive payments currently available for people who participate in an income management scheme including the matched savings scheme and the voluntary income management incentive payment. The Explanatory Memorandum states that these payments are 'no longer needed';
- Amend the vulnerable measure to reduce the role of qualified social workers in assessing vulnerability. Specifically, the bill would remove the discretion of social workers to make assessments of vulnerability on a case by case basis. Instead, 'vulnerability' will be determined by assessment against 'objective criteria as part of a class', presumably by Centrelink officers without social work qualifications. Exemptions from this category will

[1] For the full list of locations, see the Department of Human Services at: http://www.humanservices.gov.au/corporate/publications-and-resources/budget/1516/measures/welfare-payment-reform/10-001525.

- be determined by payment type, rather than case by case assessment as under the current system; and
- Make a range of other administrative changes, including adopting the concept of the 'principal carer' to determine the application of income management measures linked to responsibility for children. This is likely to further increase the disproportionate impact of income management policies on women, who are most likely to be primary carers.

ACOSS opposes the extension of income management and instead recommends that existing schemes be phased out. In ACOSS' 2015-16 Budget Priorities Statement we recommended that current compulsory income management schemes be phased out over a 12-month period, including New Income Management in the Northern Territory and the place based trials. We also recommended that where individuals or communities affected seek to continue some form of income management, they should be replaced by opt-in schemes designed in consultation with communities.

ACOSS expressed strong opposition to compulsory income management when it was first introduced, particularly to those schemes which have been imposed broadly on groups of people, according to type of payment, or class of circumstance, rather than by reference to a specific individual's circumstances. We reject the application of income controls on the basis of payment type or duration.

ACOSS has consistently called for evidence to demonstrate that compulsory income management is effective in achieving a legitimate purpose, such as the protection of human rights, in order to justify the invasive and demeaning imposition of such extensive controls over the financial decisions of competent adults.

Compulsory income management operates in stark contrast to existing mechanisms for appointing a financial manager in circumstances in which a person is deemed incapable of managing their own finances (e.g. financial management orders). Decisions about financial management in such cases are made by taking into account the individual circumstances and focussed on the best interests of the person, and are importantly subject to legal oversight.

We refer the Committee to a summary of the evidence available on the impact of income management schemes which ACOSS published last year, *Compulsory Income Management: A flawed answer to a complex question*.

After consideration of the available evidence, we concluded in this analysis that "compulsory income management, in its broad form, is poor policy because:

- There is no evidence it results in widespread or long-term benefit.
- It is poorly targeted.
- It is not cost-effective.
- It can result in strong negative subjective experiences.

- It can damage financial management skills.
- It can discourage vulnerable people from seeking assistance.
- There are better and more effective alternative approaches."

We believe that if compulsory income management has any role to play, it is only in cases in where another human right comes into play, particularly the rights of children. This requires that a decision about imposing compulsory income management is carefully considered, taking into account the individual circumstances, focussed on the best interest of the person affected (particularly any children affected), and subject to regular review.

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. As noted above, documented harms include damage to financial management skills and strong negative subjective experiences, including shame and humiliation. We 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.

ACOSS remains supportive of the ability of an adult to voluntarily opt in to using income management as a tool for managing their own financial affairs. We support the part of this Bill which abolishes income management incentive payments, including the matched savings scheme and voluntary income management bonus payment. These payments were poorly designed and administratively inefficient to administer. However, we recommend that the savings from abolishing these payments be diverted to building people's capacity to manage finances, for example, through strengthening financial counselling and support services.

Finally, we note that the current Bill has been introduced in a context in which the Government is considering introducing new income control programs, including the 'Healthy Welfare card'. The interaction between these programs is unclear and should be clarified by the Government.

We do not have capacity to provide more detailed comments on the bill in the tight timeframe available, but refer you to the submission from the National Welfare Rights Network for further analysis and to our policy analysis, *Compulsory Income Management: A flawed answer to a complex question,* referred to above (attached).

Yours sincerely,

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