

***WACOSS Submission to the Inquiry into Social Security and
Other Legislation Amendment (Welfare Reform and
Reinstatement of Racial Discrimination Act) Bill 2009 and the
Families, Housing, Community Services and Indigenous
Affairs and Other Legislation Amendment (2009 Measures)
Bill 2009 along with the Families, Housing, Community
Services and Indigenous Affairs and Other Legislation
Amendment (Restoration of Racial Discrimination Act) Bill
2009 [introduced by Senator Siewert]***



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Western Australian
Council of Social Service Inc

*Ways to make
a difference*

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About WACOSS and the Councils of Social Service (COSS) network

The Western Australian Council of Social Service (WACOSS) is the leading peak organisation for the community, and represents 300 member organisations and individuals, and over 800 organisations involved in the provision of services to individuals, families and children in the community.

Each year, WACOSS member organisations deliver services to hundreds of thousands of West Australians. These include:

- Housing and homelessness support;
- Health and mental health services;
- Education, employment and training;
- Treatment services for alcohol and other drugs issues;
- Services for children, youth and families;
- Services for those experiencing domestic and family violence;
- Welfare provision and emergency relief;
- Disability services;
- Aged and community care;
- Financial counselling; and
- Support for indigenous and culturally and linguistically diverse people.

WACOSS is part of a national network consisting of State and Territory Councils of Social Service, and the Australia Council of Social Service (ACOSS). Our national coverage strengthens our capacity to represent the interests of low income and disadvantaged West Australians across the breadth of State and National agendas.

In December 2009, the COSS network released a joint statement outlining its position on the proposed amendments of the *Welfare Reform and Reinstatement of Racial Discrimination Act Bill 2009*. The statement was supported by community service organisations nationally such as the Australian Association of Social Workers, Catholic Social Services Australia, People with Disabilities Australia, Jobs Australia, National Shelter, St Vincent de Paul and UnitingCare Australia. An excerpt follows:

“As community organisations working to reduce poverty and social disadvantage, we call on the Government to withdraw the comprehensive income management provisions of the *Welfare Reform and Reinstatement of Racial Discrimination Act Bill 2009* (‘the Bill’).

We support non discriminatory policies to help people manage their finances where this is necessary. However, any such policies must respect the rights and dignity of all income support recipients.

Although we welcome the reinstatement of the *Racial Discrimination Act* in the Northern Territory, we are concerned that the reforms represent little change in the way that the incomes of Indigenous Australians are managed and will discriminate against unemployed Australians and sole parents in disadvantaged areas across the country.

The extension of income management to all long-term Newstart and Parenting Payment recipients in targeted disadvantaged communities takes social security policy backwards.

It returns us to a time when unemployed Australians had to rely on rations (the 'susso'), distributed at police stations, often in return for work. The system caused much hardship and shame. This led to a national consensus that unemployed people were entitled as citizens to adequate social security payments as long as they were taking reasonable steps to find work."¹

Of particular concern to the COSS network is:

- The denial of people's ability to manage their own finances;
- The lack of a national consultation or proper review of the system;
- The lack of an evidence base for the policy; and
- A lack of investment in the supports required to overcome disadvantage

To read the COSS joint statement in more detail, please refer to the ACOSS website www.acoss.org.au.

¹ ACOSS. 2009. *Joint Statement on Income Management*.

Introduction

Income management is the “key tool in the Government’s broader welfare reforms designed to deliver on (the) commitment to a welfare system based on principles of engagement, participation and responsibility”.²

Income management was introduced as one of a range of measures to reduce disadvantage in prescribed areas in the Northern Territory (NT). Its aim was to ensure that welfare payments were spent on priority needs such as food, housing, and utilities. It currently applies to most welfare recipients here, due to the high Indigenous population.

As part of the Northern Territory Emergency Response (NTER) more broadly, the Government has stated that income management is only one tool. Other measures include alcohol and pornography restrictions, five-year leases, community store licensing, controls on the use of publicly-funded computers, law enforcement powers and business management areas powers.³

They also cite the NTER as only one component of their commitment to ‘close the gap’, listing their investment of \$1.2 billion in resources and their \$572 million commitment to indigenous housing through the Strategic Indigenous Housing and Infrastructure Program as significant other components.⁴ However, a recent report written for this program found that of the \$572 million, \$45 million has been spent without a single house actually being built.⁵

This shows the complexity and scope of disadvantage that Indigenous Australians face, and strengthens WACOSS’ call for a greater investment in support services and other infrastructure, especially if punitive measures are going to be taken to control people’s finances.

Across the country, various other income management trials have been implemented by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) in partnership with Centrelink and State Governments.

Compulsory income management trials in WA have been undertaken under the auspice of the Minister of Child Protection; Communities. Under this scheme, families identified by the Department for Child Protection as abusing or neglecting their children (or at risk of doing so) can have 70% of their income managed by Centrelink. Income management for child protection is considered by the Government as a way to assist in providing a safe environment for children for things like food, clothes, rent, electricity, medicine, things for your children and basic household goods.⁶ It is intended to be just

² Australian Government. (2009). (p.1) Policy Statement. *Landmark Reform to the Welfare System. Reinstatement of the Racial Discrimination Act and Strengthening of the Northern Territory Emergency Response*. See http://www.fahcsia.gov.au/SA/INDIGENOUS/PUBS/NTER_REPORTS/POLICY_STATEMENT_NTER/Pages/default.aspx

³ Australian Government. (2009). (p.4) Policy Statement. *Landmark Reform to the Welfare System. Reinstatement of the Racial Discrimination Act and Strengthening of the Northern Territory Emergency Response*. See http://www.fahcsia.gov.au/SA/INDIGENOUS/PUBS/NTER_REPORTS/POLICY_STATEMENT_NTER/Pages/default.aspx

⁴ Ibid. (p.3)

⁵ See http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/indig_housing_9sept09.htm

⁶ Centrelink. Fact Sheet. *Income Management for Child Protection*. See <http://www.centrelink.gov.au/internet/internet.nsf/publications/co497.htm>

one tool as part of a case management model for families. This represents a disconnect with the Federal Government's statement that income management is the key tool in welfare reform.

WACOSS seeks clarification as to how State and Federal policy will align to deliver some form of cohesiveness as the scheme is set to be rolled out nationally.

The Income Management trial has four aspects:

1. Northern Territory Emergency Response (NTER), including income management and the School Enrolment and Attendance measure.
2. Compulsory income management for child protection - in Cannington and East and West Kimberley, extending to Mirrabooka, Midland and Joondalup on 28 April, 2009. In 2010, compulsory income management will be rolled out in Centrelink offices in Armadale, Gosnells, Fremantle, Spearwood, Rockingham, Warwick Grove and Innaloo.
3. Voluntary income management, through Centrelink, offered in Armadale and Gosnells from 19 October 2009.
4. Cape York welfare reform trial in Queensland.

On the 25 November 2009, The Australian Government announced its intent to extend compulsory income management in the Northern Territory to all welfare recipients, beginning on 1 July 2010. It is expected to be fully implemented in the NT by 31 December 2010. After collection and evaluation of evidence from the NT, it is expected that the scheme will be extended to other disadvantaged regions outside the NT.

Expanding the scheme in the Territory is expected to cost \$350 million over four years, and will see some 20,000 Territorians affected. Under the scheme, a person has 50% of their regular payments and 100% of their lump sum payments income managed. The funds can be spent on priority items by using the BasicsCard, Centrepay or other arrangements through Centrelink.⁷

The new measures aim to tackle intergenerational passive welfare, by:

- quarantining income;
- offering 'evidence-based' exemptions to individuals who "demonstrate responsible parenting, and to young people and long-term unemployed who take personal initiative through participation in education and training"⁸; and
- offering matched savings incentives and access to financial management support services.

⁷ Minister Macklin's media release (November 2009). See http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/welfare_reforms_protect_children_25nov2009.htm

⁸ Ibid. (p.1).

They include the 50% quarantining provisions, and will apply to the following recipients in declared income management areas:

- Disengaged youth;
- Recipients of Youth Allowance, Newstart, special benefits or parenting payments aged 15-25 who have been on the benefit for 13 out of 26 weeks in declared areas, and long-term recipients over the age of 25 and younger than the pension age; and
- Individual 'vulnerable' welfare recipients.⁹

A shift to conditional welfare for all welfare recipients raises a number of social justice concerns that WACOSS will highlight throughout this submission. WACOSS maintains its opposition to compulsory income management. Even as a child protection tool, as it is being used in WA, income management is not a solution on its own. We recognise that it may be a useful circuit breaker, but it risks stigmatising and further isolating disadvantaged families.

Struggling families at risk of neglecting their children need access to parenting and health services, financial support, and affordable, good quality childcare. Especially in rural, regional and remote locations, there are a lack of services and programs to deal with the underlying issues that lead to neglect and abuse.

WACOSS thanks the Committee for the opportunity to provide input into this inquiry. We have a keen interest in welfare reform at a Federal level, in particular the roll-out of compulsory income management to all welfare recipients in the Northern Territory preceding a national roll-out. A blanket roll-out of managed income represents one of the most significant social policy shifts for low-income people this country has ever seen, especially from a Labor Government.

This submission will discuss:

- The human rights implications of conditional welfare and the reinstatement of the Racial Discrimination Act (RDA);
- The proposed amendments to the Act as they relate to income management - what these changes will mean and who they will affect;
- The trails of income management in the NT as one of the NTER measures, and income management for child protection in Western Australia; and
- WACOSS issues and concerns:
 - Cost versus benefit
 - Gaining exemptions from compulsory income management
 - Issues for young people
 - People with complex issues
 - Impact on families already facing disadvantage
 - Restrictions of voluntary income management
 - Pressure on community services

⁹ Ibid. (p.1).

Human rights implications of conditional welfare and the reinstatement of the RDA

The right to social security for all

Article 9 of the International Covenant on Economic, Cultural and Social Rights recognises the right of everyone to social security, including social insurance.¹⁰ The Social Justice Report (2007) summarises some of the rights that should be afforded to all people accessing social security benefits:

- the right is to be enjoyed without discrimination, including on the basis of race;
- benefits should be provided in cash or in kind – determining the form that benefits take should be guided by the principle of human dignity and the right to non-discrimination;
- any national measures designed to realise the right to social security should not interfere with the enjoyment of other human rights;
- beneficiaries of social security schemes must be able to participate in the administration of the system and it must provide for a right of appeal;
- eligibility conditions for unemployment benefits must be reasonable and proportionate and the benefit must not be provided in a form that is onerous or undignified;
- governments are obliged to take steps to ensure that there is appropriate education and awareness concerning access to social security schemes, particularly among minorities and disadvantaged groups;
- the right of individuals and groups to participate in decision-making processes that may affect their exercise of the right to social security must be an integral part of any policy, programme or strategy concerning social security; and
- access to effective judicial or other appropriate remedies at both national and international levels should be guaranteed, including with national ombudspersons, human rights commissions, and similar institutions being permitted to address violations of the right.¹¹

It is WACOSS' view that some of these rights will not be adhered to if, as a nation, we shift to a welfare model that limits the ability of individuals to choose how to spend their money without their consent.

WACOSS is concerned about the human rights implications of shifting to a conditional welfare model whereby such control is exerted by the State. Top-down, punitive approaches that punish families do nothing to build their capacity and equip them with the skills and supports they need to make positive, lasting change in their lives.

Controlling how a person spends their money is a drastic interference into the way a person manages his or her life and family. In the context of the NT legislation, this means that governments are obliged to consider less intrusive or voluntary options as a

10 Office of the United Nations High Commissioner for Human Rights. *International Convention on Economic, Social and Cultural Rights*. See <http://www2.ohchr.org/english/law/cescr.htm#art9>

11 Aboriginal & Torres Strait Islander Social Justice Human Rights Commission. Aboriginal & Torres Strait Islander Social Justice. (p. 275-276). *The Social Justice Report 2007*.

first response before moving to options as broad-reaching as compulsory income management.¹²

These issues should also be considered in the context of a blanket roll-out to all welfare recipients, first in the Northern Territory, then nationally. Creating an underclass of 'undeserving poor' by limiting their ability to spend money on alcohol and cigarettes (for example), on the assumption that these spending patterns are likely to contribute to the abuse and neglect of children, is well and truly abandoning the notion of a 'fair go' for all.

This return to paternalistic, punitive 'carrot and stick' social policy, without the accompaniment of practical, proactive, accessible supports, greatly undermines the federal ALP's social inclusion platform.

The reinstatement of the Racial Discrimination Act 1975 (RDA)

The RDA requires that all people be treated equally before the law, regardless of their colour, race and ethnicity.¹³

As part of the NTER, the RDA was suspended in order to comply with the discriminatory nature of the scheme, as it disproportionately affected Aboriginal people.

As part of the reform to the welfare system and strengthening of the NTER, the suspension of the RDA under the NTER will be lifted.¹⁴ The Bill repeals sections on Northern Territory legislation suspending the RDA, but it does not specifically provide that the RDA applies to the Northern Territory legislation (as recommended by the Social Justice Report 2007).

The Bill introduced by Australian Greens Senator Rachel Siewert (*Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Restoration of Racial Discrimination Act) Bill 2009*), does. Even still, the Australian Greens have doubts as to whether the changes introduced to the intervention will comply with the RDA.

Although WACOSS welcome the reinstatement of the *Racial Discrimination Act* in the Northern Territory, we are concerned that the reforms represent little change in the way that the incomes of Indigenous Australians are managed and will discriminate against unemployed Australians, sole parents and other vulnerable welfare recipients in disadvantaged areas across the country.

WACOSS supports non-discriminatory policies to help people manage their finances where this is necessary. However, any such policies must respect the rights and dignity of all income support recipients.

¹²Ibid, p. 277

¹³ Australian Government. (2009). (p.5) Policy Statement. *Landmark Reform to the Welfare System. Reinstatement of the Racial Discrimination Act and Strengthening of the Northern Territory Emergency Response*. See http://www.fahcsia.gov.au/SA/INDIGENOUS/PUBS/NTER_REPORTS/POLICY_STATEMENT_NTER/Pages/default.aspx

¹⁴ Australian Government. 2009. (p.5). *Policy Statement. Landmark Reform to the Welfare System, Reinstatement of the Racial Discrimination Act and Strengthening of the Northern Territory Emergency Response*.

A more detailed discussion of income management and its consistency with the RDA follows further in this submission.

The proposed amendments as they relate to income management

The Federal Government sees income management as a key tool in their broader welfare reforms, designed to deliver on their commitment to a “welfare system based on the principles of engagement, participation and responsibility”.¹⁵ The measures, both as part of the NTER and in Western Australia, have a distinct focus as a child protection tool, to ensure money is being spent on life’s essentials and in the best interests of children.¹⁶

In late November 2009, the Department for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) announced that the Australian Government is to introduce a new income management scheme to “protect children and families and help disengaged individuals”.

To do this, three bills were introduced into Parliament, one of which is the Welfare Reform and Reinstatement of Racial Discrimination Act Bill 2009. This bill will amend several Acts relating to income management arrangements under social security law and the Northern Territory Emergency Response.

The core measures of the NTER are to be retained, that is – income management, alcohol restrictions, pornography restrictions, five-year leases and community store to name a few.

As well as this, the Bill will repeal the provisions that limit the application of the RDA. It will apply to all relevant welfare recipients, not just indigenous people, meaning that approximately 20,000 welfare recipients in the Northern Territory will be subject to income management.

The bill will establish a new model of income management to be used in selected locations throughout Australia, as declared by the Minister at her discretion. It’s intended to operate as a tool to “support disengaged youth and vulnerable individuals, particularly women and children”.

New welfare measures – income management

From 1 July 2010, a new scheme of income management will commence firstly across the Northern Territory, in urban, regional and remote areas, as a first step in a future roll-out to prescribed disadvantaged regions nationally.¹⁷

Future roll-out nationally will be “informed by the evidence gained from the NT evaluation”¹⁸, with new areas of disadvantage (and therefore subject to income management) able to be declared by the Minister at any time.

¹⁵ Ibid. (p.1).

¹⁶ Ibid. (p.1).

¹⁷ Ibid. (p.8).

Relying on “evidence developed from the Northern Territory experience”¹⁹, categories of welfare recipients will be targeted as follows:

- people aged 15 to 24 who have been in receipt of Youth Allowance, Newstart Allowance, special benefit or parenting payment for more than 13 weeks in the last 26 weeks (disengaged youth);
- people aged 25 and above (and younger than age pension age) who have been in long-term receipt of specified payments, including Newstart Allowance and parenting payment (long-term welfare payment recipients);
- people assessed by a delegate of the Secretary (in practice, a Centrelink social worker) as requiring income management for reasons including vulnerability to financial crisis, domestic violence or economic abuse; and
- people referred for income management by child protection authorities.

Of note is that while aged and disability support pensioners are not included in the ‘disengaged youth’ or ‘long-term welfare payment recipients’ categories, they can be subject to income management by being declared as ‘vulnerable to financial crisis, domestic violence or economic abuse’²⁰ by a Centrelink social worker (according to guidelines issued and determined by the Minister).

That is, an aged or disability support pensioner with no dependent children can have the way they spend their payments dictated by the State.

With regards to families living with complex issues, such as alcohol and other drug use, domestic and family violence, or mental health issues, WACOSS is deeply concerned that a further tightening of already scarce income when a violent partner is involved, for example, may have horrific unintended consequences. The same can be said for those affected by alcohol and other drugs, or with other addictions or problem behaviours.

We are concerned that constricting the spending patterns of at-risk, high needs people may lead them to seek alternative income sources from pay-day lenders, or by engaging in illegal activity. If appropriate supports are not in place to deal with the fall-out of subjecting a person with high needs to income management, the consequences for that person and their family could be dire.

It is these after-effects that we feel have been ill-conceived and thought through as the decision to expand income management has been made. Without adequate support and resources for vulnerable welfare recipients that will enable them to make responsible choices and gain financial independence, the cycle of poverty and disadvantage will only become more entrenched.

¹⁸ Media release (November 2009). Major welfare reforms to protect children and strengthen families. See http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/welfare_reforms_protect_childr_en_25nov2009.htm

¹⁹ Ibid. (p.8).

²⁰ Ibid. (p.9).

The expansion of compulsory income management to all welfare recipients, many of whom do not have dependent children, represents a radical shift in welfare policy in this country.

Voluntary income management provisions

WACOSS has never opposed voluntary income management, provided it is not coercive in any way. The new legislation proposes changes to voluntary income management.

Participants must now commit to being income managed for a minimum of 13 weeks. As well as this, the Government is introducing a matched savings scheme and a \$250 incentive payment to remain income managed. Both of these entitlements come with their own sets of conditions and parameters that people must meet.

Income management in the Northern Territory and income management for child protection in Western Australia

Northern Territory

Background

On 21 June 2007, the Australian Government announced the Northern Territory Emergency (NTER) response to protect Aboriginal children in the Territory from sexual abuse and family violence.²¹ Income management was one of the measures as part of the NTER, introduced in prescribed areas in the Northern Territory to ensure that welfare payments were used responsibly in relation to the care and education of children, and for priority needs such as housing and food.²²

Income management and 'special measures'

According to the Australian Human Rights Commission, there are two ways to ensure income management measures are consistent with the RDA. They are to:

- Ensure that the structure and implementation of an income management measure avoids racial discrimination; and to
- Develop and implement to measure as a 'special measure' under the RDA.²³

The Commission has stated that in their view, it is preferable that measures are designed and implemented as non-discriminatory in the first instance, rather than being justified as special measures.²⁴

²¹ Ibid. (p. 10)

²² Ibid. (p. 6).

²³ Australian Human Rights Commission. (2009). (p. 15). *Draft RDA Guidelines for Income Management Measures*.

²⁴ Ibid. (p. 14)

However, most of the specific NTER measures are considered by the Government to be special measures for the purposes of the RDA. Special measures are typically affirmative action measures that give members of a disadvantaged group access to a benefit that is intended to promote substantive equality. For example, Abstudy – a government allowance for Indigenous students - is considered to be a special measure.²⁵

➤ Community stores licensing

Protecting the rights of consumers to easily access affordable, good quality produce from licensed community stores is of critical importance for WACOSS. We had concerns as the trial in WA progressed, and indeed in the Northern Territory, that customers would be disadvantaged by having to pay extremely high prices in stores that accepted the Basics Card. The NTER Review Board made the following recommendations in its October 2008 report:

- The system of licensing community stores be continued with a requirement for there to be an audit of each licensed store every six months to ensure:
 - High standards of governance and financial integrity
 - Good quality and range of products
 - Appropriate health standards
 - A local employment strategy to increase the number of Aboriginal employees in community stores
- The Australian Government examine ways to address the unacceptable high prices that continue to be found in community stores notwithstanding the licensing arrangements.²⁶

The Australian Government's policy statement proposes that improvements are going to be made to community store licensing provisions by extending and clarifying the scheme.

The legislation inserts a new section defining food security, defined as “a reasonable ongoing level of access to a range of food, drink, and grocery items that is reasonably priced, safe and of a sufficient quality and quantity to meet nutritional and related household needs”.²⁷

WACOSS welcomes this amendment to the legislation, and recommends that appropriate mechanisms are put in place to monitor pricing methods of a range of community stores across income managed areas, as well as appropriate recourse if community stores are found to be in breach of these requirements.

Implementation and evaluation

- There were data quality issues – the Australian Institute of Health and Welfare's (AIHW) report stated that only 76 participants completed the 2009 Client

²⁵ Ibid. (p. 22)

²⁶ Australian Government. Department of Families, Housing, Community Services and Indigenous Affairs. (2008). *Report of the NTER Review Board. Summary of Recommendations.*

²⁷ Welfare Reform and Reinstatement of Racial Discrimination Act Bill 2009. Explanatory Memorandum. (p. 53).

Interviews (a key data source for the evaluation), out of the 15,125 clients being income managed. Other methods of data collection were used, but many also had quality issues.

- There were consistent complaints about the lack of consultation around implementation, and confusion as to why it was only applying to Aboriginal people – many of whom were managing their finances very well.
- Participants in the evaluation were not randomly selected, increasing the risk of bias to report favorably on the outcomes.
- There was no previously established baseline data on expenditure patterns, making it hard to gauge whether improvements were in fact improvements, and whether they could be attributed solely to income management.
- Many clients had to travel long distances to access food from merchant stores, meaning that large portions of their surplus income were being spent on transport. A lack of access to a private car, or to an adequate public transport system only exacerbated these issues. Some people reported having to drive straight by a community store in their own town so they could get to a store that would accept their card.
- Many people reported that income management had helped them pay their bills and put more food on the table, and with a suite of services to help them continue these good patterns, many would be able to go off income management and still meet their family's needs.
- Because of the lack of support services, many participants in the evaluation doubted their ability to continue the good patterns once they were removed from income management, because they had little or no opportunity to get involved with financial counseling or money management services. Less than one in seven received any assistance from Cetrelink.

This feedback lead us to question the sustainability of income management, and its ability to make a real lasting impact on the financial health and well-being of a family.

Many felt it further entrenched welfare dependence – something which the Government sees will be decreased by a national roll-out of income management, and a stated aim of the scheme. WACOSS has held this concern since the announcement was made.

WACOSS position

WACOSS remains opposed to blanket, compulsory income management in the Northern Territory. While we welcome the reinstatement of the RDA, in reality this changes little the disproportionate negative impact that will be felt by Aboriginal welfare recipients in the Territory. Blanket income management on the basis of financial disadvantage and vulnerability lays the foundations for a return to conditional welfare, which we feel severely undermines the Government's social inclusion agenda.

We should heed the 'lessons' from the NT experience with great scrutiny and caution. Income management (as one of the NTER measures) and compulsory income management for child protection (in WA), are very different measures. However, Minister Macklin has stated that blanket income management in the NT will be evaluated and will inform future roll-out to other disadvantaged areas nationally.

Income management for child protection – Western Australia

Background

In late November, 2008, just before families were to start receiving the Federal Government's stimulus payments, income management was introduced in Western Australia. It has been trialed as a child protection tool in the Cannington district in Metropolitan WA, and East and West Kimberley in remote WA. Under the scheme, families are referred by the Department for Child Protection to Centrelink, to have 70% of their income managed. The aim of the scheme was to ensure that welfare payments were spent on essentials for parents and their children, such as food, rent, clothing and school costs.

The scheme is described by the Department as “one of a number of interventions used under a case management model which aims to protect children by providing a holistic response to families where neglect is present”.²⁸ Ongoing case management is supposed to be provided with access to financial counselling from Centrelink. The extent to which this support has actually been provided, and to how many families, remains unclear.

Implementation and evaluation

WACOSS was involved in very early discussions evaluating the income management scheme, in April 2009. Since the scheme had only been in operation since November, it was very difficult to determine the effectiveness of the scheme, bar what little anecdotal evidence we had started to gather from services operating in the Cannington district. There were a total of six people present at this evaluation.

Initially, WACOSS was concerned that the scheme was introduced in a policy vacuum. The National Child Protection Framework had not been signed-off, so we were unsure how this legislation was going to interact.

We also held concerns over the extremely high percentage of income (70%) that was to be withheld. In a metropolitan setting where rents are higher, along with the cost of living more generally, we felt withholding such a large amount would be very detrimental for families. WACOSS has tracked living costs in WA for a number of years, and they continue to rise far beyond the level of wage growth. This creates immense pressure for families who are struggling to make ends meet.

Reports also suggested that the merchant stores accepting the Basics Card were not necessarily appropriate for the demographic of families being subjected to income management. People were limited in where they could shop, subjecting them to higher prices and less choice. Shopping around at markets or smaller businesses was difficult. From a cultural perspective, many people from culturally and linguistically diverse

²⁸ DCP (2008).Project Scoping Paper. *Income Management for Child Neglect*.

backgrounds were also not having their needs met (being able to buy certified Halal produce, etc), and were restricted in where they could shop.

WACOSS position

WACOSS has always fundamentally opposed compulsory income management for child protection. In our view, family support models are far better at delivering positive outcomes for children and families, and for building the capacity of that family to make lasting change in their lives.

Even where financial counselling is offered to a family as they are being income managed, this must be complemented with wrap-around services; family and relationship counselling, parenting support, and educational opportunities. A number of families may also be dealing with a raft of complex issues that could include domestic violence, alcohol and other drug dependence, or mental health issues. Intensive support mechanisms that recognise and address the causes of disadvantage and poor decision making are far more sustainable and will deliver long-term benefits.

WACOSS is interested in what works for children and their families. The wellbeing of children is our ultimate concern in relation to this social policy. There is no hard evidence or research that suggests income management prevents the neglect of children.

We would rather a combination of supports and services that we know do work. We know that wrap around services - family centres, safe houses, drug and alcohol treatment, and early intervention programs do help to prevent neglect. All the national and international research provides a clear evidence base to support that. Therefore, we must increase the level of support and services available to at-risk families, and indeed to all families. We must make those services work for people.

WACOSS does not feel it is appropriate to introduce broad scale income management, when there is no evidence to suggest that to do so would reduce or prevent the neglect of children. We have acknowledged publically that income management may in some cases have been be a useful circuit breaker, and indeed could be useful for some people in conjunction with a range of other supports, but by itself is not the key.

As far as evaluation is concerned, WACOSS feels very strongly about making sure that the effectiveness of the scheme is measured in terms of a real reduction in the number of children at risk of abuse and neglect, across a range of social wellbeing indicators.

WACOSS issues and concerns

Cost versus benefit

Introducing blanket income management for all welfare recipients in disadvantaged areas is an expensive gamble.

In the NT, the Government has committed \$350 million over four years.

In WA, the scheme has cost approximately \$19 million, and applies to approximately 280 people. This equates to about \$65,000 per family. WACOSS would like to see evidence of how this \$65,000 has enhanced a family's situation, or reduced their living costs on a day to day basis. Surely removing some of the financial strain that many families struggle with will allow them to make better decisions about their family's wellbeing.

On the same day as the expansion of income management scheme was announced in Western Australia, Minister Constable announced five new Family and Children Centres across WA – delivering early childhood and education, pregnancy, teenage health and child health services, for a total cost of \$7 million per year.

For the cost of the Income Management scheme, we could have doubled the number of those Centres and rolled them out across the regions. WACOSS argues that this would have had a much more sustained benefit for families.

Gaining exemptions from compulsory income management – “guilty until proven innocent”

There are cases whereby certain people can apply to be exempt from income management, if they can “demonstrate socially responsible behavior”, or by showing “evidence of responsible parenting”.

People without dependents may be exempt if they can demonstrate that they are involved, essentially, in education and training, or by undertaking “activities specified by the Minister”. WACOSS seeks clarification as to what these activities are.

For people with dependents, exemptions may be granted if school aged children are at school, covered by a schooling arrangement, or participating in activities specified by the Minister.

While we have no objection for people taking responsibility of and contributing to their and their family's wellbeing, we are concerned that these definitions may not take into account cultural differences and societal norms, which differ greatly from culture to culture. We are also concerned that these requirements may not take into account the varied and complex reasons that a child may not attend school, for example.

WACOSS argues that this assumes welfare recipients are guilty until proven (at their own expense and effort) innocent. We are extremely concerned that this drives a wedge further between the ‘deserving’ and ‘undeserving’ poor, and propagates the notion that if you are in receipt of a welfare payment, you must be irresponsible and not able to

manage your finances. For many, the exemption process may signal a painful return to the 1900's when many Aboriginal people had to apply for exemptions from catch-all laws that inhibited certain freedoms for their 'own good' and 'protection'.²⁹

In a practical sense, WACOSS also has concerns about the application process in itself, which will create another layer of bureaucracy and difficulty in people's lives when they are already struggling.

Issues for young people

There are a number of concerns for young people that have been raised by the Youth Affairs Council of WA. We share their concerns.

For unemployed young people, they can become exempt if they have worked 6 out of 12 months at or above minimum wage. The plain fact is many young people often face discrimination in the workplace, which includes working for below minimum wage. Income managing a welfare payment in this situation risks putting the young person involved under severe financial stress.

Young parents (single and partnered) are labeled as 'disengaged youth' if they receive a parenting payment. WACOSS argues that being a young parent is challenging enough, without being labeled a 'disengaged youth'. We endorse YACWA's recommendation that this negative label as it applies to young parents is removed, and a new category is created in its place.

To be exempt from this category, a young parent's child must be at school, or if they are younger, the parent must be engaged in "activities specified by the Minister". These activities have not yet been specified, and as such a very problematic grey area is created here. WACOSS seeks clarification on what these activities are.

We also share YACWA's concerns on the impacts of these changes on young people leaving care and detention, indigenous young people, and young people from CaLD communities.

We endorse YACWA's recommendation that as the changes are rolled out, an extensive education and awareness campaign is promoted and accessible to all young people. It is absolutely essential that young people know their rights, the effects of income management, and if they may be exempt. Other recommendations include:

- Consultations between Centrelink and FaHCSIA to assess individual cases and financial situations, and promotion of financial and other counselling prior to enforcing income management;
- Maintenance of provisions for voluntary income management in all areas, not just DCP earmarked, and implementation of comprehensive education and awareness campaigns so people can utilise voluntary income management in an informed way; and

²⁹ Human Rights and Equal Opportunities Commission. The Laws: Western Australia. See http://www.hreoc.gov.au/education/bth/download/laws/bth_lawsWA_8r.pdf

- A clearly established process of review for those falling into income management categories, and clearer information around these processes.³⁰

Families with complex issues - alcohol and other drug use, domestic violence, and mental health

WACOSS is concerned that restricting already insufficient income levels will result in many low income families being forced to make difficult choices to forgo important amenities that they need, simply to make ends meet.

We again sound our call for families being income managed to be supported with a range of intensive services that will enable them to make the changes necessary to improve the wellbeing of their families.

We feel that placing vulnerable families on income management without access to these supports may increase the possibility of;

- Seeking additional finances from pay-day lenders to subsidise problem behaviours (gambling, alcohol and drug use, etc). This could plunge a family into rapid and sustained hardship on a number of fronts; and an
- Increase in family and domestic violence incidents if family income is managed in a way which impacts on the preferred spending habits of that family. Women may be targeted as blame is allocated for a rapidly changing family situation.

Impact on families already facing disadvantage

If the family is determined to be “at risk” by child protection, they will be referred to a range of support services including Best Beginnings, Financial Counselling, Parent Support, and possibly Centrelink for Income Management.

From a family’s point of view, that means that they will have as many as 20 people directly or indirectly involved in their week.

All the programs will be run separately and even sharing information is difficult, let alone working with the family to set goals and make changes.

Restrictions of voluntary income management

WACOSS has never opposed voluntary income management, provided participation in the scheme is not coercive in any way. However, we would like to note the following proposed changes relating to this component of the scheme:

- People must remain locked into voluntary income management for a minimum of 13 weeks now. This is designed to minimise the extent to which people rotate on

³⁰ YACWA. (2009). *YACWA Contribution to WACOSS’ Submission on Federal Government Welfare Reform.*

and off voluntary income management within a short space of time, as it is “inefficient to serve people for a very short duration”.³¹

- To be eligible for the matched savings scheme, people must complete an ‘approved course’, that may relate to financial or money management skills, amongst other things.

While in itself WACOSS has no objection to this, we would stress that these courses must be clearly defined by the Minister, well resourced, accessible and appropriate to the needs and capabilities of participants. We also seek clarification as to what exactly these courses are, if they come at a cost to the client, where and how many will be available, and whether they will be provided by the community services sector or Government.

Pressure on community services

As income management is rolled out to all welfare recipients, pressure will be on community services to provide the financial and other counselling that the Government has promised will accompany the scheme.

WACOSS sees the national roll-out of income management as a huge potential strain on services that may in turn be utilised to support families transitioning to these arrangements.

These include family and relationship services, financial counselling and money management, drug and alcohol treatment facilities, mental health services, and domestic and family violence shelters.

Community service organisations are chronically underfunded nationally, and demand continues to rise. The ACOSS Community Sector Survey (2008) reported that approximately 10,000 eligible people across the country were turned away from services in 2007-2008, as they simply could not cope with the numbers.

Not-for-profits deliver an increasing range of services to the community, and indications from a number of sources, including the latest report handed down by the Economic Audit Committee, signal that this trend will continue. Community organisations are responsive to need, flexible, and can offer their clients innovative solutions to complex problems. They have the ability to form unique relationships with the people they serve, built on trust and partnership.

However, community services cannot continue to provide the level of service they currently do, unless funding shortfalls are addressed as a matter of urgency. Estimates tell us that this shortfall is around 30%. This is unacceptable, especially when considering there are almost a quarter of a million not-for-profit organisations in Australia contributing \$21 million (3.3%) to national GDP.³²

³¹ Welfare Reform and Reinstatement of Racial Discrimination Act Bill 2009. (p. 28). Explanatory Memorandum.

³² WACOSS (2009). (p.1). Annual Pre-Budget Submission. *Putting People First*.

Conclusion

WACOSS again thanks the Committee for the opportunity to input into this important inquiry. This is arguably one of the most significant welfare reforms this country has seen, and represents a fundamental shift in social policy.

We have grave concerns about the punitive nature of conditional welfare, especially in terms of its impact on human rights, and its discriminatory nature for Indigenous welfare recipients in the Northern Territory, despite the reinstatement of the RDA.

We have endeavoured to highlight some of our concerns relating to the Northern Territory roll-out, as well as the trials for child protection in Western Australia.

We restate our opposition to compulsory income management. Even as a child protection tool, as it is being used in WA, income management is not a solution on its own. We recognise that it may be a useful circuit breaker, but it risks stigmatizing and further isolating disadvantaged families.

Struggling families at risk of neglecting their children need sufficient income. They need access to parenting and health services, financial support, and good quality childcare. Especially in regional areas, there are a lack of services and programs to deal with underlying issues that lead to neglect and abuse.

We know that wrap around services - family centres, safe houses, drug and alcohol treatment, and early intervention programs do help to prevent neglect. All the national and international research provides a clear evidence base to support that. Therefore, we must increase the level of support and services available to at-risk families, and indeed to all families.

We must invest in strengths-based community development models – that are sustainable, accessible, well-managed and appropriate to need. We must make these services work for the people who need them.