



## **Submission to Senate Community Affairs Legislation Committee 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.**

**February 2010**

Anglicare Australia  
GPO Box 1307  
Canberra ACT 2601  
Tel: (02) 6230 1775  
Fax: (02) 6230 1704  
email: [Anglicare@anglicare.asn.au](mailto:Anglicare@anglicare.asn.au)

Contact: Kasy Chambers, Executive Director

## A welcome Inquiry

Anglicare Australia welcomes the opportunity to make a submission to the Community Affairs Legislation Committee 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.

Anglicare Australia is a network of 43 independent organisations joined by values of service, innovation, leadership and faith that every individual has an intrinsic value.

Our services are delivered to one in forty Australians, in partnership with them, the communities in which they live, and other like minded organisations in those areas. We are in it with those communities for the long term – our services have been around for up to 150 years.

Over 12,000 staff and 21,000 volunteers work with over 512,000 vulnerable Australians every year delivering diverse services, including Emergency Relief, in every region of Australia.

The individual members support each other through the funding of Anglicare Australia and also through individual arrangements and partnerships. This means that small responsive organisations have access to a nationwide group of support and expertise and a national office in Canberra.

Anglicare Australia advocates on behalf of Anglicare's clients. This submission represents the views of Anglicare Australia, as the national peak body of the Anglicare network. It may not necessarily represent the views of the Anglican Church of Australia or the views of an individual member of the Anglicare Australia network.

The legislation referred to the Committee – specifically the Social Security and Other Legislation Amendment Bill – is most significant. It reframes the compact between the Australian Government and the most marginalised and disadvantaged members of our community by making income management the default condition in the provision of a growing proportion of social security benefits.

This broad ranging change in philosophy came as a surprise to many of the community service providers and their clients across Australia. It is good practice for change of this order to be thoroughly tested in parliament, after drawing on the input of the wider civil society and the people likely to be affected. The guidelines of the [Commonwealth \(Latimer House\) Principles of the Three Branches of Government](#) point to the circulation of a Draft Bill when reform legislation is proposed. Instead this legislation was introduced into the Parliament just before the Christmas break, giving a tight deadline for this Senate inquiry ahead of its intended implementation.

There is no doubt, however, that there is a widely held belief that real change is needed in how our government and community connect to people living with intergenerational poverty, dependence on income support, and social and cultural dysfunction.

Anglicare Australia acknowledges that the Australian Government has shown initiative, and is making a considerable investment, in addressing disadvantage across our society as evidenced by the recent release of the social inclusion framework: *A Stronger, Fairer Australia*.

This Inquiry then is most welcome. Anglicare Australia hopes, through this submission, to make a positive contribution to the Parliament's consideration of these bills, and the issues that underpin them.

## Our Values

The sweeping impact of this legislation raises questions about what we are seeking to achieve and how best to go about it. Anglicare Australia is considering the possible impact of this new regime through the values and strategic goals articulated in its new strategic plan.

While there has been a fairly emphatic rejection of the new income management provisions from some quarters on the basis of the infringement of the rights of welfare recipients, we believe the real issue is more complex. Dr Ann Nevile from the Crawford School of Economics and Government, at ANU, drew extensively on her work with Anglicare SA, (and UNSW's Social Policy Research Centre and the Brotherhood of St Laurence among others) to argue in [Human Rights, Power and Welfare Conditionality](#) that people living with the experience of poverty are a little less concerned with rights and entitlements *per se*, and more sensitive to their capacity to shape or inform how the services they depend on are delivered, than are service providers and advocacy organisations.

This finding should not surprise us. Meaningful participation, as one of the key indicators for social inclusion, links directly to a capabilities approach to social responsibility. It is not just about people being active or functioning in the social and economic world, but it is also about agency: about how people are able to shape or direct that activity.

At the heart of the strengths-based approach which Anglicare is committed to, in the words of St Luke's Anglicare in Victoria, "are social justice principles of 'power with', respect and the 'ownership' by the client of their own process of change." The lesson of research and experience is that positive change grows out of the strengths we have as individuals and communities. Effective interventions need to build on those strengths and it makes little sense to presume that you are working with people to build on such strengths if the people you are working with don't have ownership of the process. In other words, the link between a strengths based approach to development and the agency that participants have in the process is profound, and leads to better and lasting outcomes.

In that context, the move in this legislation to make whole classes of recipients subject to mandatory income management, without even the support of wrap around services – such as child protection and financial counselling services – sits uncomfortably with the philosophy and experience of Anglicare Australia and many of its members.

This initiative will neither require Centrelink or other agencies to work closely with those individuals who are leading dysfunctional or destructive lives on the margins of our society, nor will it require them to work in partnership with pertinent community groups and organisations where they exist. It essentially reverses the onus of proof to require individuals living in identified areas and receiving designated benefits to demonstrate their capacity, in order to be allowed independent control of the often inadequate benefits that are paid to them.

## The Object of the Exercise

The objects of the proposed new income management provisions in the Social Security Act are:

- (a) to reduce immediate hardship and deprivation by ensuring that the whole or part of certain welfare payments is directed to meeting the priority needs of:

- (i) the recipient of the welfare payment; and
  - (ii) the recipient's children (if any); and
  - (iii) the recipient's partner (if any); and
  - (iv) any other dependants of the recipient;
- (b) to ensure that recipients of certain welfare payments are given support in budgeting to meet priority needs;
  - (c) to reduce the amount of certain welfare payments available to be spent on alcoholic beverages, gambling, tobacco products and pornographic material;
  - (d) to reduce the likelihood that recipients of welfare payments will be subject to harassment and abuse in relation to their welfare payments;
  - (e) to encourage socially responsible behaviour, including in relation to the care and education of children;
  - (f) to improve the level of protection afforded to welfare recipients and their families.

These are quite narrow objects that address a number of specific concerns that are unlikely to be relevant to all categories of recipients who are to become subject to income management under the Act. It is worth considering them in the context of the statement by Ministers Jenny Macklin and Warren Snowdon: [Major welfare reforms to protect children and strengthen families](#), announcing the new income management scheme, which claimed

These reforms deliver on the Government's commitment to a welfare system based on the principles of engagement, participation and responsibility.

Reading between the lines as it were, it seems reasonable to interpret the implied purpose of this initiative as both broader and simpler than the specific objects in the legislation. It is to help people function at a better level, to improve their wellbeing and that of their families and communities. It links in to the notion of social inclusion, including but not limited to positive engagement in employment and education.

Anglicare Australia would support action by Government in order to reach this broader goal. But in looking at this initiative, at evidence that might exist which supports it, and at some of the unintended consequences that it risks, we are asking the Committee, and subsequently the Government, to also consider the opportunity cost of this approach, and its efficacy in reaching the broader goal.

## **Evidence for the Policy**

One of Anglicare Australia's strategic goals is to promote policy and programs based on research and experience. It shares with the Government an avowed commitment to evidence based policy. It welcomes the emphasis placed on the evaluation and assessment of this initiative and would urge that a sunset clause on the wide ranging nature of these provisions be inserted, and ensure that any extension of the scheme would be informed by that evaluation.

Most particularly Anglicare Australia would also ask, through this inquiry, that Government engage with expert groups and stakeholders in defining the evaluation framework. Much as individuals need to be able to buy into any planned changes to behaviour and outcomes, if they are to be effective, so stakeholders need an opportunity to buy in to this evaluation if they are to accept the evidence that comes from it.

There are more detailed recommendations regarding such an evaluation towards the end of the submission.

The Legislation before the Committee, in large part, flows on from the Northern Territory emergency response. It is difficult to assess the specific impact of the income management initiative to date in the context of the wider NTER intervention, particularly as the project does not

appear to have been set up with such an assessment in mind. Existing documents point to the overarching goal of the Intervention as protecting children from sexual abuse rather than shifting people off welfare dependency and/or ensuring that welfare payments are used to meet basic needs.

More generally the Intervention, and the income management scheme within it, was intended to address the specific circumstances of Indigenous communities in regional and remote Northern Territory, with their strong kinship obligations and complex historical relationships. It was not designed for the much wider applications across Australia that the legislation before the Committee proposes.

Nonetheless, given there so little evidence relating to income management programs for welfare recipients outside of specifically Indigenous communities in regional and remote Australia, and as the Government and numerous commentators have pointed to the existing Indigenous income management program in the Northern Territory, trials of income management in WA, and a more complex welfare reform trial in Cape York in support of this scheme, Anglicare Australia sees it is important to explore what that evidence and the design of those particular projects themselves can tell us.

#### FaHCSIA evaluation of NTER Income Management

Over the past year, the Department of Families, Housing, Community Services and Indigenous Affairs has conducted an extensive evaluation/consultation process with affected Indigenous communities over the NT Intervention, with particular regard to income management: the NTER Redesign process. Some analysis of the evidence advanced by FaHCSIA was provided by The Australian Institute of Health and Welfare (AIHW) and a review of the process used to ascertain the community views was made by the Cultural & Indigenous Research Centre Australia (CIRCA).

Anglicare Australia is concerned

- that this evaluation is being used to uncritically support a blanket approach to stand alone mandatory income management right across the country, when it has been designed for and applied in specific circumstances, and
- that the claim that this evidence shows the initiative is supported, was appropriate, and was effective in that context is – at best – highly contestable.

#### AIHW Evaluation report

The AIHW report on the FaHCSIA evaluation has gained high profile media exposure as proof of the positive impacts of income management in the Northern Territory. However, AIHW explicitly argues at the front of its report that the evidence is at the *bottom* of the hierarchy of significance. It then went on to say:

A major problem for the evaluation was the lack of a comparison group, or baseline data, to measure what would have happened in the absence of income management. The approach taken by the AIHW in writing the evaluation report was to triangulate the findings of a number of different studies by looking for common issues and themes, and to draw these together around the key evaluation questions. While this approach resulted in evidence that had more strength and validity than the results of a single study, the overall evidence about the effectiveness of income management in isolation from other NTER measures was difficult to assess.

FaHCSIA's reliance on evidence of 30 people in face to face interviews, while not criticised, was made explicit.

#### CIRCA consultation assessment

The CIRCA assessment of FaHCSIA's engagement with communities eliciting responses on NTER interventions has been held up as positive evidence of a good process with credible findings.

CIRCA itself offers two strong clear qualifications. Firstly, while FAHCSIA conducted a 'four tier' consultation, CIRCA was only briefed to assess the Tier 2 with prescribed communities and Tier 3 workshops with Indigenous Leaders. CIRCA emphasised the significance of the Tier 1 engagement with individuals and target groups including clans and families (which were outside its terms of reference), and the impact of those meetings:

Our involvement in the monitoring of the Tier 2 process underlined the significance of the Tier 1 meetings in informing community members about the consultations, and gathering feedback from key stakeholders or interest groups, such as young people. This is clearly a critical component of the process, given the community protocols that often determine who has the authority to speak at larger, public community meetings on behalf of the community. This is a culturally legitimate practice, however it does emphasise the importance of the Tier 1 meetings in gathering feedback from a broad cross section of the community, to understand the diversity of views.

Secondly, in regards to feedback on the Tier 2 meetings and the specific measure of income management, CIRCA also questioned the framing of how that consultation was reported:

The summary of the income management section identifies the level of opposition to the two income management options included in the discussion paper. However, the summary identifies the voluntary model with triggers for those not managing their money as the preferred model. We believe this oversimplifies the level of discussion and responses to some extent, as many said income management should be stopped, and the trigger model was acceptable as an alternative solution, rather than the preferred solution.

Together these comments suggest that the evidence of wide ranging support for these provisions in Indigenous communities in the Northern Territory is not as solid as has been claimed. Furthermore, some of that variable response might also reflect the impact of other elements of the intervention, which range from increased police presence and the delivery of additional services at the one end to some Indigenous control of resources and properties at the other.

There doesn't appear to be evidence from the Intervention that income management, in and of itself, is a solution to problems of dysfunction and welfare dependency.

Other income management trials have also been advanced as evidence in support of this initiative. However, neither the Cape York nor WA initiatives have taken the *broad brush - stand alone* approach to income management that this legislation allows. They chose a mix of individual and voluntary income quarantining arrangements linked to a series of wrap around services and interventions.

#### WA Income Management trials

The WA trials involved voluntary income management in identified areas and mandatory income management of identified individuals. The large income management scheme being tested in WA, while locational, is voluntary.

In terms of the smaller mandatory scheme, the statement of the scope of the WA Income Management for Child Neglect project begins

In partnership, the Commonwealth and West Australian Governments will implement income management as a child protection measure, to address the neglect of children where it can be

established that income mismanagement has contributed to the neglect issues. Income management will be 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.

While again there are contested views on the impact and effectiveness of this project, it is clearly structured very differently, and much more tightly, than the proposed amendment to the Social Security Act. In this context mandatory income management is used as one available tool in a holistic response. The Federal Bill, by comparison, would establish a mandatory income management regime irrespective of context, behaviour, other services or interventions.

Total cost to the Australian Government for of the WA schemes is \$18.9 million over two years. If that cost is reflected in the proposed national scheme the cost to the taxpayer, and more importantly the cost out of the available human services budget, will be highly significant.

### The Cape York Welfare Reform Trial

The Cape York Welfare Reform Trial is a much more intense project than anything required or suggested in the new income management Legislation. It incorporates complex set of strategies, which, in the words of the Trial's [Evaluation Framework document](#), "aim to lead four communities in Cape York to adopt more pro-social norms and behaviours and in particular to lessen the dependence of individuals on welfare." It is built on partnerships including relevant governments and Aboriginal organisations such as the Family Relationships Commission and the community councils, and has come out of an extensive development process combining historical experience and a theory of change articulated in the Cape York Institute's *From Hand Out to Hand Up*.

The terms of reference in the framework concludes by emphasising the multidimensional nature of the initiative.

The complex nature of the four streams of Trial activities, the broader policy and implementation context in which these activities are taking place, the history of the communities and the interrelated nature of the issues they are trying to address together generate an especially challenging program to assess. The Trial takes a holistic approach to a multidimensional set of policy problems."

In terms of its focus on (and close engagement with) the specific context and complexity of people's lives, such an approach more closely correlates with Anglicare Australia's values and goals, than do the generic amendments to the Social Security Act proposed by the Government.

The Evaluation Framework for the Cape York Welfare Reform Trial includes a program theory which the trial itself is designed to test. That theory is based on a cultural and historical analysis of four specific communities and proposes a multidimensional solution to the challenges that they face.

There is no evidence of such a considered, theoretical, and/or experience based approach to the Australian Government's much broader initiative. Without such a convincing analysis behind it, Anglicare Australia cannot support these proposed measures in their current form.

### **Social inclusion principles**

The Australian Social Inclusion Board has articulated aspirations and approaches in its identification of the principles of social inclusion. The *aspirations* consist of reducing

disadvantage, increasing participation and matching a greater voice with greater responsibility. The *approaches* include building on individual and community strengths, building partnerships with key stakeholders, and developing tailored and joined up services.

The blanket approach to mandatory income management that this legislation pursues is not consistent with these approaches.

In launching 'A Stronger and Fairer Australia' at the Social Inclusion Conference, Deputy Prime Minister Gillard pointed to government support for innovative programs – such as the *Family Centred Employment Project* – that “combine support for individual families in genuinely personalised ways.” Ms Gillard spoke about “more effective partnerships linking governments. Community organisations, health, social and educational services in local communities” and finished by talking about changing the way government works “to learn from the innovations of local communities and single organisations” and to “empower those Australians who have so far gained least from our Commonwealth to bring their hopes, their experiences and their drive to the project of building a stronger and fairer Australia.” Anglicare Australia absolutely shares that ambition.

But the response from our network, and others in the field, suggests that the proposed amendments to the Social Security Act, along with existing Government policy on the ground, risk undermining existing strengths and capabilities rather than building upon them.

#### Regional and remote communities

In remote WA for example, the Department was unable to support a request from the communities of the Ngaanyatjarra Lands to have family support payments income managed on a voluntary basis, despite trialling income management in Kunanurra, Halls Creek and Cannington at that same time.

Now changes to the CDEP program promise to take away from the Ngaanyatjarra Lands councils their existing capacity to provide flexible support for individuals; and to pull together the documentary base that people need to connect to the wider Australian society. With this new legislation, people there face a shift away from local CDEP employment to a dependency on welfare administered and managed by facilities a thousand miles away. [See [Closing the gap or creating a crisis?](#) National Indigenous Times.]

In its paper 'The Looming Crisis' the Ngaanyatjarra Council argues for a return to a CDEP 'basics', managed by communities to deliver a mix of services, support and community development. Failing that, a local solution at the very least.

Unfortunately, while aspirations and the approaches championed by the Social Inclusion Board suggest the opportunity to engage with the Council over such a scheme would be welcome, the current Bill would not support it.

Similarly, and in the same Lands, research on learning points to an emerging *multi-modal* literacy among young Indigenous adults that is tied to engagement rather than continual school attendance [see [Lifespan Learning and Literacy for Young Adults in Remote Indigenous Communities](#); Inge Kral & R.G. (Jerry) Schwab.] Linking income management to rigid school attendance, and seeing literacy and opportunity as only a product of that attendance, misses the point of this exciting and innovative development.

It would not be too difficult for Government to pursue a partnership approach to income management with Indigenous communities in remote Australia. Communities are already



given a specific voice where the Bill addresses alcohol restrictions. To quote from Explanatory Memorandum

This Schedule amends the NTER alcohol measures so that, instead of being a blanket set of restrictions applying across predominantly Indigenous areas of the Northern Territory, community restrictions are able to be tailored to the circumstances of each area following consideration, on a case by case basis, of evidence about alcohol-related harm in each community, community consultation about the effectiveness of restrictions, and consideration of whether alternative restrictions, including alcohol management plans, are appropriate for communities.

Amending the Bill to provide a similar level of flexibility and respect to Indigenous communities to allow them to become involved in the income management initiatives as well would open the door to a strengths-based partnership approach, more obviously consistent with the Government's Social Inclusion Principles.

### Metropolitan applications

The opportunity to build partnerships and to share responsibility in this way with communities and community organisations is much harder to find in Australian cities. At the same time, our cities provide a wider range of services, and city people on benefits find themselves in a wider range of circumstances. Consequently, making whole classes of welfare recipients – in any area designated 'disadvantaged' by the Minister - automatically subject to income management would seem to offend many of the Social Inclusion principles articulated above. While Anglicare Australia welcomes the reinstatement of the Racial Discrimination Act, it remains concerned that this Bill will ensure that the Social Security Act remains unfair and discriminatory.

It is not clear for example why a women under 25, with a baby, and in receipt of parenting benefit, is automatically categorised as *disengaged youth* and consequently subject to income management. There are many young people in such circumstances who could argue, if they had the confidence, that they were constructively and positively engaged in society despite their difficult and straightened circumstances.

And while this blanket approach will classify a wide range of people as *disengaged or long term welfare dependent*, making them automatically subject to income management, it will require a case by case response from government officers to declare someone exempt.

Inherent in this initiative is the presumption of failure for anyone in receipt of benefits over extended times. By definition, such an approach by government and society diminishes and stigmatises welfare recipients. Given that to declare someone a 'vulnerable welfare beneficiary' and to make another exempt from mandatory income management will require an individualised approach, the decision to make broad classes of people automatically subject to the regime, even in terms of administrative efficiency, is puzzling.

Many people do struggle to operate positively in society, to more or less look after themselves and perhaps their children. The presumption that putting controls on what people can spend their pension or benefit on will in itself lead to better outcomes ducks the issue, which is that for many people on benefits, a large part of the problem is simply not enough money.

Requiring half of an inadequate income to be spent in a particular way, publicly and demonstrably, is unlikely to help.

The issue of fresh food, which is often flagged as an indicator of financial incompetence, is a good example. Certainly eating anything is better than eating nothing, but the kind of

fresh food that really makes a difference as a determinant of health and capacity is extraordinarily expensive in much of regional and remote Australia, and quality assurance is low right across the country. The consumption of nutritious bread, fresh fruit and vegetables is not a matter of course for many people across Australia. For those trying to live on limited and possibly inadequate benefits, food takes up to 40% of their total income (Cate Burns, WHO, Deakin University) the fact that many unhealthy foods are cheaper per calorie relative to healthier foods, and that fruit and vegetables in particular are never guaranteed good quality, simply means that people are often making reasonable choices in their circumstances.

Rather than using income management as the stick to ensure healthier eating, Government could consider allowing people living on low incomes access to an additional “carrot card” that be used to purchase fresh fruit and vegetables.

In addition, a more inclusive approach would be to extend support for the school kitchen garden movement, which engages school students in growing and preparing healthy food; and to expand access to voluntary financial counselling services.

Social inclusion shouldn't be about pushing people over the line to an acceptable level of participation and responsibility. It is about including everyone in our society. The school kitchen garden approach, with some optional extras, does not target the excluded for mandatory inclusion, but supports ongoing connections.

There is a strong body of evidence that the way out of poverty needs engagement and respect. Dr Ann Nevile has worked extensively on issues around poverty, particularly through Anglicare SA. In her conclusion to [Human rights, power and welfare conditionality](#) she makes the point that

...those with experience of poverty value dignity and respect above all else and place a high priority on choice and agency and on receiving information which will enhance their capacity to exercise choice and agency... For those with experience of poverty, it is important to participate in decision making processes through the exercise of power that is linked to knowledge and expertise. In other words, those with experience of poverty want to be treated as knowledgeable and to participate in decision-making processes because their knowledge and expertise are respected

More specifically Nevile argues

Treating everyone as an individual and allowing them to choose means that services have to be flexible — flexible in terms of both what is provided and how long assistance is provided.

It is hard to see how mandatory income management will assist people battling with illness, addiction or any other incapacity move out of poverty, particularly without the assurance of individualised wrap around support.

## Conclusion

It is important to remain focussed on the underlying goal of addressing the cause and effect of social exclusion and incapacity. Changing how people can spend their money is no guarantee of progress at more profound levels.

We see income management as one of a number of tools that need to be used to provide targeted, individual interventions, as is already proposed, and indeed in place, around Australia. There are many innovative and effective programs working well across the country that could be drawn together and be further developed in partnership with Government, as the Deputy Prime Minister herself so recently suggested.

While this broad brush initiative demonstrates the Government's welcome intent to make substantial changes to how we address the barriers to inclusion, the evidence suggests to us that real outcomes in the lives of people doing it tough come out of flexible and positive engagement.

The evidence also suggests that one of the underlying problems is the inadequacy of many of the benefits under scrutiny.

Anglicare calls on the Australian Government to revisit these amendments to the Social Security Act to make them flexible, individually focussed, and linked to additional services in support, and – wherever possible – voluntary; and part of an adequate system of income support.

## Recommendations

1. Review the adequacy of Social Security benefits, particularly in regard to New Start and Youth Allowance, Supporting Parent and Disability benefits
2. Reverse the 'onus of proof' so that making a beneficiary subject to involuntary income management will need to be justified on an individual basis
3. Link a commitment across state and federal government to the delivery of wrap around support services with all income management decisions
4. Trial the introduction of a fresh food entitlement scheme, in addition to existing benefits, and support a national approach to school food programs
5. Provide for genuine negotiation between Indigenous community councils and Government in regard to the introduction of income management provisions on their lands
6. Engage with civil society advocacy and stakeholder groups in developing a program theory and evaluation framework for this initiative
7. Commit to a comprehensive, independent evaluation of these initiatives against the agreed goals
8. Ensure the evaluation also tracks unintended consequences; including, but not limited to
  - a. loss of agency by individuals and families involved,
  - b. the loss of community capacity, resilience and innovation, the experience of shame and stigma,
  - c. ongoing resentment and hostility towards government service providers, and
  - d. the emergence of any black market in basic entitlements.
9. Insert a sunset clause in the Bill to ensure the continuation of any wide ranging income management provisions would depend on positive findings in the evaluation of the scheme

END