



A stronger, fairer safety net?

Income management and the future of Australia's income support system

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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.

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Introduction

Adequate income support is an entitlement. It should not be a tool for governments or public sector managers to grant, withhold or modify in an effort to achieve ‘outcomes’. Increasingly, it seems policy makers regard the right to income support as itself a cause of disadvantage and as an impediment to the efficient and effective pursuit of policy goals.

Catholic Social Services Australia has long argued that income support should be a legal entitlement. As Monsignor David Cappo and Professor Bettina Cass wrote in 1994:

Income support must not be reduced to a benefit which people must ‘earn’ through compliance. Public policy must acknowledge the costs borne by unemployed individuals and their families by guaranteeing that income support remains an entitlement (Cappo & Cass, 1994).

Income support recipients have obligations as well as entitlements. For example, recipients of unemployment payments have an obligation to actively look for work and to take advantage of programs and services that improve their chances of finding it (for example, participation in training and work experience programs).¹

A person who meets their obligations (which should be commensurate with the benefit) should have an entitlement to income support. Alternative arrangements, rather than an absolute exclusion from support, are required for those who fail to meet the obligations associated with a particular payment. But the proposed legislation, as with its predecessors, marks a significant shift away from this principle. It removes the entitlement to income support from entire groups of people without considering whether or not they are meeting their obligations (though some may subsequently attempt to claim an exemption). While restoring the application of the Racial Discrimination Act is a step in the right direction, discriminating against an even larger class of Australians is not. Discrimination by postcode is no less arbitrary than discrimination by race.

Catholic Social Services Australia has a keen interest in policies designed to address locational disadvantage. Together with Jesuit Social Services, we commissioned *Dropping off the Edge*, Tony Vinson’s in-depth study into areas of entrenched disadvantage. While the system of income management enabled by the proposed legislation will initially apply only in the Northern Territory, the government has flagged this “as a first step in a future national roll out of income management to disadvantaged regions”.

This system of geographically targeted income management will hurt vulnerable people by:

- depriving them of the ability to manage their income support entitlements; and
- damaging their standing in the community by publicly labeling them as dysfunctional.

It is unjust because it does both these things without properly considering recipients’ individual circumstances. People on income support who live in a designated area and are members of a targeted group will automatically be deprived of cash support (with the ability to claim an exemption in a limited range of circumstances).

¹ Bettina Cass outlined this principle of reciprocal obligation in a paper for the Social Security Review (Cass, 1988: 152-153)

In the past, MPs who now sit on the government benches have shared some of our concerns. In his 2005 book *Postcode: The splintering of a nation* Wayne Swan argued that “Our nation has become a frayed patchwork of winners and losers from economic change.” He went on to explain how some citizens cut themselves off from the rest of society in gated communities and observed that:

The rise of the phenomena like gated communities often goes hand-in-hand with moral panic about the behaviour of the poor and calls for harsher policing of their economic and social behaviour. It’s a scenario familiar to some parts of the United States: the creation of a residual welfare state; the time-limiting of social-security benefits; and the bussing of the under-employed to poor-paying jobs on the other side of town. These types of policies don’t empower people or communities, but trap them in a vicious cycle of poverty (Swan, 2005).

The proposed legislation, enabling geographically targeted income management introduces exactly the kind of policies the then shadow Treasurer was writing about. When unrest next erupts in a place like Redfern or Macquarie Fields the sitting government will come under pressure to declare a new income management area. And the result will be even greater stigma and social exclusion. As Wayne Swan wrote in 2005:

Our political debate is getting nastier. As the social-democratic safety nets of our society disappear; as prosperity becomes less secure and the consequences for families of losing prosperity become more catastrophic; and as postcodes become a greater barrier to shared citizenship, it’s becoming easier to appeal to people’s fear and self interest rather than promote the common good. Dividing people, turning them on each other, blaming individual inadequacy not policy failure, and appealing to fear is the surest route to power (Swan, 2005: 223).

Catholic Social Services Australia is concerned that, while there is no question of the government’s good intentions, the proposed income management regime will become an instrument of social exclusion. It will create a system where there are two classes of citizen, one less entitled than the other.

Principles for a stronger, fairer safety net

An inclusive safety net

As the Australian Catholic Social Welfare Commission has insisted, the welfare system should be:

... an expression of solidarity, and belonging to a community by which all are guaranteed an appropriate form of income. People who are poor should not be asked to forgo basic privileges others enjoy simply because they fall outside labour market requirements due to their age, gender, ethnicity, qualifications, disability or lack of demand for their specific services. They should be able to enjoy a quality of life that would be acceptable to the majority of Australians.(ACSWC, 1993).

Similarly, people should not be asked to forgo basic privileges just because of where they live or the income support category they fall into.

A sure way to undermine social inclusion and create division is to arbitrarily apply different rules to different people regardless of their individual circumstances. Governments can reinforce existing prejudices in the community by singling out already stigmatised groups for less favourable treatment. While aged pensioners and people with disabilities are often able to rely on sympathy from the media; young people, single parents, the long-term unemployed, Indigenous Australians and non-English speaking migrants are far more vulnerable. This is why government should take special care with these groups.

A strong safety net

A strong safety net is one that is available to people when they need it, and that offers them adequate protection against poverty. Australians should be able to live their lives secure in the knowledge that they will not be deprived of support or dignity because they are a member of one of these unpopular or socially excluded groups living in a particular area.

A safety net that treats people fairly

In a fair income support system:

- Entitlements would be based on need. As David Cappo and Bettina Cass argue, “Income support must not be reduced to a benefit which people must ‘earn’ through compliance”; and
- Decision makers would not deprive people of an entitlement without considering their individual circumstances. This has been a fundamental principle of the Australian social security system for decades.

Problems with the proposed income management regime

The reforms embodied in these bills and those they replace undermine some of the basic principles for an inclusive, strong and fair income support system. They mark another stage on the road towards what Wayne Swan has called “a residual welfare state” — one that offers meagre, conditional and stigmatising support to people in need.

It undermines social inclusion

This income management regime undermines social inclusion by singling out certain groups of recipients and labeling them as dysfunctional until they demonstrate otherwise.

It weakens the safety net

This income management regime weakens the safety net by either depriving people of already meagre and inadequate entitlements, or requiring additional responsibility from people without any commensurate increase the resources (cash and services) that might enable them exercise that responsibility.

It is unfair

This income management regime is unfair because it deprives some people of entitlements without considering their individual circumstances.

Addressing entrenched locational disadvantage

Catholic Social Services Australia recognises that some areas suffer from entrenched disadvantage. While many of the causes of this disadvantage are likely to be structural, overcoming entrenched disadvantage will often involve changes in the behaviour of disadvantaged individuals and in the way neighbourhoods function.

However, there are many programmatic and policy options available for dealing with social disorganisation and promoting behaviours such as responsible parenting, prudent budgeting and healthy lifestyle habits. Removing income support entitlements should be one of the last options considered rather than one of the first, and it should always be accompanied by the services and supports that would enable people to exercise their responsibilities.

In individual cases where problems such as child neglect or serious substance abuse have been substantiated, income management may be an effective and justifiable option, as part of a program of coordinated interventions that might be called a “child protection system” or a “drug treatment service”. When decisions are made on a case by case basis and are part of an individually tailored and integrated approach to assistance, Catholic Social Services Australia has no in principle objection to income management.

In remote Indigenous communities, principles of self-determination will also be relevant. If a community approaches the government and requests income management as part of an integrated approach to dealing with entrenched disadvantage, then Catholic Social Services Australia has no in principle objection, although such interventions will require clearly identified criteria to ensure individuals are not unfairly treated and to ensure evaluation is sufficiently robust to identify and address problems as they emerge.

ACSWC. (1993). Advance Australian Welfare. *Catholic Social Welfare*, 2(1).

Cappo, D., & Cass, B. (1994). *Reworking citizenship and social protection : Australia in the 1990s*. Curtin, A.C.T.: Australian Catholic Social Welfare Commission.

Cass, B. (1988). *Income support for the unemployed in Australia : towards a more active system*. Canberra: Australian Government Publishing Service.

Swan, W. (2005). *Postcode : the splintering of a nation*. North Melbourne, Vic.: Pluto Press.