



Good Shepherd Youth and Family Service Submission to Senate Standing Committee on Community Affairs

Families, Housing, Community Services and Indigenous Affairs and Other Legislation
Amendment (2009 Measures) Bill 2009

Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement
of Racial Discrimination Act) Bill 2009

Families, Housing, Community Services and Indigenous Affairs and Other Legislation
Amendment (Restoration of Racial Discrimination Act) Bill 2009

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Further information
Marilyn Webster

Social Policy
Research Unit
Good Shepherd Youth
and Family Service

21 Budd Street,
Collingwood Vic
3186
03 9418 3000
03 9418 3011

GOOD SHEPHERD YOUTH AND FAMILY SERVICE

Good Shepherd Youth and Family Service is a community service organization auspiced by the Good Shepherd Sisters, a Catholic order of nuns. The organization has a number of locations in the Melbourne metropolitan area where support services are provided. The services range across child and family counselling, youth support and accommodation services, foster care for families with protective issues, early childhood services, neighbourhood houses and community outreach services and an array of financial support services for families. These include financial counseling, financial literacy and NILS® (No Interest Loans Programs). These services are supported by a Social Policy Research Unit which in recent years has engaged in research and advocacy in relation to emergency relief, domestic violence, financial competency and hardship issues. Our broad approach to service provision is based on individual and family strengths, empowerment and recognition of the dignity of each human person. We believe these activities and our service philosophy constitute competency to provide a response to the various Bills under review.

Our understanding of the background to the Bills

In 2007 the Northern Territory National Emergency Response Act 2007, the Social Security and Other Legislation Amendment (Welfare Payment Reform) Act 2007 and the Families, Community services and Indigenous Affairs and other legislation Amendment (Northern Territory National Emergency Response and Other Measures) Act 2007 were passed, limiting Indigenous individual, family and community decision making in the Northern Territory over a range of issues.

The current Bills before the Senate seek to reinstate the Racial Discrimination Act, suspended in part to allow the passage of the aforementioned legislation. The Bills also seek to bring in amendments to the legislation which, while modifying the scope and penetration of the impacts on indigenous family and community decision making, embeds restrictions on decision making for the longer term. The Bills also extend the limitations on decision making on personal and household expenditure to other groupings in the community based on the location of residency, family type and income category (social security recipients) and the duration of receipt of social security.

The initial Northern Territory intervention has been represented as a significant shift in social policy - “a shift away from welfare-based self determination towards a market model of ‘social order’ which paradoxically required government interventionism”.¹ This same shift in policy approach is now to be extended in the wider community.

Broadly Good Shepherd Youth and Family Service supports the reinstatement of the Racial Discrimination Act. We have been made aware of international concern and the concern of some Indigenous communities around the unilateral nature of the intervention and their continuing frustration with the consultation and inquiry processes which background the introduction of these Bills. On the other hand we are also aware of the

movement within the indigenous community which supports the nature and extent of the range of actions which constitute “the intervention”.

While supporting restoration of the Racial Discrimination Act we have grave reservations about the intent of the Bills especially in the income security area, the justification or evidence for the approach, the potential impact on individuals and families and the challenge the Bills represent to the parameters of social provision in Australia.

We believe that there are practical measures which COULD be adopted which address some of the issues of concern, such as issues in family functioning and community support especially for the vulnerable members of the community.

We believe also that amendments to the Bills could address fundamental concerns by providing the same checks and balances which accord to the wider community.

The intent of the Bills

The Bills have mixed intent even in relation to the same provisions. The income management provisions are designed to address a number of very real social problems in indigenous and other communities. The categories of persons impacted by the income management provisions reflect the mixed intent of the legislation. (See fig 1: 10)

The social problems to be addressed might be characterized as

- * Labour market participation problems and education participation problems for young people and sole parents
- *long term reliance on social security
- *family violence and family financial violence
- *fundamental physical neglect of children and malnutrition and failure to thrive
- *food security in families and communities -quality and quantity
- *enrollment, truancy and school refusal problems
- *financial capability problems such as budgeting and saving skills

These social problems are confronting, complex and multilayered, require behavioural change and are very resistant to single measure responses. So much so, that they are known as ‘wicked’ problemsⁱⁱ.

Good Shepherd Youth and Family Services has practical in depth experience of the way these problems are made manifest in individual behaviour and family experiences. During 2008-09 we provided services to over 12,000 people. We understand the complexities of providing services and supports which enhance dignity and create hope for those impacted. We know that single measure responses such as income management in the absence of entitlement and provision of universal services, (such as health, education, community security, financial services) will be failed policy. We note that many communities around Australia are deprived of these essentials and are hopeful that the efforts of Government to address locational disadvantage through its Social Inclusion

Strategy will prioritise the provision of quality universal affordable services in these areas of disadvantage.

The reinstatement of the Racial Discrimination Act measures is broadly welcomed by Good Shepherd Youth and Family Service. We note that this was a key policy commitment in 2007.

The intent of the provisions around alcohol restriction and restrictions on pornography appear to enhance community participation in decision making and allow for approaches which are more aligned with the wishes of the specific community. These provisions align the approach more clearly with regulation of these items in other jurisdictions.

Justification and evidence for the legislation

Good Shepherd Youth and Family Service is concerned that the evidence about the worth of the proposed measures is contested. Evidence must be strong when measures constrain community autonomy or families freedom to manage their own money. Even irrefutable evidence as to positive effect for the population (for instance less reliance on social security) may not overcome concerns about autonomy and privacy and impact on individuals and families.

The Explanatory Memorandum to the Bills refers to a number of reports constitute the current evidence base. (2009: 5,11ff) ⁱⁱⁱ These are

- *Reports from the most recent NTER Redesign Consultation Report
- *Australian Institute of Health and Welfare “Evaluation of Income management in the Northern Territory” report
- * A survey of Community Stores owners conducted for the Government
- *The 2008 independent review: “Northern Territory Emergency Response Review Board Report”
- * The 2008 CIRCA survey for the Central Land Council

ACOSS has expressed concern around the adequacy of the evidence base for these measures.^{iv} Quinlan from Catholic Social Services concluded that “on even the tersest reading of the AIHW’s report it is clear that evidence about income management is weak.”^v

Even where the evidence base is stronger such as that related to the effectiveness of sanctions and incentives in encouraging participation in the workforce, caution should prevail. A paper examining the impact of strategies on various population groupings leaving social security support for the labor market prepared for the then FACS concluded

“Social experiments, properly set up with a control group, can be particularly important in the case of universal programs. The evaluation of such programs after nationwide introduction is extremely difficult (and in some cases perhaps even impossible). Thus, if

evaluation of a new policy is deemed important, the careful construction of a social experiment before the universal implementation of such a policy can be worthwhile”^{vi}

These Bills provide for nation wide implementation of a new policy which significantly changes the understanding of social security in Australia - compulsory income management for certain groups at a time to be promulgated. While the Minister in the second reading speech refers to evaluations of income management in the northern Territory and in Western Australia and Queensland which will inform implementation elsewhere, the nature of the evaluations is unclear as are the objectives against which the evaluations are taking place.^{vii}

The FaCS overview of strategies to constrain social security dependence and improve labour market participation points to the need for evaluation to examine the comprehensiveness of support and training programmes, recognition of the additional burdens of parenting for sole parent headed households and awareness of contextual economic conditions on the availability and suitability of employment for certain groups. The extent to which the current evaluations take these factors into account is not known.

The Explanatory Memorandum to the Bill presents case studies to explain the circumstances of individuals and families who are the target of the legislation. These case studies undermine the capacity of the community to fully understand the circumstances of many individuals and families receiving social security payment.

Thus

Case study –vulnerable welfare payment recipients

“David is a 49-year old man living in a declared income management area and is in receipt of disability support pension. He has no children. He has been assessed by a Centerlink social worker, who is a delegate of the Secretary, as being a vulnerable welfare payment recipient because he is vulnerable to economic abuse by his partner. David will be subject to income management for 12 months (or potentially a shorter period, as specified by the social worker). He may ask the social worker to reconsider his circumstances (to decide whether he should continue to be subject to income management under this measure) during these twelve months. However his circumstances cannot be reconsidered within 90 days of a previous request for reconsideration”2009: 20)^{viii}

Or

Case study-disengaged youth

Liz is the 22 year old mother of a six month old baby, in receipt of parenting payment (single) and living in a declared income management area. She has not been studying or working in the last six months. Liz started receiving her pension when her child was born. Because she is under 25 she will become subject to income management once she has been in receipt of parenting payment (single) for more than thirteen weeks, unless she is an exempt welfare payment recipient.(2009:21)

Or Case study –long term welfare payment recipients.

“Pat is a 45-year old man who has been in receipt of newstart allowance for seven years. His wife, Joy is 35 and has been in receipt of parenting payment (partnered) and has not studied or worked since the birth of her first child. These children are now aged 6, 8, and 13. They live in a declared income management area”

As Pat has been in receipt of newstart allowance for more than 52 weeks in the preceding 104 weeks he will be subject to income management unless he is an exempt welfare payment recipient. Joy will also be subject of income management as she has been in receipt of parenting payment (partnered) for more than 52 weeks in the preceding 104 weeks, unless she also satisfies one of the exemption categories” (2009:22).

In each of the case studies the social security recipients are residents of an income managed area. We do not know the nature of the declared area but where the areas are disadvantaged and have high levels of unemployment individuals and families will struggle to respond to the pressure to join the workforce or even to find appropriate training.

The potential impact on individuals and families

Families and their income management

The family is central to the development and wellbeing of children and indeed all family members. The family is recognized as a crucial structure in society more broadly in promoting social cohesion and community well being. The status of the family is protected and recognized in law and at the same time the community responsibilities of individuals in relation to their family members are crucial to systems of social protection. Indeed the family has taken on an increasingly formalized role in social protection under neo-liberal economic policy as the limitations of the capacity of the state to make social provision in the face of complex social and economic changes are recognized. ^{ix} At the same time the family is entitled to the support of government for the support and care of its members.

Many families in the Australian community have difficulty in managing financially. About 18% of people report some financial stress but this is exacerbated when unemployed- about 40% of unemployed people report financial stress. However financial stress can be transient. Marks concluded that “financial stress is more strongly associated with age and number of children than either income poverty or subjective poverty. (2007:48) A shortage of cash may result from inexperience in the management of expenses (or lack of financial literacy), large debts or unforeseen expenses. It is possible to have a moderate or even high household income and experience financial stress”^x.

Paradoxically, the same study reports that “households that are in income poverty do not have high levels of debt”. (2007:48) .This accords with the experience of Good Shepherd Youth and Family Service loans programmes where people living on low incomes, most often social security, are known to be good financial managers with both the capacity to manage credit and a capacity to save.^{xi} Many of these families are sole parent households which will be subject to income management if it is extended to the groupings proposed under the legislation. We do not believe that this extension can be justified on the basis of what is known about financial capacity.^{xii} We believe that compulsory income management in these circumstances is unwarranted and that the process will further exclude and marginalize female headed households. We also believe that income management will reduce the capacity of households to smooth expenses by delaying payment of bills. This is a strategy used by vast numbers of Australian households but for people on social security reduced flexibility could induce financial crisis and deprivation.

There are however services which can assist individuals and families manage their financial situation. Some are already available for individuals and families on low incomes such as Centrepay direct deduction facilities for key expenses and Centrelink advances to cover unforeseen expenses. Matched savings for those under compulsory income management and incentive payments to those under voluntary income management are both envisaged under this legislation. Their availability is to be applauded but why not make them available to all receiving social security payments? This would encourage autonomy in decision making, improve the ‘financial buffer’ necessary to avoid financial crisis and open portals to financial information and advice. Programmes such as the National Australia Banks “Adds UP” which runs alongside the NILS® No Interest Loans Programme of Good Shepherd Youth and Family Service and the ANZ Banks “Saver Plus” with the Brotherhood of St. Laurence demonstrate the powerful inclusive impact of providing accessible financial services for people on low incomes.

Proactive financial information and advice can assist individuals and families maximize their income through accessing their full entitlements and help with income and expenditure management. This must be relevant to all in the Australian community including those receiving social security payments. Financial advice and information services have been expensive and remote and have largely been denied to low and middle income groups in Australia. Financial education strategies have largely ignored this population. This is slowly changing and the work of ASIC to ensure resources go to all in the community is to be applauded but more can be done. The use of the financial information service at Centrelink could be expanded from retirement and redundancy planning to encompass all groups in the Australian community. This would use a framework of income maximization which includes knowing rights and responsibilities, of maximizing entitlements from all sources including those of State Concessions, of minimizing costs, protection for the future by building buffers against financial crisis and assisting with information and advice and referral to local resources.^{xiii}

Accessibility is crucial. It must not be assumed that on-line financial services and information will meet the needs of those on low incomes. Literacy is not the only barrier: many individuals and families simply do not have access.

Young People

The impact of income management on young people will be one of reduced flexibility. In many cases it will have a direct impact on their families as well. It is known that young people struggle with budgeting skills but this struggle is also known to exist for younger people on very high incomes and is known to extend into the 20's where high levels of credit and lack of savings characterize those in the workforce and in education. It is difficult to understand how income management will enhance the skills of young people to budget and manage what is a very limited amount to cover the costs of living. Income management removes the autonomy of young people to make the choices which constitute 'budgeting'. Good Shepherd Youth and Family Service has for many years worked with vulnerable young people around basic life skills including budgeting, shopping, cooking and maintaining accommodation. This programme, known as DISH uses group activities to develop living skills for the longer term. Some young people may choose income management to assist them in times of transition. This is appropriate if there are adequate protections. Even where compulsory income management can be demonstrated to be necessary for a vulnerable young person this must be accompanied by support services and living skills which assist the young person for the longer term. Otherwise we fear recurring cycles of income management for young people without the support for the development of life skills that really assist transition to education or work.

Challenges to social provision in Australia

The Australian Social Security system has wide acceptance in the community. There is concern that payments are adequate, that the system not stigmatize those that rely on it and that people receive their entitlements. The system therefore largely maintains the dignity of recipients although there are many examples of poor administration in the payments system and some people find it extremely difficult to negotiate. There is the expectation that those receiving social security have a reciprocal obligation where possible to seek work or engage in education or other activity potentially beneficial to the recipients work readiness or to the community. The system is regarded as one of the most targeted systems in the world.

There have been successive waves of 'welfare reform' aimed at simplification of the payments system, dealing with the interaction of the tax and social security system and with seeking to find a balance between sanctions and inducements to encourage reentry to the workforce. This current reform however represents a fundamental shift in the role of the social security system.

The legislation embeds acceptance of the use of the social security system to bring changes in behaviour in unrelated areas through depriving people of income and removal of autonomy in relation to expenditure. It does this for certain selected groups on the basis of assumptions that they are unable to manage their income. These measures may

be effective but Good Shepherd Youth and Family service does not believe they can be justified. We believe the measures introduce stigma to the social security system and that they undermine the notion of entitlement to income support. We fear strongly that the provisions will end in hardship for many families and individuals through loss of control of their income.

Michael Jones in his survey of the history of the Australian welfare state points to the emerging preoccupation of social policy with the “the underclass” - *“the long-term dependency of many of the unemployed, single parents, and members of racial minorities are priority groups for action. Many members of these groups are young; long-term dependency is often costly and causes hardship for the groups concerned .there is fear that long –term dependency patterns can be transmitted to dependent children”*. (1996:72)^{xiv}

The policy focus has moved away from alleviating poverty associated with the post war welfare state to addressing long term dependency on the social security system. Strategies associated with the approach are reflected exactly in this legislation: inducements and sanctions including income management to move people from the social security net. The issue of adequacy of payments is not addressed. The legislation targets only certain recipients of social security identified by Jones. Unless these targeted groups can move into well paid employment (and the contextual factors indicate that this is unlikely) then individuals and families are seriously at risk of further financial hardship.

Voluntariness, informed consent and compulsion

Good Shepherd Youth and Family Service recognizes that under some circumstances families and individuals may choose management of their payment. To some extent this is already available under the Centrepay deduction scheme where direct payment can be made to eligible creditors from social security payments. Voluntariness is determined by informed consent. Informed consent is constituted by adequate information, the right to rescind the decision and complete flexibility in relation to the payees nominated.

The Bills provide for several paths to income management. These are set out in Diag 1. (p10)

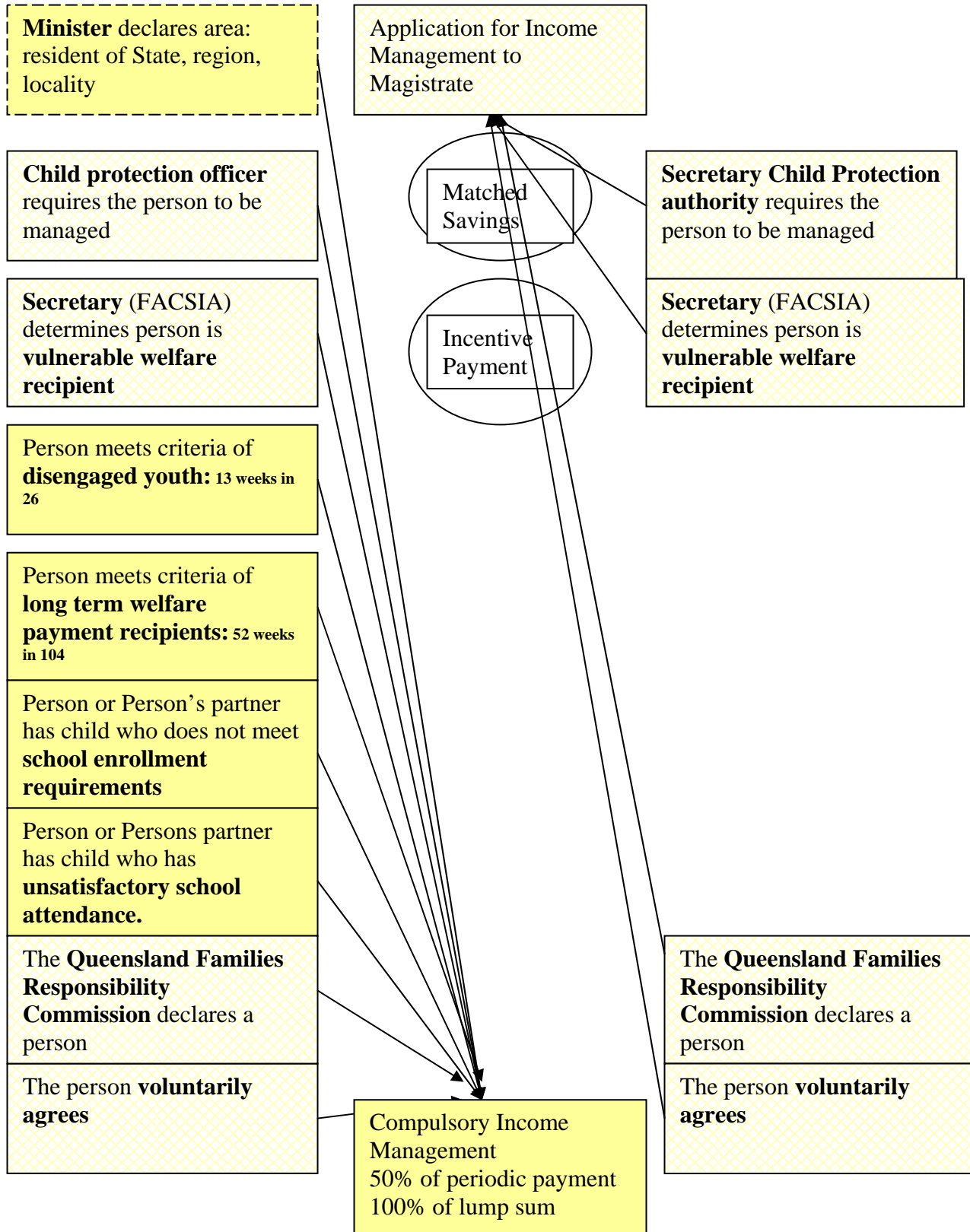
Good Shepherd Youth and Family Service recognizes that under some circumstances income management may assist in addressing fundamental failure of parents to adequately care for their children or for a partner to adequately share financial resources. It is highly unlikely that income management itself will address issues of social engagement or address fundamental protective and safety problems and prevent the need for protective intervention. Vulnerable families and individuals face the risk of being placed on income management but not being provided with the family services and universal services which really improve their capability to parent or pay for accommodation. At best income management will be an adjunct in a comprehensive approach to working with a family or individual.

Good Shepherd believes that the decision to admit to income management should rest within the legal realm not within the realm of administrative decision or ministerial decree. To control the income of an individual or family represents a fundamental challenge to autonomy and to the role. Where income management is necessary to ensure resources flow within families to the benefit of all family members or that individuals experiencing complex disadvantage require supervision of expenditure that decision should be made by a magistrate on application of the Secretary of either FACSIA or the Secretary of the relevant State Department responsible for child protection or the Queensland Commission. This would require the applicant to demonstrate evidence in relation to each particular individual and family circumstance rather than the population approach currently being considered. It would allow the possibility of compulsory income management but surround it with the same protections that other members of the community enjoy in relation to management of their income (e.g. in the employer withholding of wages in relation to registered child maintenance arrangements) It would require evidence to be brought that the subject of the application is not managing their income in an equitable way to meet their responsibilities and it would enable the magistrate to ensure adequate other support services were in place before ordering income management. It would allow for a clear system of appeals and a time limited approach. It should not be necessary for people to seek an exemption from income management, that all are exempt should be the presumption.

Good Shepherd Youth and Family Service does not support admission to income management based on a persons place of residence, source of income, category of social security payment or duration of social security payment.

Proposed by the Bills

Proposed by Good Shepherd YFS



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