Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
Australia
community.affairs.sen@aph.gov.au

31st January 2012

Dear Secretary,

Submission to *Inquiry into the Stronger Futures in the Northern Territory Bill 2011 and two related bills*

This submission addresses the provisions of one of these Bills: the Social Security Legislation Amendment Bill 2011. This Bill proposes, among other things, to extend the operation of income management to an additional five areas across Australia, along with provisions that will allow other areas to be proclaimed via legislative instrument. The Council of Single Mothers and their Children, Inc is strongly opposed to compulsory income management. We recommend that the measures in this Bill be opposed, and that the Committee recommend that the Senate not pass the Bill.

The Council of Single Mothers and their Children (Vic) (CSMC) is a state-wide community organization run for and by single mothers and their children, providing telephone support and counselling, referral, advice and emergency relief to single mothers throughout Victoria. CSMC is well recognised as a source of expert advice on issues of relevance to single mothers. Our expertise is grounded in the concerns expressed to us by single mothers calling our telephone contact line.

Compulsory income management imposes, or can impose, harsh restrictions on all recipients of particular income support payments in designated areas, regardless of whether or not these people are managing their money well or not. It is a paternalistic system based on archaic assumptions about the ability of people on low income to manage their money. The women that contact us express dismay and distress that their already inadequate incomes may be subjected to quarantining; and they to the indignities, inconvenience and added expense of having to use the BasicsCard.

CSMC has numerous objections to compulsory income management:

- **Flawed underlying philosophy**. Compulsory income management assumes that people on income support (or certain categories of it) are unable to manage their finances, and this legislation will extend this stereotyping of both individuals and communities about the inability

to manage income.

There is no evidence that this is the case. Indeed the women we speak to are excellent money managers (corresponding with research evidence from the Australian Domestic and Family Violence Clearinghouse[1]). Far too many single mothers and their families survive on very low incomes due to a combination of poorly paid and precarious employment; inadequate income support payments; low or unpaid child support; and the poverty traps that are created as income support payments (and additional benefits such as Health Care Cards) withdraw as income from wages or salaries increase.

The vast majority of contacts CSMC has from single mothers are related to financial hardship. What is clearly evident from these contacts is that financial difficulties are not caused by an inability to manage money, rather by their low incomes. With such low incomes women are unable to accrue savings, so any unexpected expenses, including illness, car/white goods repair or replacement, children changing schools etc, create enormous difficulties with their budgets.

These women don't need the government to dictate how they should spend their money, rather incomes that allow them to raise their families with dignity

- **Reduces autonomy.** While income management purports to assist families to manage their finances, in reality it provides people less opportunity to exercise control over their budget. With at least half their income quarantined to the BasicsCard, recipients will be limited to shopping where this card is accepted, ie those large chain retailers that have the capacity to implement the system. The women CSMC hears from are experts at seeking out deals that allow them to stretch their dollar further, shopping at opportunity shops, markets, cut price stores and the like. Likewise, meeting particular food requirements dictated by culture, religion or health needs often means shopping outside the main supermarkets. These options will be removed for them under income management, resulting in the need to pay higher prices for more limited purchases.

  A system that allows a person little autonomy and control operates in direct contradiction to the espoused aim of enhancing responsible spending.

- **Demeaning.** Those people who have been subject to income management in its earlier and current forms have eloquently described the stigma associated with having to present the BasicsCard at shops, and the difficulties dealing with the systems implementing it (Centrelink; the problems with accessing BasicsCard balances, etc). A recently released report by the *Equality and Rights Alliance* [2] is just one of an increasing number of reports that provide ample accounts of the negative treatment received by women subject to income management.

---

[1] Australian Domestic and Family Violence Clearinghouse, 2010. Submission to the Welfare Reform and Reinstatement of the Racial Discrimination Act Bill 2009
http://www.aph.gov.au/senate/committee/clac_ctte/soc_sec_welfare_reform_racial_discrim_09/submissions/sub84.pdf

[2] Women's Experience of Income Management in the Northern Territory, July 2011
http://equalityrightsalliance.org.au/sites/equalityrightsalliance.org.au/files/docs/readings/income_management_report_v1-4_0.pdf

These problems are exacerbated by the significant difficulties experienced by those seeking to obtain an exemption from income management from Centrelink.

With these effects and the lack of evidence of any benefits from income management (see below) CSMC is deeply concerned that the Australian government is willing to subject even more citizens to this type of treatment.

- **Lack of evidence.** There has been no clear evidence that supports either the continuation or expansion of income management. The various research that has been done has been thoroughly reviewed by commentators such as ACOSS in their 2010 submission to the Senate Community Affairs Committee Inquiry into *Social Security and Other Legislation Amendment Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009 and related bills*[3]; and in the Journal of Indigenous Policy *Evidence-Free Policy Making? The Case of Income Management*[4]. Both sources comprehensively list the serious limitations of the evidentiary case the government has thus far made to support income management. From these reviews it is hard to conclude other than that this policy is being implemented on an ideological basis.

  Basing such far reaching and intrusive policy on assumption and stereotype rather than on considered evidence runs counter to responsible policy making.

- **Expensive policy.** It has been estimated that compulsory income management will cost at least $4,000 per person to implement. With income support payments so low, and limited practical assistance to assist income support recipients overcome barriers to employment this money would be much more usefully spent in other ways, such as increasing payment rates and improved services (housing assistance, legal services, training opportunities, access to child care etc).

- **'One size fits all' policy.** As discussed above, most income support recipients are skilled money managers, however due to the broad definition of financial vulnerability are likely to be caught in the income management net. A more sophisticated, practical and respectful system would ensure that an independent review (with clear appeals processes) of individual circumstances would be undertaken before any person was subjected to compulsory income management. Centrepay is already in place to assist with payment of essential bills – this could be utilised for those people for whom and independent assessment had indicated a need for income management.

- **Impact on victims of violence.** The potential benefits of income management for women experiencing family violence have often been used as justification for the policy. However, research to date has not found any clear evidence that this is the most appropriate approach to

---

[3] http://www.aph.gov.au/senate/committee/clac_ctte/soc_sec_welfare_reform_racial_discrim_09/submissions/sub17.pdf

[4] Journal of Indigenous Policy - Issue 12, Sept 2011. *Evidence-Free Policy Making? The Case of Income Management* http://www.jumbunna.uts.edu.au/researchareas/newmedia/JIP12online2011.pdf

protecting the incomes of these women.

Family violence involves control and the abuse of power, removing from the victim their sense of dignity and self worth. Compulsory income management likewise does just this. It could be argued that compulsory income management is itself a form of state imposed financial abuse.

CSMC acknowledges that there are victims of family violence who have experienced benefits from the income management system. However we contend that a more sophisticated system of voluntary income management that allowed people to opt in to the system would be a more humane and respectful approach that maintains the dignity of people receiving income support.

The Australian Law Reform Commission last year conducted an inquiry into the treatment of family violence in commonwealth laws[5]. The inquiry looked specifically at the issue of Income Management and Family Violence, and concluded that *"The ALRC considers that the compulsory element of income management may hinder access to welfare and support for victims of family violence. A more flexible voluntary approach to income management may provide a more measured response. However, this reform approach should focus on ensuring individual autonomy and respecting the core principles of human rights in the context of social security."*[6]

They further conclude that "*the complexity of family violence and the intertwining of family violence in a number of the 'vulnerability indicators' that trigger the imposition of compulsory income management leads to serious questions about whether it is an appropriate response. The ALRC proposes that there should be a flexible and voluntary form of income management offered to people experiencing family violence to ensure that the complex needs of victims are provided for and their safety protected."*[7]

CSMC urges the Committee to act on the recommendations of the ALRC.

- **Lack of consultation**. Prior to the budget announcement of the additional areas to be subject to income management, there had been no consultation within these communities. Likewise, the peak organisation representing single mothers, the National Council of Single Mothers and their Children, has at no time been consulted about the impact of income management on single mothers and their families. Consultation with the communities and their representatives would have highlighted the erroneous philosophical basis of the legislation, and allowed those who would be impacted by it to become informed about the changes.

  Social Inclusion is a key policy platform of this government. Among the principles of Social Inclusion are: to use evidence to inform policy; building on individual and community strengths; and building partnerships with key stakeholders[8]. Unfortunately income management runs counter to these key principles and to promoting a sense of social inclusion – resulting instead in people feeling further marginalised as a result of being subjected to demeaning provisions.

[5] http://www.alrc.gov.au/inquiries/family-violence-and-commonwealth-laws
[6] ALRC, 2011 *Family Violence - Commonwealth Laws*. Discussion Paper 76, Section 13.97
[7] ALRC, 2011 *Family Violence - Commonwealth Laws*. Discussion Paper 76, Section 13.4
http://www.alrc.gov.au/publications/13-income-management%E2%80%94social-security-law/summary
[8] http://www.socialinclusion.gov.au/what-social-inclusion/social-inclusion-principles

ACOSS (Australian Council of Social Service) in their submission to this inquiry[9] highlight other problems with the legislation, including the classification of income support recipients as 'vulnerable', the referral of recipients from State and Territory authorities, and the use of legislative instruments to do this, and with the extension of the SEAM program. CSMC concurs with the issues they raise in their submission.

The Council of Single Mothers and their Children, Inc urges the Committee to oppose these bills, and recommend that they not be passed by the Senate.

Yours faithfully

Jane Stanley
Executive Officer

[9] http://www.aph.gov.au/Senate/committee/clac_ctte/strong_future_nt_11/submissions.htm