The Salvation Army

Territorial Social Programme Department

THE SALVATION ARMY AUSTRALIA SOUTHERN TERRITORY SUBMISSION TO THE SENATE INQUIRY INTO THE SOCIAL SECURITY AMENDMENT BILL 2011

Schedule 1 - Income Management

The Salvation Army Australia Southern Territory

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OVERVIEW

The Salvation Army Australia Southern Territory (AUS) is pleased to provide the following submission in relation to the proposed amendments, with specific focus on amendments that seek to expand compulsory income management.

This response is submitted on behalf of The Salvation Army (AUS), which incorporates the jurisdictions of Victoria, Tasmania, South Australia, Western Australia and the Northern Territory.

The Salvation Army (AUS) is one of Australia's largest providers of social services and programs for the most marginalised and socially excluded individuals. This submission is informed by these experiences and The Salvation Army's collective knowledge and expertise about the causes, impacts and possible solutions to disadvantage.

BACKGROUND

If passed, the proposed amendments to the Social Security Legislation Amendment Bill 2011, which intends to support disadvantaged and vulnerable Australians and improve school attendance, will extend compulsory income management across five designated sites of disadvantage (as announced in the 2011-2012 Budget) for recipients of social security pensions and allowances.

This submission relates specifically and solely to the expansion of compulsory income management. A concurrent submission from The Salvation Army (AUS) to the Senate Standing Committees on Community Affairs, referencing the Stronger Futures in the Northern Territory Bill 2011, will address more broadly The Salvation Army's concerns with the School Enrolment and Attendance Measure (SEAM) through Welfare Reform.

About The Salvation Army Australia Southern Territory

The Salvation Army is one of the largest national providers of welfare services. Operating for over 130 years in Australia, The Salvation Army has a significant history of working with and advocating for the rights and needs of disadvantaged people in our community. Consistent with our values of human dignity, justice, hope, compassion and community, The Salvation Army is committed to the promotion of social justice and protection of the rights of disadvantaged and vulnerable people.

The Salvation Army Australia Southern Territory (AUS), with an annual operating budget of approximately $300 million, provides over 600 social programs and activities, through a network of social support services, community centres and churches located throughout Victoria, South Australia, Western Australia, the Northern Territory and Tasmania. In 2010, The Salvation Army (AUS) provided over 550,000 occasions of service. This included more than 75,000 people provided with emergency relief, over 80,000 meals, and over 600 crisis and 4,000 non-crisis accommodation beds every night of the year.

Key services provided by The Salvation Army (AUS) network include:

- Material aid and emergency relief
- Financial counselling and assistance
- Personal counselling and support
- Drug and alcohol support and treatment services
- Family and domestic violence support and accommodation services
- Out of home care
- Accommodation and homelessness services
- Disability services
- Emergency disaster responses
- Education, training and employment support services
- Aged care services.

Summary of key criticisms and concerns - Income Management

The Salvation Army (AUS) holds significant concerns about the policy directions of the Australian Government that seek to target recipients of income security payments through compulsory income management. In addition, The Salvation Army (AUS) holds strong objections to the expansion of the initiative to designated highly disadvantaged areas.

The continuation and expansion of income management is being legislated without clear evidence of its efficacy, efficiency or validity and without insight into the impact such interventions may have on individuals. Indeed, there is a consistent lack of evidence to support the use of income management as a means of addressing long-term entrenched disadvantage. Further, it is questionable whether compulsory or voluntary income management in isolation will achieve the high level outcomes anticipated in the program logic model scoped for the income management initiative: i.e. contributes to increased choices and opportunities; contribute to greater self-reliance and economic, social and community engagement.[1]

The Salvation Army (AUS) believes that rather than addressing the intended aim of the policy initiative, that is to support disadvantaged and vulnerable Australians, income management operates from a deficit model that is a punitive, disempowering and discriminative model of intervention that will do little to address the structural, economic and/or personal barriers and inequities within society.

The Salvation Army (AUS) shares a number of significant concerns about income management that have been raised by other peak bodies. Notably, among these are the National Welfare Rights Network and the Australian Council of Social Services. These concerns are summarised as follows:

- **Consultation.** The extension of income management is proposed without adequate consultation within the identified communities. Nor does there appear to be any evidence that the identified regions have requested the imposition of this measure as a tool for dealing with disadvantage in their communities. Effectively, this measure will be imposed on individuals as well as the communities, and is counter to the evidence base on engaging in and developing community based initiatives. As such, the current implementation of income management as an imposed and compulsory measure contradicts the Federal Government's stated aim that it be utilised by *communities* as a tool to assist with entrenched social and financial problems.

- **Indicators of vulnerability.** The extension of the 'vulnerable income management measure' (which is based on the use of financial hardship criteria, including homelessness or risk of homelessness) under which individuals can be compulsorily referred for income management is an extremely broad measure. Given the current low rate of the Newstart

[1] Department of Families, Housing, Community Services and Indigenous Affairs (2010) *Evaluation Framework for New Income Management.* Appendix C: FaHCSIA's program logic for new income management.

Allowance and the general low levels of all income support payments compared to 'adequate' income levels, many income support payment recipients find themselves in frequent financial stress as a direct consequence of the rate of payment rather than due to poor or irresponsible money management.

- The use of any indicator of vulnerability to trigger compulsory income management is of significant concern for it does not address the complexities of individual situations and temporal factors that impact individual disadvantage. The Salvation Army (AUS) strongly supports a more holistic approach to assessment of the issues impacting individuals and families, followed by a collaborative approach to develop a plan of action appropriate to individual need – income management being one of a range of tools available for consideration. Evidence and experience validates a holistic approach to assessment and case planning in partnership with individuals and families, and developing a plan of action that addresses multiple issues through coordinated service delivery.

- The Salvation Army (AUS) strongly opposes the inclusion of 'homeless or risk of homelessness' as an indicator of vulnerability as it fails to recognise the multiple and complex causes of homelessness, including shortage of affordable housing options (private and public) and current inadequate tenancy protections that result in precarious accommodation arrangements. In addition, this indicator has the potential for serious consequences for those leaving family violence, who often find themselves homeless.

- **Underpinning assumptions.** Income management is underpinned by a number of erroneous and unjustified assumptions about the people who will be impacted: e.g. they can't budget; they waste their money on things such as alcohol and gambling; they haven't made any effort to get work or attend school. Such assumptions risk further stigmatisation of individuals and families and the exacerbation of exclusionary practices.

- **Personal Capacities and Capabilities.** Income management reduces individual responsibility and capabilities even in circumstances where such interventions are not warranted or justified: e.g. where there are no child protection issues, or where evidence of good budgeting and financial management skills exist. Income management does nothing to build

capacities or capabilities of individuals; rather it restricts their independence and sense of control over their lives.

- Income management requires that recipients use a special card (BasicsCard) that dictates what goods they can and cannot buy. This component of the measure is both demeaning and overly paternalistic, and allows individuals to be identified as being income managed.

In addition, The Salvation Army (AUS) raises a number of concerns in relation to the income management measures:

- **Lack of Evidence.** There is a lack of consistent evidence to support income management as a useful or beneficial tool to reduce disadvantage and hardship, improve financial stability or improve the wellbeing of children and families. Instead, compulsory income management has been criticised as being an expensive and inappropriate response to the multidimensional factors that cause disadvantage. In addition, the manner in which this measure has been implemented as a 'tool' to tackle disadvantage sets a dangerous precedent on how to develop social programs at a local and/or national level: i.e. imposed, top-down and lacking consultation.

- **Generalised Tool**. Income management represents the 'wholesale' targeting of a cohort of the Australian community that does little to address the complex nature of disadvantage, the underlying impacts of unemployment and lack of income security, and the persistent vulnerabilities experienced by such individuals.

  - Indeed, this raises the question: How will income management result in a person learning how to better manage their income?

  - The measure also fails to take into account, and thereby simply undermines, other opportunities and tools available to recipients of Centrelink payments, such as Centrepay and financial counselling.

- **Standalone Measure.** As a standalone intervention, income management represents an inadequate investment in social and community support programs developed to assist individuals deal with the complex issues that lead to disadvantage. Income management, as it is being proposed, is counter to the programmatic evidence base for tackling disadvantage.

This evidence base promotes individually tailored case management approaches (e.g. intensive counselling and support, including financial counselling) and programs that partner directly with local communities and community members (public, private and not for profit) on a voluntary (opt-in) basis.

- **Place-based Methodologies.** The purported 'place-based' implementation of income management ignores and is contrary to the evidence base and recommendations of the Australian Social Inclusion Board on *how* to implement place based interventions. The expansion of income management to designated areas of high disadvantage is purely a 'stand alone' measure within a community without community endorsement, engagement or community coordinated infrastructure as recommended by the Social Inclusion Board. Recognising that evidence shows that entrenched and concentrated disadvantage tends to be located in a number of geographical regions, the Australian Government should look to the recommendations of two reports from the Australian Social Inclusion Board in reference to breaking the cycle of disadvantage through location based initiatives[2].

CONCLUSIONS

The Salvation Army (AUS) strongly opposes the proposed amendments to the Social Security Legislation Amendment Bill 2011 as they relate to the expansion of income management within the Northern Territory and across five designated sites of disadvantage given the lack of clear evidence to support this measure.

The Salvation Army (AUS) is deeply concerned that the Australian Government is pursuing this initiative to effect broader social and behavioural change and as a blunt and unsophisticated instrument to tackle entrenched economic and social disadvantage. This is contrary to the advice provided to the Government by the Australian Social Inclusion Board and contrary to the practice knowledge and expertise of The Salvation Army.

[2]Australian Social Inclusion Board (2011) Governance Models for Location Based Initiatives. http://www.socialinclusion.gov.au/sites/www.socialinclusion.gov.au/files/publications/pdf/governance-models-for-locations.pdf
Australian Social Inclusion Board (2011) Breaking Cycles of Disadvantage. http://www.socialinclusion.gov.au/sites/www.socialinclusion.gov.au/files/publications/pdf/breaking-cycles-of-disadvantage.pdf