Homelessness Australia’s Response to Exposure Draft on Index of Policy Outlines for Compulsory Income Management

Our Organisation

Homelessness Australia is the national peak body representing providers of direct services to people who are experiencing homelessness. We work to prevent and respond to homelessness in Australia and advocate on behalf of our members and the homelessness sector to create a framework to end homelessness. Homelessness Australia seeks to improve community awareness and understanding of the issues facing the 1 in every 200 Australians who are homeless.

Homelessness Australia advocates for people who are homeless, aims to represent the interests of more than 1500 homelessness assistance services, and contributes to policy development and the evaluation of Australia’s homelessness service system. Homelessness Australia works collaboratively with homeless people’s associations, homelessness assistance services, state homelessness peak organisations, national peak organisations from other sectors, governments, business and the broader community to achieve these objectives.

Homelessness Australia represents the single men and women, families, young people and women escaping domestic violence who access the diverse support and advocacy services provided by our founding members.

Background

The extension of compulsory income management beyond so-called ‘designated communities’ was first announced in February 2010. At the time the Government stated that it was necessary to extend compulsory income management across the Northern Territory as a pre-requisite for the reinstatement of the Racial Discrimination Act that was suspended by the former Australian Government when the Northern Territory Emergency Response took effect in 2007. Homelessness Australia fully supports the reinstatement of the Racial Discrimination Act in the Northern Territory by the current Government.

We agree that income management policies should not be based on ethnicity or cultural background. We are concerned however that the trade off for the reinstatement of the Racial Discrimination Act is that Australians on specified types of income support payments will be discriminated against on the basis of their social economic status and the type of income support payment they are receiving.
Homelessness Australia has previously stated our opposition to compulsory income management; in this response to the Exposure Draft on the Index of Policy Outlines for Compulsory Income Management we re-iterate our opposition to compulsory income management. We believe that compulsory income management is a retrograde step in the provision of social welfare in this country. Having to pay for essential items with a ‘basics card’ is degrading and demeaning and invites stigma from retailers and members of the public. It harks back to the days of the Great Depression when unemployed Australians were forced to rely on rations.

Furthermore we are disappointed that the concerns of the community sector about the roll out of compulsory income management appear to have been ignored by this Government as have the requests for the provision of the evidence base that will underpin its application.

Homelessness Australia joins other community sector organisations in calling on Minister Macklin to make available the evidence that demonstrates that compulsory income management will deliver the much touted ‘benefits’ for vulnerable individuals and families in receipt of income support.

While opposing compulsory income management which denies freedom of choice and represents a fundamental shift in the application of social security in this country, we re-state our support for voluntary income management and the use of Centrepay.

Responding to the Policy Outlines

**Vulnerable Income Recipient Measure**

Arguably, all recipients of income support who do not receive income from any other source could be considered vulnerable. Whether or not this means they are incapable of managing their finances or adequately providing for their children is entirely another matter. Homelessness Australia is concerned that the application of this policy outline is too broad and many unnecessarily encapsulate people who we understood were not the targets of blanket income management.

**Financial Hardship**

Homelessness Australia is concerned that the scope of this criterion is too broad. We share the view previously expressed by the Australian Council of Social Service; that the current levels of income support provided to recipients who could be targeted for income management is inadequate. It is likely that most people who are solely reliant on income support to meet the costs of living, in particular, housing costs would find themselves in financial hardship. We note that while income support recipients who are not the targets of income management received an increase in their fortnightly income support in 2009, those on activity tested payments who are the intended targets of these measures, received no such increase. We are concerned that these people who are likely to find it most difficult to meet the costs of living could potentially be unfairly demonised by the broad application of this measure despite their best efforts to meet the costs of living. We do not support people losing control over how they might allocate 50% of their income support because of the inadequacy of income support to enable them to meet the costs of living.
Domestic and Family Violence

Homelessness Australia is extremely concerned about the application of this measure to people receiving income support who are experiencing domestic and family violence. One of our primary concerns about the inclusion of potential ‘triggers’ for compulsory income management is that it will discourage people from seeking the assistance they need to overcome difficulties they are experiencing. Domestic violence can be life threatening for the person who is experiencing abuse and their children. Homelessness Australia is gravely concerned that the inclusion of domestic and family violence as a trigger for income management will discourage people from seeking assistance from a Centrelink Social Worker who may be their only point of contact outside of the family home who can offer them the support they need to leave a violent partner. Furthermore, while we understand that the Government does not intend that income management be applied as a punitive measure, this is how many people to whom it is applied will perceive it. It would seem to be highly inappropriate and counter-productive to engender any feelings of punishment in a person who has summoned the courage to leave a perpetrator of domestic violence.

Failure to Undertake Reasonable Self Care

The application of this criterion is vague and potentially too wide in scope. Homelessness Australia is concerned that if the intended targets of this measure are people with gambling or alcohol and other drug dependency issues, the imposition of compulsory income management could have unintended consequences. We do not support the simplistic contention that the application of income management will assist a person to address what are often complex issues that have resulted in the development of a dependency on gambling or alcohol and other drugs. In the case of people with identifiable mental health issues we would caution against compulsory income management, though on a case by case basis, some income support recipients may benefit from being encouraged to enter into voluntary income management arrangements.

People who are Experiencing Homelessness or who are at risk of becoming homeless

Homelessness Australia does not and cannot support the application of compulsory income management for people who are experiencing homelessness or who are determined to be at risk of becoming homeless. We find this definition to be very general and potentially applicable to anyone on income support who does not receive income from any other source given the state of the rental market. We know that both average and median weekly rents in private rental dwellings in capital cities and regional centres are already well in excess of 50% of either newstart or youth allowance payments even when rent assistance is factored in. In the December 2009 quarter, the average weekly rental for a two bedroom unit in Darwin was $430 per week, while the average for a 3 bedroom house was $570 per week.\(^{1}\)

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The average weekly rental for a 3 bedroom house in Alice Springs was little better at $523 in the December 2009 quarter while a 2 bedroom unit averaged $353 per week\(^2\). In Katherine, the average weekly rental for a 3 bedroom house was $325 in the December 2009 quarter, while a two bedroom unit averaged $310 per week\(^3\). It is clear from these figures that income management will not enable people to afford private rental properties in either Darwin or the major regional centres in the Northern Territory.

In addition to failing to address the question of affordability, Homelessness Australia has a number of other serious concerns about the application of compulsory income management to people who are experiencing homelessness or those deemed to be at risk of becoming homeless. We know that income support recipients experience discrimination in the private rental market. We know that because of this many people are reluctant to declare that income support is their only source of money as they know their application will be rejected because of high demand for private rental.

Of even greater concern to us is that people who are at imminent risk of becoming homeless or who are already experiencing homelessness will be reluctant to reveal the seriousness of their housing situation to Centrelink for fear that doing so will act as a trigger for them to be income managed. The experience of homelessness can increase anxiety and depression and place people at risk of social isolation. Homelessness Australia cannot see any benefits flowing to people who are experiencing homelessness from income management. We do however foresee a number of risks. While we appreciate that some people end up becoming homeless due to non-payment of rent that may be the result of finding it difficult to manage their inadequate income support payments, we know that many people who are at risk of becoming homeless are already participating in available instruments for voluntary income management or budgeting for the payment of bills through Centrepay.

Homelessness Australia has been encouraged by a number of reforms implemented by Centrelink in response to The Road Home that aim to make it easier for frontline staff to identify Centrelink customers who are at risk of becoming homeless or who are already experiencing homelessness. We have worked cooperatively with Centrelink on the implementation of measures such as the homelessness vulnerability indicator, homelessness awareness training, weekly payments and the employment of Community Engagement Officers. We are now concerned that the application of compulsory income management to customers deemed to be at risk of becoming homeless or who may already be experiencing homelessness will undermine the efficacy of these measures. We have real concerns that people will not seek the assistance they need if they fear this will trigger the loss of control over how they allocate 50% of their income support payments.

Policies and procedures

Homelessness Australia expresses concern that a Centrelink Social Worker may make a determination that a customer be subject to income management through a file assessment. We understand that particular for customers in remote areas making contact either face to face or via telephone can be difficult however we do not believe it is appropriate to alter the circumstances or the manner in which a person receives income support via a file assessment alone. Every effort must be made to contact the person directly.

Indicators of Financial Vulnerability for Parents Seeking Exemptions

Homelessness Australia is concerned that the process of “proving” that a person is a “responsible parent” who does not need to be told how best to allocate 50% of their income support payment is complex and that many of the guiding questions for Centrelink Customer Service Officers are demeaning to parents who are in receipt of income support. Questions such as “When the customer has insufficient funds to purchase all the things they want, how do they decide what to buy and what to put back?” and “Does the customer have financial goals?” are frankly insulting and offensive and add to what can already be a degrading experience of regularly reporting to Centrelink for ‘approval’ to receive income support.

In addition to concerns about the nature of some of the guiding questions contained in the exposure draft, Homelessness Australia is concerned that many parents on income support including those who manage their inadequate income support payments very well, would have difficulty saving for so-called ‘big ticket items’. The cost of utilities and rent has increased significantly over the past five years and many Australians on low incomes have difficulty paying utilities bills on time. The contention that a person on income support has the capacity to regularly save money is questionable, given that a single person with children who is on the full rate of Newstart Allowance receives less than $37 per day. While Homelessness Australia is supportive of the ‘matched savings initiative’ that will reward families who manage to demonstrate they have the ability to save, we do not believe that families should be punished because they cannot afford to save in spite of their best efforts.

The exemption test appears very comprehensive, and with 46 questionnaire items could be considered too long and expensive to administer. Homelessness Australia also has concerns about the relative literacy and numeracy skills of some of the people who will be subjected to the exemption test. It is lengthy, complex and probes deeply into aspects of people’s lives that are arguably beyond what could be considered reasonably in order to ascertain whether a person should have ultimate discretion over how best to allocate their income support dollars to meet the needs of their family.

We are concerned that some families including women and children escaping domestic violence and families experiencing homelessness as a result of eviction

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may be discouraged from seeking assistance from Centrelink for crisis and other urgent payments as this may result in the continued application of income management.

Homelessness Australia appreciates that the intended outcomes of this instrument are to improve education, health and social participation outcomes. We are supportive of improved outcomes for young children given the very high numbers of children who receive assistance from specialist homelessness services in any given year (79,000 in 2008/09). We join with other peak bodies in the community sector in calling on the Australian Government to provide the evidence base that demonstrates that compulsory income management actually delivers these outcomes.

We are yet to see unequivocal evidence that demonstrates that quarantining 50% of a person’s income support results in improved spending on fresh fruit and vegetables and other staples at the expense of tobacco and non-essentials. Indeed research published in the Medical Journal of Australia concluded that:

“…Income management independent of the government stimulus payment appears to have had no beneficial effect on tobacco and cigarette sales, soft drink or fruit and vegetable sales...”

Homelessness Australia believes that we need to see sound evidence that demonstrates that compulsory income management actually delivers the intended outcomes expressed in the exposure draft before proceeding with a blanket income management approach that requires parents in receipt of income support to undergo a lengthy and intrusive test in order to prove they can look after their children responsibly.

**Parental Exemptions for Parents with Pre-Schoolers**

Homelessness Australia shares the Australian Government’s concerns about protecting the interests and welfare of pre-school aged children. In 2008/09, 1 in every 39 children aged 0-4 accessed specialist homelessness services. Again however we question whether compulsory income management will deliver improved outcomes for pre-school aged children and/or their parents.

We support encouraging parents to ensure that their children are provided with regular health checks and participate in activities that foster increased social skills and enable interactions with other children. Policy outline 3 does not appear to positively encourage parents to do this. Rather, it implies that in order to remain in control of their finances and to continue to exercise discretion over how they allocate their income support they must meet the guidelines of the policy instrument.

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5 Baille, Ross S; Barnes, Adam; Brimblecombe, Julie; Garnggulkpuy, Dhurrkay; McDonnell, Joseph; Thomas, David P. The Impact of Income Management on Store Sales in the Northern Territory. Medical Journal of Australia, March 2010, 192 (10), p.549.

Homelessness Australia is not convinced that this instrument will encourage parents to increase the level of engagement in early childhood education and primary healthcare.

We are also sceptical of the proposition that Centrelink can make a determination of what constitutes ‘responsible parenting’ using a ‘check-list’ approach. The reality is that determinations about whether or not the needs of dependent children are being adequately met can only be accurately arrived at if a helping professional spends a significant amount of time engaging with vulnerable families. To do this would be to extend well beyond what should be the designated role of an agency such as Centrelink which should be primarily concerned with the administration and delivery of social security payments.

We have some concerns over the lack of clarity around what constitutes a ‘disengaged youth’ in the context of said youth being a young parent. Arguably being in receipt of social welfare for 13 of the previous 26 weeks as a young parent, or indeed any young person given the comparatively high rate of youth unemployment, does not constitute a long-term welfare recipient.

Homelessness Australia is also seeking more clarity around what the Minister means by the term ‘disengaged youth’ which comes across as somewhat pejorative.

**Policy Outline 5: Qualification for Matched Savings Scheme**

Homelessness Australia is pleased to see that at least one aspect of this bill is positive in both nature and intent. We support the matched savings scheme as it will reward those income support recipients who are fortunate enough to be able to demonstrate that they have the capacity to save in spite of the inadequacy of income support levels to enable people to meet the costs of living.

People should of course always have the option to voluntarily engage in ‘money management’ courses or indeed to self-determine that income management is a tool that is amenable to helping them meet their needs and/or the needs of their children.

**Additional Concerns**

We are also concerned that the discriminatory element that applied to the roll out of compulsory income management to parents of pre-school aged children in ‘designated communities’ under the Northern Territory Emergency Response (NTER) will be replaced with a new layer of discrimination based on the localities in which people live and the fact that they are long term recipients of income support. We note that after evaluating the blanket application of income management across the Northern Territory the Australian Government intends to roll out compulsory income management in ‘areas of disadvantage’. The very wording of this proposal suggests that people could be earmarked for compulsory income management based on the locality in which they live and the type of income support payment(s) they receive. Homelessness Australia contends that targeting people for income management in this way is discriminatory and arguably contradictory to the parallel social inclusion agenda being driven by the Department of Prime Minister and Cabinet at the present time.
Homelessness Australia re-iterates our opposition to compulsory income management and expresses concern that this legislation represents a fundamental shift away from an entitlement model of social security that is a retrograde step.

We are yet to see the evidence base underpinning the expansion of income management throughout the Northern Territory and are disappointed that concerns expressed by peak organisations from the social and community services sector have not been addressed.

Finally, we are also concerned about the cost of implementing compulsory income management across Australia given that the cost of its administration to some 20,000 income support recipients in the Northern Territory alone is anticipated to exceed $352 million over four years\(^7\). This represents a cost per person of some $4400 which equates to around one third of an annual Newstart Allowance payment. There are surely more cost effective ways to encourage people on income support to engage in broader economic and social participation.

Homelessness Australia appreciates the opportunity to provide feedback on the exposure draft document and would be happy to elaborate further on any of the points raised in our response.

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\(^7\) Australian Council of Social Service Joint Statement on Income Management December 2009, p.3.