



**Senate Community Affairs Legislation Committee  
Inquiry into the *Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of the Racial Discrimination Act) Bill 2009* and  
related bills**

**ACOSS Opening Statement  
Friday, 26 February 2010.**

Thank you for the opportunity to appear today.

ACOSS is the peak representative body for the community and welfare sector nationally, and the national voice for low income and disadvantaged Australians.

As such we, along with our membership, have very serious concerns about the provisions in the Government bills being considered by the Committee due to their potential impact on low income Australians.

The national compulsory income scheme which would be enabled by this legislation represents a top-down, one-size-fits-all, bureaucratic solution to complex social problems facing individuals and local communities. It is poorly targeted and expensive and will inflict shame and indignity on income support recipients.

The proposed scheme is not supported by a sound evidence-base. ACOSS has highlighted the limitations of the evidence relied on by the Government in support of this scheme. Many other organisations, including the research bodies involved, have expressed similar concerns.

The scheme is not tailored to meet the needs, or reflect the choices, of local communities. It would not be responsive to local labour market conditions, food security issues or the array of other social issues facing communities. Further, it is not designed to align with or reinforce existing financial, budgeting and case management programs.

For this reason, expert financial counsellors, represented by the Australian Financial Counsellors and Credit Reform Association, have expressed their strong opposition to the measures on the basis that they will undermine existing financial counselling programs which are based on principles of capacity building and empowerment. These are key tenets of social service delivery by the community sector in Australia.

Under the Government's scheme, long-term income support recipients receiving particular payments and living in declared disadvantaged areas will have 50% of



their payments quarantined. Their ability to shop at preferred outlets will be constrained, and discretionary funds will be limited.

ACOSS accepts that disadvantaged areas with large numbers of social security recipients often have social problems including family violence, alcohol and substance dependency, poor budgeting and child neglect. However, the government's policy assumes that everyone on income support in an area has these problems (and fails to recognise that these problems are not limited to income support recipients). As experienced community agencies know, it is usually a small minority of residents with these serious problems, the rest are simply trying to get on with their lives with the meagre resources they have.

The changes contained in this legislation would represent a significant shift in Australian income support policy and could potentially affect many income support recipients across the country. These changes have been proposed without a national consultation with community and consumer organisations who provide services daily to those who will be affected, or with payment recipients or disadvantaged communities themselves.

Consultations conducted in the Northern Territory were a wasted opportunity to develop real solutions in partnership with Aboriginal communities. Despite the evidence that opinion about income management in communities is deeply divided and that there have been numerous problems with the administration of the scheme, Aboriginal people were not given the option of replacing the scheme with a trigger-based model or a voluntary system. Rather, community members were given very limited options for change: they could choose either to retain compulsory income management in its current form, or opt for a system with limited exemptions.

When the Northern Territory Emergency Response was announced, it was met with great distress, hurt and anger among Aboriginal people due to the failure of Government to consult with communities or work together with them to address the complex social problems they faced. The suspension of the Racial Discrimination Act compounded this offence.

At that time, ACOSS indicated its serious concerns about the lack of consultation with communities and with some of the key NTER measures, particularly income management. We condemned the suspension of the *Racial Discrimination Act*.

Like many other organisations, we have strongly supported the reinstatement of the RDA by the current Government. We insist that any income management policies must not be automatically applied on the basis of race. However, we also argue that compulsory income management should not be automatically applied on the basis of geographic area or type or duration of payment.



We are concerned that the commitment to reinstate the RDA will not be fully delivered by this legislation due to the lack of a 'notwithstanding clause' - an issue explained in some detail by the Australian Human Rights Commission, among others.

We are also concerned at the price the Government requires low income Australians, including Indigenous Australians, to pay into order to achieve a non-discriminatory regime. Aboriginal communities are faced with an impossible choice: get the RDA reinstated by accepting continued compulsory income management in communities and its extension across the country, or continue to be subject to the racially discriminatory regime with no change to income management. The community sector is being asked to choose between addressing the discriminatory aspects of the NTER while rolling out an ineffective and regressive policy to other low income Australians or continuing the discrimination.

This is a choice we are not prepared to make.

ACOSS calls for the full reinstatement of the RDA and the withdrawal of the compulsory income management provisions of the legislation.

While opposing compulsory income management, we do, however, support voluntary income management on an individual or community basis.

We respect a community's right to determine that income management can play a useful role in responding to acute social crisis. However, we insist that measures must be genuinely community-supported and that individual appeal rights be preserved.

By contrast, the Government's proposed compulsory scheme is expensive, top down and highly bureaucratic.

Based on the Government's funding estimates, the scheme would cost \$4,400 per person per year. Put in perspective, that's nearly nine times the amount paid to employment service providers to help long-term job seekers (\$500 annually) and over one third of the Newstart Allowance paid to a single adult (\$11,850 annually). These funds should be directed to initiatives which are supported by evidence and for which there is a clear need: adequate payments, better employment assistance and training for long-term unemployed people, improved access to mental health and alcohol and drug services and intensive case-management and wrap-around services.



In opposing the proposed compulsory income management scheme, we are joined by many of our member organisations in the community sector including: the National Welfare Rights Network, the St Vincent de Paul Society, UnitingCare, the Salvation Army, Catholic Social Services Australia, Family Relationships Services Australia and Jobs Australia. We are also joined by a range of Indigenous and human rights organisations including the Aboriginal Medical Services Alliance of the NT (AMSANT), Australians for Native Title and Reconciliation (ANTaR), the Central Land Council, the Australian Human Rights Commission, Reconciliation Australia and Amnesty International. Most of these organisations support voluntary, community-based or targeted models, but oppose the blanket nature of the measure.

We trust the Committee will give serious consideration to the concerns outlined by these organisations who have extensive experience in working with Aboriginal and low income communities across the country.

We welcome any questions from the Committee.