

# **Combined Response of the *Anti-Poverty Network SA* and *SIMPla (Stop Income Management in Playford)* to the *Indigenous Employment and Training Review*<sup>1</sup>**

Further Info: Pas Forgione, at [antipovertynetwork.sa@gmail.com](mailto:antipovertynetwork.sa@gmail.com) or 0411 587 663

## **Concerning Income Management (or the Healthy Welfare Card)**

Due to limitations of expertise and space, this response to the *Indigenous Employment and Training Review* (or the Forrest Report) will focus on the recommendation that Income Management (or the Healthy Welfare Card, under Andrew Forrest's proposed model) be expanded to all working-age Centrelink clients, to everyone on income support payments except Age Pensioners and Veterans. Unlike the existing model, where 50-70 percent of payments are quarantined, Forrest proposes that 100 percent of payments be restricted, meaning the end of cash payments.

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### **Introduction**

Income Management remains an expensive, radical experiment in blunt paternalism. It breaks with the established tradition that Centrelink recipients have the right to control their payments. We believe the burden of proof falls on the Federal Government (indeed, on all advocates of Income Management) — to clearly demonstrate this approach will improve the economic and social health of clients. This has not happened.

Income Management is in its eighth year in the NT, where there are 20,003 residents on the program. It is in its sixth year in WA, where there are sites in Kwinana in Perth, the Kimberley, and the NG Lands. It is in its third year in Playford and the APY Lands in SA, Bankstown in NSW, Shepparton in Victoria, and Rockhampton and Logan in Queensland. In July, Ceduna in SA became the newest site to have the policy introduced.

There are Income Management 24,940 clients nationwide, most of them forced on the program. 80 percent of all clients are in the NT.

### **Does Not Work**

The scheme has produced little in the way of benefits. The Commonwealth Parliamentary Library's 2012 paper on Income Management, *Is Income Management Working*, said there was “an absence of adequate data relating to the effectiveness or otherwise of Income Management”.

FaHCSIA's (Department of Families, Housing, Community Services, and Indigenous Affairs) study of Income Management from the same year, *Evaluating New Income Management In The Northern Territory: First Evaluation Report*, reported that:

“[Income Management] has been applied to many who do not believe they need Income Management and for whom there is no evidence that they have a need for, or benefit from Income Management...[It] has led to widespread feelings of unfairness and disempowerment...for many people the program largely operates more as a means of control rather than a process for building behaviours or changing attitudes or norms...There are few, if any, strong and consistent impacts of Income Management; rather, there have been diverse outcomes. This is reflected in the wide and inconsistent range of views and experiences of Income Management.”

The Menzies School of Health's 2010 study of spending patterns of NT Income Management recipients reported that apart from the impacts of government stimulus payments, there have been no significant changes to consumption of alcohol, cigarettes, and soft drink, nor to fresh fruit and vegetables.

The Equality and Rights Alliance's 2011 report into Income Management surveyed 180 NT women on the system. It found 85 percent had not changed what they purchased, 79 percent wanted to leave the scheme, and 74 percent felt discriminated against.

It is claimed that Income Management helps welfare recipients become more financially responsible. It has always been unclear how reducing recipients' control over their payments will achieve this goal.

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<sup>1</sup> The ***Anti-Poverty Network SA*** is an alliance of job-seekers, students, sole parents, Disability and Age Pensioners campaigning for a welfare system that respects the autonomy, competence, and dignity of Centrelink clients.

***SIMPla (Stop Income Management in Playford)*** has been campaigning against the Income Management program in the Playford LGA in Adelaide's northern suburbs since 2012, as part of a broad community campaign including Aboriginal and ethnic/refugee NGOs, domestic violence services, faith-based and women's groups, trade unions, and welfare agencies. SIMPla works closely with many current and former Income Management clients.

We are concerned this measure will entrench dependency and discourage recipients from developing financial management skills. 'Welfare dependency' cannot be solved through bigger government or the 'nanny state'. What we need instead are initiatives that genuinely build capacity and confidence.

The Western Australian Council of Social Service's 2009 evaluation of child protection Income Management in WA identified low rates of referral and take-up of financial counselling and money management courses (20 percent among clients). 55 percent of surveyed financial counsellors thought forced Income Management negatively impacted upon the financial capabilities of clients.

Serious questions must be asked about the long-term impacts on mental health of Income Management. Consultations by the Australian Indigenous Doctors Association in 2008 revealed widespread feelings of humiliation and shame among NT Income Management recipients.

### **Unfair**

Blanket Income Management assumes universal or widespread mismanagement of funds by Centrelink clients. Financial hardship *is* widespread among Centrelink clients. Not because of widespread incompetence or irresponsibility but because of inadequate payments, expensive rental markets (and inadequate Rental Assistance), lack of public housing, and cost-of-living pressures.

An Anglicare Victoria survey from 2009 found only four percent of income support recipients' payments was spent on alcohol, cigarettes and gambling, whereas 70 percent was spent on necessities like groceries and housing.

### **Cost**

We also note the considerable cost of this policy. \$1 billion has been spent nationwide on Income Management since 2007. Estimated costs for Income Management per person per year vary from \$4,000-\$5,000 in suburban sites like Playford and Bankstown to \$7,900 in the remote communities of the NT, according to the Australian National Audit Office's 2013 report.

We are highly skeptical of Forrest's claim that he can deliver a much less expensive model of Income Management.

### **Autonomy, Competence, Relatedness**

While we recognise that the report calls for Income Management as part of a case-management approach involving wrap-around support services, we note that with the possible exception of the Cape York Income Management program, this model of Income Management has almost never materialised. Historically, Income Management has been thick on coercion and thin on support services.

Moreover, we argue that the punitive, top-down approach of Income Management has the potential to reduce the effectiveness of even the most well-designed community programs, by undermining the ability of community workers to form effective and trusting relationships with clients.

This naturally renders clients less likely to engage long-term with available services, due to increased feelings of humiliation associated with being subject to Income Management. Environments that produce embarrassment and stigma reduce client motivation.

As Sally Cowling of Uniting Care Burnside has argued, "autonomy, competence, and relatedness" are the critical ingredients of effective community programs. Income Management runs counter to each of these attributes.

### **Summary**

In summary, to borrow from Eva Cox:

*It starts with the wrong assumptions, that the spending of income recipients is the problem.*

*It can undermine recipients' capacities to make their own choices.*

*It costs a lot per person to administer, which could be better spent on other services.*

*It reduces the focus on external problems - such as job-seekers greatly outnumbering jobs and employers' prejudices affecting work prospects.*

*It blames the most vulnerable and reinforces their lack of self-worth and hostile public views, both social determinants of ill health.*