



SIMPIa

Stop Income Management in Playford

OPEN LETTER TO THE AUSTRALIAN GOVERNMENT

We the undersigned call for the suspension of the Federal Government's compulsory income management, expanded to Playford and four other sites as part of programs that began in July 2012.

- We believe compulsory incomemanagement is humiliating, unfair, and unlikely to improve quality of life for recipients or their children.
- We note the lack of solid evidence that this policy achieves its goals, and fear this approach will be counterproductive.
- We also note the expensive cost of the scheme, which we consider wasteful when more effective, less-heavy handed options are under-funded.
- We believe the existing Guardianship Laws are far more democratic, effective, and flexible mechanisms for dealing with welfare recipients with severe mental health issues.

Income management in Playford will affect welfare recipients deemed 'vulnerable' by Centrelink or referred by State Government agencies like Housing and Families SA. Recipients will be forced to have 50-70 percent of their payments 'quarantined' onto the BasicsCard, which can only be spent on 'essentials'. Recipients volunteering for the scheme receive bonuses but must spend at least three months on the system.

Compulsory income management is an expensive, radical experiment. It breaks with the established tradition that welfare recipients have the right to control their payments. We believe the burden of proof falls on the Federal Government: to clearly demonstrate this approach will improve the health and financial situations of recipients. This has not happened.

The Commonwealth Parliamentary Library's 2012 paper on income management concluded that there is "an absence of adequate data relating to the effectiveness or otherwise of income management".

Given the Government's stated commitment to 'evidence-based policy', it is particularly disappointing that compulsory income management is being expanded beyond the NT when there is no compelling, objective evidence the policy achieves its goals.

We note the Menzies School of Health's 2010 study of spending patterns of NT income management recipients, which 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 compulsory income management helps welfare recipients become more financially responsible. It is unclear how reducing recipients' control over their payments will achieve this goal. We are concerned this measure will entrench dependency and discourage recipients from developing financial management skills.

We note the Western Australian Council of Social Service's 2009 evaluation of child-protection income management in WA, which identified low rates of referral and take-up of financial management courses (20 percent among child-protection income management clients). 55 percent of surveyed financial counsellors thought compulsory income management negatively impacted upon the financial capabilities of clients.

We fear compulsory income management will have long-term mental health impacts. Consultations by the Australian Indigenous Doctors Association in 2008 revealed widespread feelings of humiliation and shame among NT recipients. We also note international research indicating heavy-handed policies like forced income management tend to further stress disadvantaged families, potentially increasing family breakdown.

We note the considerable cost of this policy, estimated at \$4,600 per recipient annually in Playford and the four other sites. By comparison, employment agencies are provided with only \$500 per long-term unemployed worker to address barriers to employment. The NT scheme has costed more than \$500 million over five years.

We are concerned that criteria for determining 'vulnerability' are vague and subjective. The Commonwealth Ombudsman's 2012 report on this topic found only 14 percent of decisions to place recipients on this category in the NT surveyed were "supported by the relevant evidence and met policy objectives". Aboriginal people have been overrepresented in this category in the NT, forming 95 percent of recipients. We fear something similar in Playford, where there exists a significant Aboriginal community.

We consider problematic the 'financial hardship' trigger for 'vulnerability'. Financial hardship is widespread among welfare recipients. Not because of widespread incompetence or irresponsibility but because of inadequate welfare payments, expensive rental markets, lack of public housing, and cost of living pressures.

We regard the 'financial hardship' trigger as a kind of "double jeopardy", punishing recipients twice. First, forcing recipients to survive on below-poverty-line payments. Second, deeming them to suffer financial hardship because of low payments, thus forcing them onto income management.

We fear compulsory income management will have negative consequences for those requiring emergency assistance, like domestic violence victims. The Australian Law Reform Commission's paper on this topic expressed concerns about victims being less likely to reveal their circumstances to Centrelink, and thus being unable to access emergency services like Crisis Payments, for fear of being placed onto income management.

We are concerned that the Playford community has not been properly consulted about this policy: neither when its Federal representative, the member for Wakefield, Nick Champion MP, wrote to Prime Minister Kevin Rudd in 2010 recommending Playford as a site for the expansion of compulsory income management; nor during the months before the scheme began operating in July 2012.

- We call for the Federal Government's compulsory income management to be replaced with more addiction programs, financial counselling, and other support services that have been under-funded.

- We call for the more cost-effective and less heavy-handed Centrepay system to be further promoted.

- We call for welfare payments to be increased to liveable levels, which will dramatically improve quality-of-life for struggling families and individuals.

- We call for an alternative policy vision that respects the competence, dignity, and rights of recipients and targets the real causes of disadvantage.

Endorsing Organisations

- Aboriginal Drug and Alcohol Council
- Aboriginal Legal Rights Movement
- Adelaide Day Centre for Homeless Persons
- Adelaide Refugee Action Group
- Angle Park Grannies Group
- The Anti-Poverty Network SA
- Australian Arab Council
- Australian Education Union SA
- Catholic Religious Australia SA
- Construction, Forestry, Mining, and Energy Union SA
- The F Collective
- Federation of Ethnic Community Councils of Australia
- Green Left Weekly
- Independent Community-Wide Homelessness Administrators Group
- Josephite SA Reconciliation Circle
- Jumbunna House of Indigenous Learning, University - of Technology, Sydney

- Maritime Union of Australia SA
- National Council of Single Mothers and their Children
- National Union of Workers SA
- Ngoppon Together Inc. Reconciliation Group, Murray-Bridge
- People's Health Movement
- Positive Life SA
- Prisoners Advocacy
- Public Health Association of Australia SA (Political Economy and Public Health Special Interest Group)
- Red Flag
- The Romero Community
- SA Unions
- Shelter SA
- Single Parents Action Group SA
- South Australian Aboriginal Coalition for Social Justice
- South Australian Coalition of Domestic Violence Services
- South Australian Council of Social Services

- South Australian Feminist Collective
- South Australian Network of Drug and Alcohol Services
- Spark Resource Centre
- Spirit of Eureka
- St Vincent de Paul National Council
- Stop Income Management, Not in Bankstown, Not Anywhere, Campaign Group
- Stop the Intervention Collective Sydney
- Uniting Communities
- Welfare Rights Centre SA
- Women's Electoral League
- Women's Equity Think Tank
- Women's International League for Peace and Freedom
- Women Everywhere Advocating Violence Elimination
- Youth Affairs Council of SA