

Welfare Review Interim Report

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Submission to the Review of Australia's Welfare System

Response to the Interim Report

August 2014

The Anti-Poverty Network SA and SIMPLa (Stop Income Management in Playford)

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1. Introduction

1.1. Introducing the Anti-Poverty Network SA and SIMPla (Stop Income Management in Playford)

This submission is a combined response from the **Anti-Poverty Network SA** and **SIMPla (Stop Income Management in Playford)** to the Interim Report on Welfare Reform, chaired by Patrick McLure.

The **Anti-Poverty Network SA**, which formed in 2013, is a grassroots community group composed largely of individuals with significant direct lived experience of poverty, unemployment, and interacting with Centrelink and Job Service Providers. Our membership is diverse and includes sole parents, students, Age and Disability Pensioners, job-seekers of various ages and cultural backgrounds, and others. The organisation includes not only former Work For The Dole participants but former Income Management clients as well.

We are committed to advocating for the dignity, rights, and well-being of all Centrelink clients, and other low-income people, through a variety of means, particularly through the use of personal stories to highlight the inequities in the employment and welfare systems and to challenge enduring myths and stereotypes that legitimate ineffective and irrational policy decisions.

Our aspiration is for those unable to work to receive genuinely adequate income support, for capacity-building and wrap-around services for those needing extra assistance or suffering from crisis. We seek an end to blunt, punitive measures that lack clear evidence of positive outcomes, and for an approach to social policy that recognises the importance of autonomy, and the competence of the vast majority of income support recipients to manage their own lives.

SIMPla (Stop Income Management in Playford) formed in 2012 to campaign against the expansion of Income Management to the City of Playford in the northern suburbs of Adelaide. SIMPla is a network of local residents, community workers, welfare recipients, social justice advocates, current and former Income Management clients, and others opposed to all forced or non-voluntary streams of Income Management.

SIMPla works closely with organisational and individual supporters from across the country, including peak community bodies, alcohol and drug agencies, domestic violence services, faith-based groups, Aboriginal organisations, and trade unions.

Our principal goal is to raise awareness about the track-record of Income Management, and the need for an alternative policy vision that is based on solid research about what measures achieve long-term positive results, that is non-intrusive, and that respects the rights of those entitled to income support payments to manage their own affairs.

1.2. Consultation Process

The Anti-Poverty Network SA and SIMPla (Stop Income Management in Playford) welcome this opportunity to make a submission to the Interim Report on Welfare Reform. However, we believe the consultation process could have been improved by a longer submission drafting period and broader stakeholder consultations. A longer drafting period would have allowed for a broader range of in-depth responses from affected groups – groups who tend to lack the

resources of the major employer and non-profit community groups.

In addition, the Anti-Poverty Network SA and SIMPla feel we had a relevant and distinctive point-of-view to offer, being grassroots community organisations controlled by people with significant levels of direct lived experience of the issues explored by the review, and would have appreciated the opportunity to participate in the initial consultations, which were invitation-only. We have no doubt that other, smaller organisations such as our own have much to add, and that a more inclusive consultation process would reap many benefits from a multiplicity of perspectives.

1.3 Summary of Response to Review

While there are some admirable and encouraging features to the review, much of what is discussed and implicitly proposed is deeply concerning to us and our members.

Moves to simplify the payment system by eliminating or reducing arbitrary differences in payment levels, thresholds areas (how much can be earned before payments start reducing) between different income support categories are positive developments, as long as no income support recipients are worse-off. Given the inadequacy of most Centrelink payments, particularly unemployment benefits, we would be opposed to any changes that lead to individuals being shifted onto lower payments.

We are glad that the need for reform to Rent Assistance is acknowledged and hope the review governments act decisively in this area to bring relief to those on income support payments struggling with rising housing costs.

Also welcome are any moves to improve the quality of support to job-seekers offered by Job Network providers. Many of our members have had frustrating experiences with Job Services Australia agencies and there is a clear need for significant changes. The emphasis on early intervention programs, individualised support (if properly resourced), and tackling mental health issues faced by many disadvantaged job-seekers are also admirable.

We do not, however, welcome any moves to restrict access to the Disability Support Pension, a payment that has already had access tightened considerably in recent years. We do not believe the case has been made that there is a need for a separate payment for those with 'episodic' or 'temporary' disabilities, nor we do accept the assumption that the payment itself is a disincentive to work. Much more attention needs to be paid to barriers to employment faced by people with a disability, including unfriendly and unsuitable employers and workplaces.

Many of our members have a disability and are worried about facing increased activity requirements and scrutiny and being shifted onto a lower and more demanding payment, when they have already struggled to participate in the labour market because of personal or structural barriers. Other members are worried about not being able to access the Disability Support Pension, should a time come when they need to receive it.

We are also fully opposed to any expansions of Income Management, a policy that has failed to achieve clear positive outcomes after seven years of operating in a number of different sites. Income Management does not build the skills of vulnerable clients. In fact, we believe it encourages dependency. It is a stigmatising and punitive scheme that not only has the potential to harm clients it seeks to help but squanders valuable resources that could be spent on positive programs, like anti-addiction services, financial counselling, parenting and

nutrition classes, and other evidence-based education, employment, and health programs. We believe this policy has been driven less by sound evidence and research than by politics.

Likewise, moves to expand Mutual Obligation, with the punitive sanctions for non-compliance associated with this framework, are very disappointing. We believe access to payments should be based on need and if need is genuine, access should be unhindered. Increased obligations for certain classes of Centrelink clients will not only increase stress for individuals and the likelihood of facing payment cuts or suspensions, but will do nothing to address the elephant in the room: the lack of jobs. Little in the review genuinely acknowledges and grapples with this fundamental fact.

1.4 Assumptions of the Interim Report

Many of the recommendations hinted at in the Interim Report are based on the assumption that social security spending in Australia is somehow “unsustainable” or at unusually high levels. This is not, in reality, true.

In fact, relative to most other developed economies, Australia already spends far less on cash transfer welfare payments of all kinds; less on family payments, less on unemployment benefits and less on Age Pensions.¹ Only 6.9 percent of our Gross Domestic Product (GDP) is consumed by welfare benefits, and it is expected that spending levels will be more or less the same in 2050. We spend 3.5 percent of GDP on Age Pensions, 2.5 percent on family payments, and 0.5 percent on unemployment benefits.² While the cost of Age Pensions will expand modestly by 2050, to 3.9 percent, this will remain very low in comparison to present spending levels in other developed nations: in the UK spending on the Age Pension is at 6 percent, 8 percent in Sweden, 10 percent in Belgium, and 14 percent in France.³

The current system is strict, it provides income support only to those in direct need of it. As a result of this, the number of Australians dependent on welfare payments is low and getting lower. In 2011, 18.5 percent of people received Centrelink payments, down from 23 percent in 2001. Only 4.8 percent of working-age households derive 90 percent or more of their income from Centrelink, down from 7.1 percent in 2001. In fact, levels of reliance on welfare payments are at their lowest since the 1980s.⁴

An OECD (Organisation for Economic Cooperation and Development) report into welfare spending showed that, among developed nations, only in Mexico and Korea are those on average incomes less dependent on welfare than their Australian counterparts. More of our welfare spending targets those at the very bottom than in most wealthy countries.⁵

Turning specifically to the Disability Support Pension (DSP), we similarly see no sign of an impending crisis or blow-out which would require require sudden and radical revisions to the payment. As of December 2013 there were 830,000 people on DSP, or 5.4 percent of people aged 18-64, down from 5.5 percent two years earlier.⁶ This figure is roughly average for OECD nations.

Over the past decade, the proportion of people on the DSP has risen slightly but that is mainly

¹ <http://inside.org.au/is-australias-welfare-system-unsustainable/>

² <http://www.abc.net.au/news/2014-04-16/jericho-hardly-the-land-where-entitlement-runs-riot/5391558>

³ <http://www.theguardian.com/business/grogonomics/2014/jun/16/joe-hockey-all-fair-in-welfare-and-budgets>

⁴ <http://www.abc.net.au/news/2014-06-16/fewer-australians-on-welfare-than-decade-ago-hilda-survey/5525606>

⁵ <http://inside.org.au/how-fair-is-australia%E2%80%99s-welfare-state/>

⁶ <http://mattcowgill.wordpress.com/2014/02/22/dsp-reform-a-solution-in-search-of-a-problem/>

because Australia has an ageing population.⁷ 57 percent of all DSP recipients are over the age of 50. Most of the rise in DSP numbers came from over 60s (mainly women) being placed on the DSP, as several payment categories that covered older woman, like the Mature Age Allowance, were scrapped, and the Age Pension age for women was raised.⁸

To be eligible for the DSP someone must have a serious medical condition that would prevent them within the next two years from working 15 hours per week or more in any job in Australia (even with retraining/rehabilitation) and eligibility will be further tightened for recipients under 35, who will have increased activity/participation requirements.⁹

The process involves a detailed questionnaire, written reports from doctors and/or specialists, and assessment by government-chosen experts. If your only problem is a back condition, you would have to be in almost constant pain or be unable to sit or move around properly to get the DSP.¹⁰

In 2012-2013, 212 DSP recipients were found to be no longer eligible for the payment, roughly 0.25 percent of all payment recipients (recipients are reviewed if they advise that their condition has improved or suspicion is raised that they are no longer medically eligible).¹¹

The evidence shows that Australia is not facing an unsustainable financial drain from its welfare sector. We have one of the leanest, most targeted welfare states in the OECD.

⁷ <http://www.abc.net.au/news/2014-03-05/jericho-disability-support-pension/5297540>

⁸ <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-8462.2013.12028.x/abstract>

⁹ http://www.aph.gov.au/about_parliament/parliamentary_departments/parliamentary_library/pubs/rp/budgetreview201415/dsp

¹⁰ <http://www.streetsie.com/disability-support-pension-myths-facts/>

¹¹ <http://www.chifley.org.au/demonising-disability-pensioners-wont-help-them-into-work/>

2. Payment Structures

2.1. Fair Rate Structure

We endorse and second the concerns of other stakeholder and community groups in calling for a real increase in the payment rates of allowances. The experiences of the allowance recipients with whom we have spoken shows that the rate of their allowance is the key cause of their poverty. Lifting allowance rates is a direct and effective solution to addressing poverty.

Members of the community we have spoken to have experienced social isolation and faced additional barriers to labour market entry as a result of this allowance induced poverty. Long periods of social isolations lead to depression, withdrawal from society, and atrophy in confidence and social skills. This is not only undesirable in itself, it removes individuals from opportunities for labour market participation.

As has been well documented by other organisations, low allowance rates also create direct barriers to participation.¹²

We endorse the call for a \$50 per week increase in allowance rates (particularly Newstart) made by the Australian Council of Social Service (ACOSS), Australian Council of Trade Unions (ACTU), Business Council of Australia (BCA), and other prominent community, employee, and employer groups.

2.2. Common Approaches to Indexation

We believe that all payments should be indexed according to growth in average male weekly earnings. This is the only indexation measure that maintains payment rates relative to pensions, community standards and the general health of the economy.

Use of the consumer price index is unacceptable. This will create a continued downward drift in payment rates relative to community standards, which will, in turn, threaten social inclusion and participation and further marginalise the lives of job-seekers and other welfare recipients, contrary to the role expected of welfare.

2.3. Rent Assistance

The review has shown that housing costs have increased at a significantly faster rate than rent assistance over the last ten years. We fully support the Harmer Review's proposal for a new indexation method that reflects actual cost growth in private housing.

Income Testing and Rent Assistance

We believe that Rent Assistance should be gradually tapered when income tests are applied to Rent Assistance recipients receiving work-age payments. The sudden withdrawal of the entire Rent Assistance payment at a specific threshold level of earned income creates effective marginal income tax rates above 100 percent. This creates a disincentive to work and unfairly punishes recipients for earning income.

¹² <http://theconversation.com/down-and-out-and-on-the-dole-why-the-newstart-allowance-needs-a-raise-9231>

The Need for Public Housing

We oppose any movement away from public housing. Public housing provides an important safety net for people unable to access housing through the private market. The reliance on a private-only system will create an unacceptable level of risk, and will increase homelessness. The very nature of the private market means that housing will only be provided to customers at times, in locations, and at prices that are profitable to real estate investors. These circumstances do not always match the needs for housing in the community. As a result public housing must be maintained to protect vulnerable Australians from the risk of housing market failure.

2.4. Rewards for Work

We argue strongly that allowance withdrawal rates are too high and income testing is too aggressive. Extremely low allowable income thresholds create a strong disincentive to undertake (or declare) paid work.

The experiences of our members, our conversations with many allowance recipients, research, and common sense all show that entry or re-entry into labour market participation is not full and immediate but staged and gradual. Individuals will initially only be able to access low paid and insecure employment.

This type of employment only makes a small contribution to weekly income, but is an important stepping stone towards full participation. High withdrawal rates and low income thresholds discourage people from taking up opportunities which would otherwise lead to skill development, experience, and opportunities for more substantial work.

At times many families and individuals face effective marginal income tax rates (EMTRs) over 100 percent due to the interaction of income taxes, and multiple benefit and allowance withdrawals. This unfairly punishes people for undertaking paid work.

Current low income limits are an example of policy irrationalities resulting from a failure to act in the past. There has been a serious failure of the political system to deliver obviously needed reforms.

This review is the right opportunity to address this by raising base allowable income limits, and by applying income tests to base allowances and additional payments sequentially, rather than simultaneously, this will fix the problem caused when multiple benefits are withdrawn at the same time, leading to EMTRs above 100%.

We now include on the following page the story of Kathy, told in her own words, which highlights the inadequacy of Newstart Allowance to allow for a reasonable standard of living, the risks associated with relying on the private rental system (and the inadequacy of Rent Assistance), and the systemic barriers to work that many allowance recipients face.

2.5. The Story of Kathy, mid-50s

I am a 55 year old sole parent with a 16 year old son living with me. I along with so many other sole parents was removed from Parenting Payment and placed on Newstart in 2013.

Since that time, I have struggled to keep a roof over our heads. The cost of private rental

virtually takes my complete Newstart payment. Trying to survive on the Family Tax Benefit, covering food, gas, electricity, phone, internet, transport fares (for both of us), clothing, and anything else that comes up is near on impossible.

My rent is \$250 per week, roughly 80 percent of my income. I also have to pay all water (not just the excess), add to this the cost of utilities, and out of both payments I am left with almost nothing. My son is vision impaired, and the constant need to replace his glasses adds yet another burden onto an already struggling budget. I only eat every second day (so as to make sure my son has at least 2 meals a day). I hardly sleep, I have an injury to my right hand that really should be operated on, but there is just no way I can afford the upfront charges of seeing a specialist, so it remains untreated.

I do not go out, I do not meet with friends, I spend my time at home, I would so like to work, but because of raising my family (I have 7 children) and allowing my ex-husband to be the bread winner for the family, I have no recent work history. Although I have certificates from courses I have completed, they account for nothing as they are not work experience and this is what matters to an employer. Not only does my lack of recent work history go against me, but so does my age. No one wants to employ a 55 year old, when there are so many younger people out there going for the same jobs.

I have even been told by my Job Network that they will not help pay for any other course I may want to do, as this would not lead to employment, and they would prefer to spend their money on someone who is more likely to obtain a paid position. Therefore I may as well volunteer my time and wait till I am able to obtain the Age Pension.

This is not exactly what I want to hear, I now feel that I am a burden on society with nothing to offer it. I worry about my son's future, and I worry where we will be by the end of the year. I fear that we will be living on the streets, as with rising prices, and a diminishing income, there is no way I will be able to continue to afford the house I now rent.

This is not the life I planned for myself and my children when I married and had a family. You have no idea how many nights I lay awake dreading the future, how many times I cry myself to sleep, how many times I wonder if my children and grandchildren will be left to pick up the pieces of a broken country.

I exist day by day, I cannot call it living, going without food, stressing about the roof over your head, the health and future of your children is not living. It would be wonderful if just once, the ones in government could just step back, take a moment to think, and listen to the people before they make choices that impact so wrongly on so many in the community.

3. Mutual Obligation

As the review notes, the idea of Mutual Obligation has become an increasingly central part of the Australian social security system. It makes perfect sense that where appropriate, where caring and familial commitments will not be compromised, income support recipients should be *encouraged* to undertake activities likely to improve their capacity to and likelihood of working, including job-searching, studying, training, and other activities.

3.1. Safety Net Must Be Protected

We do, however, have serious concerns about the very coercive aspect of this approach, and the potential for those needing income support to have their quality of life adversely affected through sanctions for non-compliance, like cuts and suspensions to payments. We believe the use of punitive sanctions, is inconsistent with the notion of social security as an entitlement open to all who can demonstrate genuine need, and incompatible with the last-resort insurance function that these allowances play.

Anything that jeopardises access to Centrelink payments for those needing assistance concerns us. Much like universal healthcare, access to income support should be based on need. Increased requirements for certain classes of welfare recipients, with stringent penalties attached, are an alarming development.

3.2. Mutual Obligation Applied Inconsistently, One-Sidedly

We also note that Mutual Obligation-style measures have always been applied inconsistently across public support programs, which suggests that electoral politics, rather than sound policy, has driven this policy agenda.

For example, recipients of special superannuation tax concessions are under no obligation to prove their deservedness or perform any specific action, such as spending their subsidised savings on their actual living costs.

It is also worth noting that often public discussion is so heavily focused towards the obligations of job-seekers to the wider community that the obligations of the wider community (including government and business) to job-seekers is easily forgotten. What could reasonably be considered the obligations owed *to* job-seekers?

Perhaps something along these lines: to ensure an adequate income for job-seekers while they are not employed, and others unable to participate (or participate fully) in the labour market; to ensure adequate and affordable study and training options; and ensure sufficient supply of jobs for those with the capacity to work.

Is the government fulfilling its side of the bargain? It is far from clear that it is. Certainly, it must be acknowledged that there is a fundamental shortage of jobs. According to Australian Bureau of Statistics figures from May 2014, there are five job-seekers for every job, up from 3.6 job-seekers for every job, two years ago.¹³

There is reason to believe that these figures understate the difficulties faced by job-seekers in securing work. For instance, this figure would be higher if you included people who became

¹³ <http://www.smh.com.au/federal-politics/political-news/head-east-for-the-jobs-new-data-reveals-20140626-3awgl.html>

discouraged and stopped searching. would seem not.¹⁴

The conventional wisdom is that there is a conflict between employment and inflation, that too much employment leads to prices rising too quickly, "overheating" the economy. In short, there is a goldilocks zone for unemployment - not too much, not too little - that governments try to maintain, but there is no interest in getting rid of unemployment as such. This certainly makes it even more reasonable to expect that those suffering from labour market deficiencies be granted a reasonable living allowance while they look for work.

If it is true that we need unemployment to avoid inflation, we should be thanking unemployed people. Their involuntary sacrifice is good for economic stability. If unemployment, on this argument, is to some extent necessary and desirable, Mutual Obligation requirements seem particularly problematic.

¹⁴ <http://theconversation.com/an-800-000-plus-jobs-gap-between-welfare-to-work-and-reality-22226>

4. Income Management

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: 81 percent forced, 19 percent voluntary.¹⁵

It is in its sixth year in WA, where there are sites in Kwinana in Perth, the Kimberley, and the NG Lands.¹⁶

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.¹⁷

Last month, Ceduna in SA became the newest site to have the policy introduced.¹⁸ There are Income Management 24,940 clients nationwide, most of them forced on the program. 80 percent of all clients are in the NT.

4.1. 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”.¹⁹

FaHCSIA's (Department of Families, Housing, Community Services, and Indigenous Affairs – now Department of Social Services) 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. Income Management 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 New Income Management; rather, there have been diverse outcomes. This is reflected in the wide and inconsistent range of views and experiences of income management.”²⁰

¹⁵ <https://www.welfarerights.org.au/news/2014/3/14/state-play-income-management-2014>

¹⁶ <http://www.humanservices.gov.au/customer/enablers/centrelink/income-management/ngaanyatjarra-lands-and-laverton-shire-wa>

¹⁷ <http://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/place-based-income-management>

¹⁸ <http://www.abc.net.au/worldtoday/content/2014/s4036746.htm>

¹⁹ http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2011-2012/IncomeManagement

²⁰ <http://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/income-management/evaluating-new-income-management-in-the-northern-territory-first-evaluation-report>

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.²¹

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.²²

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.

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 measures 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.²³

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. We also note international research indicating heavy-handed policies like forced Income Management tend to further stress disadvantaged families, potentially increasing family breakdown and violence.²⁴

4.2. Unfair

We consider problematic the use of 'financial hardship' as a trigger for Income Management, under any circumstances. Financial hardship is widespread among welfare recipients. Not because of widespread incompetence or irresponsibility but because of inadequate welfare payments, expensive rental markets (and inadequate Rental Assistance), lack of public housing, and cost-of-living pressures.

The financial hardship trigger for Income Management, we argue, leads to the social security punishing income support recipients twice: it acts as a kind of double jeopardy. First, forcing recipients to survive on below-poverty-line payments. Second, deeming them to suffer financial hardship because of low payments, thus forcing them on Income Management.²⁵

²¹ <http://www.crikey.com.au/2010/05/17/income-management-isnt-working-and-macklins-twisting-the-truth>

²² <http://www.abc.net.au/news/2011-09-16/davidson-why-we-should-listen-to-women-on-income-management/2901044>

²³ <https://www.greenleft.org.au/node/52325>

²⁴ <http://blogs.crikey.com.au/croakey/2010/04/13/the-international-evidence-base-and-income-management/>

²⁵ acoss.org.au/images/uploads/ACOSS_analysis_income_management.pdf

4.3. Counterproductive Consequences

The potential for Income Management to exacerbate the significant challenges already faced by domestic violence victims, and others needing emergency support (like those who are homeless or at-risk of homelessness), must be acknowledged. 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 on Income Management.²⁶

4.4. Cost

We also note the considerable cost of this policy. \$1 billion has been spent nationwide on Income Management since 2007.²⁷ 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.

4.5. Autonomy, Competence, Relatedness

While we recognise that the review 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 workers to form effective and trusting relationships with clients.

This naturally renders clients less likely to engage long-term with available services, on account of 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.²⁸ Income Management runs (or has the potential to run) counter to each of these attributes.

4.6. Summary

In summary, to borrow from Eva Cox²⁹:

–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.

²⁶ <http://www.alrc.gov.au/publications/10-income-management%E2%80%94social-security-law/compulsory-income-management>

²⁷ <http://www.smh.com.au/federal-politics/political-news/spending-controls-a-waste-say-welfare-groups-20140630-3b4cc.html>

²⁸ <http://blog.vinnies.org.au/what-does-compulsory-income-management-teach-us-about-ourselves/>

²⁹ <http://theconversation.com/creeping-spread-of-income-management-must-be-challenged-24560>

- *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.*

5. Personal Reflections

5.1. Belinda, early-20s

I'm in my fourth year of working on my Social Science degree at Adelaide uni. Recently I've been doing two or so subjects a semester, dropping back to one this coming semester. I've been a delivery driver for a restaurant for two years now but I only work two nights a week for on average two hours each night. I can't really physically handle much more than that, which is one of the reasons I haven't sought a better job.

I haven't ever received a welfare payment. I've applied for Youth Allowance once but it was after the tax year when my father had taken redundancy so I was rejected based on my parents incomes (which was abnormally high that year). My father doesn't like Centrelink so he hasn't been willing to help me apply again. However, if I was to receive it, I would have to either do at least three subjects at a time to be considered a student or do less and be considered a job seeker and then have to seek exemption from seeking work based on illness.

What it sounds like the government is proposing is that anyone who can't guarantee that their disability will be a lifetime disability won't be able to get on. I've been looking into applying for the Disability Support Pension and it's already really difficult to get and if I can't get on it I don't know what I'm going to do.

This is super worrying for me because I have fibromyalgia and chronic fatigue syndrome (as well as mental illness/es) and I can barely handle my six hours of work a week on top of two subjects at Uni because I have to sleep 12 hours a night and tire easily etc. But because both fibro. and chronic fatigue aren't clinically understood yet and doctors can't guarantee you'll have it forever (although most people do) and it can fluctuate in intensity, the government will get out of paying people like me disability even if we can't work. They'd probably try to put us on some interim payment where we have to work a few hours, but honestly a few hours can be enough for me to spend the whole next day in bed in pain.

The pain I experience is pretty complex and difficult to explain, but it can be burning, aching, gnawing etc., and I have hypersensitivity to touch. Things that shouldn't feel painful do and the pain lingers and spreads and travels through my body. I'm also stiff, particularly in winter, which reduces my dexterity. I also have severe fatigue I have to sleep at least nine hours per night but optimally 12 (and I still don't wake rested) and if I don't its only a couple of hours before I'm back in bed. On the days I work I have to try not to do much before work because I tire very easily and a couple of times I've struggled to stay awake during my shift, which is of course ridiculously dangerous considering I drive for a living. If I truly over exert myself I'll be in bed for a couple of days after.

I also have Generalised Anxiety Syndrome. It further compounds my fatigue issues because it stops me getting uni work done. I also apparently have depression according to my doctor, and I definitely have had some periods of being really low due to not knowing whether I'll ever get better and people not understanding my illness etc., but I honestly think that my depression is less clinical than circumstantial. If my doctor took my fibromyalgia seriously I think my mental health would be better, but in the meantime I guess that's also an issue.

Basically the effect my fibromyalgia and anxiety have on my work/study life is that I really struggle to fit everything in. I work only a couple of nights a week for two hours at a time but that's enough to have to structure my day around it. Because of my fatigue there's a risk of me

being too tired to work if I do anything else beforehand, and then I'm usually too tired afterwards to do any uni work. Mentally I'm always foggy due to anxiety and fatigue and "fibro fog" so my cognitive abilities are really reduced. My short-term memory is horrible and very often I find myself almost falling asleep with trying to study and at worst when I'm at work, which is really dangerous considering I'm a delivery driver. But not only does my disability make it hard to work and study, often work and study actually makes my disability worse.

It's hard to have any great quality of life when you're in pain and fatigued to begin with I guess, but to have to put my body under more stress just to earn the money to pay for my medications etc., leaves me actually in a worse state. I'm more exhausted, in more pain, and have less and energy to carry out the self care that would allow me to have some quality of life socially, mentally, and physically, not only in the present but potentially in the distant future. For instance, cooking myself nutritious meals, doing light suitable exercise such as hydrotherapy and simple things like washing my hair and cleaning my room etc. All of those things are put on the back-burner for work and study.

My employers are pretty accommodating, but I think that's more circumstantial because its just a coincidence that I have a job where I don't get many hours or long shifts. My illness has however stopped me from applying for jobs which would be more fulfilling mentally and which would engage my skills because I don't think many other workplaces could accommodate me.

It seems unlikely that I will find a job with similarly short shifts that engages my skills and can accommodate to the fact that my illness sometimes flares and at short notice I might not be able to work. I'm probably quite lucky in the respect that I already have a job that accommodates me and which could supplement a Disability Support Pension if I were to receive one, but right now \$160 on average a fortnight just isn't enough.

The whole application process is focused on excluding as many people as possible and there's a good chance that with my illness I'd be one of them. I've been putting off applying recently because I'm so afraid of being rejected. Because if I'm rejected then that's really it, isn't it? My illness isn't degenerative so if they don't think it's bad enough now they never will. All I can do without it is be perpetually poor and rely on my parents or totally run myself down and burn myself out even further. Every time I've been ignored or pushed aside by medical professionals it has really impacted me emotionally. My own doctor was quite awful to me about the idea of me applying when I brought it up, despite agreeing to help me apply. I need to feel supported and like someone actually cares to see me getting the help I need.

I absolutely refute the idea that its too easy to get on the Disability Support Pension. I think that while the eligibility requirements are complex in that it's totally confusing and inaccessible for many people, it's also too simple in its approach to disability. I don't think it accommodates people's lived experiences. And if the government changes things so only people with a 'permanent disability' can qualify for, it will probably be ten times worse. Medical practitioners can't even agree on whether my illness is permanent. Nobody knows how long I'll be like this. It could be my whole life or maybe it could be ten years.

The government seems to spend more time running scare campaigns and vilifying people supposedly rorting the system than trying to make life better for the majority of us who aren't and seriously need help. I think politicians just need to accept that disabled people exist and we're not going away. Cutting us off won't make us cease to exist. We'd just live sad lives and probably be economic burdens in other ways (like draining my parents' retirement money).

5.2. Kirstyn, early-20s

I was put on Income Management last year when I found a house of my own. I'd been boarding with friends and family since I was 17, after years of housing troubles with both sets of parents. I was on the Unreasonable To Live At Home rate of Youth Allowance. I was told I was put on Income Management because it was compulsory in my local area.

The process was very swift. I was given a small bundle of paperwork that didn't really serve much purpose; it just gave me a brief explanation of income management. There was no mention of the fact you could appeal.

I'd been given no real reason [for being put on Income Management] other than that I lived in this area. There was nothing about my age or payment type. I had no idea you could appeal till I met someone from SIMPla. I thought I had no reason for being on Income Management since I had a clean record of no drugs, no smoking, no issues with alcohol, no criminal record, and no financial debt with credit cards.

My life didn't feel like my normal everyday life. I felt like I had no real control over my money or over where I was allowed to spend my "managed" funds. The number one thing I was thinking the entire time I was on Income Management was: Why me? What did I do wrong?

It is so unfair. I'd been able to live perfectly well, with or without a job, for three or four years without someone coming in and changing how I can spend my money and insulting my intelligence, telling me I'm unable to take care of my funds.

I received some paperwork from Centrelink that said you have to double-check everything you dedicate your managed money to, to make sure it gets paid. Even when Centrelink take half your payment to make sure it pays necessary things, it still needs to be double-checked.

From full control of my funds for years to having half my funds controlled, it was just a giant pain in the arse. For a long time I'd always managed to pay my rent always on time, until income management came into my life.

I went from a clean record to having a black mark against my name. Thanks to Income Management I got \$400-plus behind in my rent. I was told half my funds would be managed. I chose my rent [to be paid through my managed funds].

I thought everything was fine. But three months after being put on income management I was sent an eviction notice saying I had an outstanding debt which had accumulated over three months that was required to be paid within several days.

Centrelink had not paid my rent. I managed to pay that off the same day I received that notice. I rushed to Centrelink, used my managed funds to cover my debt, borrowed money, had some money owed to me, got it covered. I'm one of the lucky ones.

There were times when you feel you aren't trusted. Like I wasn't able to prove myself with my past to back me up. When I said to my family I'm now Income-Managed the first thing they asked was always, "Are you in debt?" followed up with, "I thought that was for alcoholics and drug dealers or people with drug problems". Just the thought you're kind of pigeon-holed with people like that isn't going to do your self-esteem any favours.

They neglected to inform me of the three-month review. The only review I got was nine months after I was put on. I got a phone call from a Centrelink agent who said she was doing a review. She asked how I was doing, if I'd succeeded with Income Management, it took a ton of strength to not hurl abuse. I informed her of my rent debt and how I cleared it.

She said I had funds on my BasicsCard and said, "You know you can spend it on clothes or food, put it on a Metrocard if you like?" All she did was inform me of stuff I already knew. She didn't review me at all, just insulted my intelligence.

I was taken off Income Management when I turned 22. The only reason I was taken off was I turned 22 and switched from Youth Allowance to Newstart. To get off the program, I visited my local Centrelink office and made it clear I wanted off now I was 22.

They removed it promptly, it's the quickest I've ever been in Centrelink. If you don't make it clear you don't want to be on income management they'll roll over Income Management onto your new payment.

5.3. Inga, late 50s

I am a 59 year-old female with multiple disabilities. I was granted the Disability Support Pension in 2001. I worked part-time from 2003 to 2013 for approximately fifteen hours each week, spread over four mornings.

The majority of my income was gained from employment, supplemented by the Disability Support Pension. In 2013 the organisation restructured and I was unable to maintain employment under the new conditions (working up to 10 hours per day on a 'two days on, two days off' rotating roster).

Under the recommendations of the review I would be concerned about not being eligible to receive the Disability Support Pension as I have some capacity to work, although in reality only a very narrow window of opportunity exists for to me to gain employment and this opportunity rests largely on employer attitudes to people with a disability.

Ironically, the attitude of my previous employer (Barkuma Incorporated), a well-known disability support agency and employer of those with a disability, was very discouraging. Having the capacity to work does not necessarily guarantee employment, thus people with disabilities who have some capacity to work, should not be penalised financially under any proposed tiered working-age payment.

Laura, late-20s

I'm a TAFE and university graduate. Since finishing my Bachelor of Commerce (Accounting) two years ago, I've been on Newstart and looking for work. I find Newstart & Rent Assistance enough for regular expenses, but I'm not able to save any money, which means I couldn't afford major unexpected expenses, e.g., if I needed a new laptop (basically essential for job hunting) or dental treatment.

Luckily I've been able to live in share-houses close to the CBD, near where a lot of the jobs are, but rent is still more than 40 percent of my income. I've mostly been applying for admin. jobs and some accounting jobs but haven't had many interviews. I suspect I'm overqualified for a lot of the jobs I apply for, even though I would be more than happy to do the work.

Meanwhile, I'm under-experienced for a lot of the accounting roles, including accounts receivable/payable roles. Most employers never even acknowledge my application, let alone telling me I've been unsuccessful. Even though I do a lot of activism, including volunteer accounting, and have lots of support from family and friends, I can't help but feel it personally, despite knowing a lot of it's not my fault – it's just due to the fact that there are many more job-seekers than there are positions.

Recently, I was thinking of doing a Masters in Public Policy to complement my degree, and was trying to find out whether I could stay on Newstart while doing it, or would be moved onto Austudy, which would be too low for me to live on. My job provider told me I'd need to contact Centrelink, and when I finally got through to them, I was told that I needed to find out if the course was approved by my job provider. I decided I couldn't afford the Masters as it would at least double my HECS debt. Was also thinking about doing a financial counselling course but couldn't afford to pay for it myself, and Job Prospects (my Job Network) could only cover some of the cost. Might be different now I'm in a different stream.

Dealing with Centrelink can be stressful. One time I was showing Centrelink my records of jobs for which I'd applied, only to be told I was applying for too many admin. jobs and needed to broaden my search. I look at other positions, but I'm rarely qualified or experienced for them – administration and accounting is where my experience and qualifications are – if these are the jobs I'm most likely to be able to get, why would I focus my efforts elsewhere? And why would I apply for unskilled fast food jobs when really they want younger workers subject to youth wages?

I would be happy to do Work for the Dole if it actually helped people get work, instead of below minimum wage and not subject to OH&S laws, and not undercutting actual wages. I haven't found my job provider too bad, although I often feel like my consultant (for want of a better term) is a bit condescending – just because he happens to have been lucky enough to get work doesn't make him better than me. Recently, he's arranged for me to have a mock interview and see the in-house life coach to improve my confidence, which is helpful.

However, it would be more helpful if there was more funding for courses, and driving lessons – not having my licence often prevents me from applying for positions. I also feel like they ignore the elephant in the room for job-seekers, i.e., the lack of jobs. Recent discussion and proposed policy around tightening welfare has been horrible. I am not a 'job snob' and the fact that I get by doesn't mean I enjoy being unemployed – who would want to be subject to such stigmatisation?

I fear being targeted by Income Management, which would not help me. I already manage my money and life well – I don't drink much, I walk a lot, I buy a lot of produce from the Central Markets and my nearby farmers' market, I cook a lot of healthy food. I don't need to have my money quarantined so that I can only buy whatever big supermarkets choose to stock, and have to buy their expensive lower quality produce, which is less likely to come from local suppliers. I know Income Management is very expensive to administer, and that money could be better spent helping to create jobs, or subsidising people to study or do other things which are proven to increase their chances of getting work.

Aradia, mid-40s

At 26, after many years of working, I was diagnosed with narcolepsy (a neurological sleep disorder) and after a few months of trying different medications was able to return to work. At this point I underwent a career change and began a nine year career as a swimming teacher.

During this nine years I was also married and gave birth to my beautiful son.

After the birth of my son my health declined and continues to do so. I found I was forced to reduce my number of hours at work. Two years after the birth of my son I was separated from my now ex-husband and subsequently divorced. In addition to declining state of my health I now also had the pressures of single parenthood.

By the time my son had turned six I found myself in a position of utter exhaustion compounded by my disability that eventuated in my withdrawal from paid employment. Within a few months of this withdrawal I decided to undertake university studies as this offered me more of an opportunity the flexibility to be able to study at periods during the day when my narcolepsy was more manageable.

Initially I began full-time study in a double degree. This was initially meant to be a degree that should have been completed in four years but due to my again declining I health and sole parenting responsibilities I was forced to drop back to part-time study. It is my intention to continue with a PhD, as I find academics to be much more accommodating to both my disability and parenting duties.

Over the last decade I have continually faced not only the decline of my health, the weight of raising a now teenager on my own, the lack of family support (due to distance), and the management of a study regime that needs to accommodate parenting, disability management, and scheduling, and now I am finding it increasingly difficult to undertake the day-to-day activities of life that most take for granted.

I have found myself to be increasingly overwhelmed with the stress associated with rising costs of raising a child on my own, especially as he gets older - costs of clothes, school supplies, after-school activities and entertainment increase as he gets older.

My study costs increase every semester. My medication seems to cost more each year. There is also the stress of continually having to deal with policies that are never static, understaffed offices, and long waits at Centrelink offices.

Upon applying for the Disability Support Pension staff did not have a clue as to the nature of my illness and went on to report that I had an undiagnosed illness when in fact narcolepsy is not all that uncommon. The computer system was unable to process my claim because I was not able to undertake daytime employment (narcolepsy is characterised by excessive daytime sleepiness) but I could have applied for night work.

However, as a single parent night work is 'most definitely not an option. Consequently, the system did not recognise either my disability or my parenting responsibilities. This continued to be a problem for me for many months. To be continually having to explain myself over and over to staff in order to receive my payment only contributed to the stress load I was already carrying.

I am concerned about the recommendations in the welfare review. I am worried that I will again have to endure countless hours of not only having to explain my condition over and over but am concerned that my health issues and parenting responsibilities will be impacted by any decrease in my current income or any additional responsibilities. I do not need the added stress this is bringing.