

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

The Settlement Council of Australia (SCOA) is strongly opposed to the proposed extension of compulsory income management for income support recipients across Australia, and we believe that income management represents a major and regressive shift in Australian social security policy.

As the peak body representing settlement services that work to support refugees and humanitarian entrants, SCOA believes that the proposed income management will have considerable negative consequences for refugees and other migrants from CALD backgrounds.

Compulsory income management is based on the assumption that income support recipients are unable and/or unwilling to manage their finances. There is no evidence to support this. Furthermore, the proposed scheme is likely to make the lives of income support recipients more difficult and less dignified.

With regard to refugees and CALD migrants specifically, we believe that the proposed extension would discriminate against these groups in particular, and create unique difficulties for people from these backgrounds. These include:

- The stigma attached to the Basics Card is prohibitive and undignified. It is likely to cause shame and discrimination, further alienating refugees and other migrants, and creating yet another barrier to effective settlement
- CALD clients, and in particular refugees, are unlikely to assert their right to appeal an income management decision, and are less likely to be aware of this right, due to language, literacy and cultural issues. The heavy reliance on Centrelink by income management recipients will also place a considerable strain on TIS National and other translating and interpreting services
- The 50% of income that will be quarantined for use on the Basics Card - which can only be used in large retail outlets like Woolworths, Coles, Kmart etc – will mean that new settling communities who have a particular diet based on their culture and religion will find it much more difficult to purchase things like halal foods. Also, other cheaper outlets like markets will not be part of this system, making it more difficult for people to budget effectively
- The anti-competitive nature of this system - using only select large retail outlets – gives these retailers an even greater advantage than they already have, compared to corner shops or smaller and sometimes cheaper supermarkets. It is also worth noting that these small business operators are often themselves from a refugee or other CALD background. These stores are

unlikely to have the infrastructure necessary to become a provider under the Basics Card scheme

- Many refugees provide financial support to family members still living in refugee camps, including wives, children, brothers, sisters, parents etc. The proposed income management procedures will severely curtail their ability to do so
- Refugees and other newly arrived migrants are more likely to live in locations which will be targeted for income management, such as “poverty postcodes” with high concentrations of public housing and social security dependence

SCOA supports non-discriminatory policies that help people to manage their finances where this is necessary. However, any such policies must respect the rights and dignity of all income support recipients. Our member organisations have vast experience gained over many decades working with refugee and CALD communities across Australia. This experience has shown that working with people to build the skills and expertise necessary to manage their finances and relationships well is central to the long term transformation in the lives of those most disadvantaged.

SCOA shares the concerns raised by ACOSS and other social service organisations that the proposed scheme has been developed without adequate or informed consultation. We support the recommendations made in the Joint Statement on Income Management, issued by ACOSS in December 2009, namely:

1. Withdraw the provisions of the Bill which would enable income management to be compulsorily applied across designated geographic areas, payment types or categories of recipient, for example, ‘vulnerable welfare payment recipient’.
2. Replace the income management provisions in the Bill with a system of income management that people can opt into, on an individual or on a local community basis. The following conditions must apply:
  - a. The system must be non-discriminatory: it must not automatically apply on the basis of race, geographic area or type or duration of payment.
  - b. Legislation should provide that, before a community opts in to an income management scheme a thorough and inclusive consultation process (consistent with the Australian Human Rights Commission guidelines) must be undertaken within that community.
  - c. Adequate Government funding for support services must be provided as a pre-condition to applying income management in a community.
  - d. Individuals in communities which opt into income management should be able to opt out where there are no identified trigger factors present.
  - e. Income management on an individual or community basis should be regularly reviewed in an open and inclusive way, and individual appeal rights (to the Social Security Appeals Tribunal) should be maintained.
3. A national consultation with Indigenous communities, affected individuals, consumer organisations, relevant peak bodies and service providers should be conducted over the

legislation, policy design and implementation of the 'opt in' model of income management proposed above.

4. The provisions of the Bill removing exemptions to the Racial Discrimination Act and increasing the flexibility of the NTER measures should be legislated.
5. Open and inclusive consultations should be commenced with Northern Territory Indigenous communities affected by the NTER to develop models of community and land management and community resourcing that combine self determination with sustained action to resolve the social crisis being faced in many communities.
6. Detailed, timely, independent and transparent evaluations should be conducted of all income management measures. Existing evaluation reports and materials should be open to public scrutiny, including the full transcripts of consultations in NTER communities

We also join ACOSS in advocating for an alternative approach to income management which addresses the key causes of poverty and exclusion and includes adequate social security payments; better employment assistance to reduce long term reliance on payments; wrap-around services for deeply disadvantaged individuals and families and voluntary income management on an individual or community basis to supplement these services.