

# Red Tape

SSRV Newsletter



**Social  
Security  
Rights  
Victoria Inc.**

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### ***Income Management Comes to Victoria***

As of the 1<sup>st</sup> of July 2012 'Income Management' (IM) with its various other descriptors ('income quarantining', 'Basics Card' etc.) will be rolled out in Victoria – specifically in the Shepparton regional area. This is a significant change for Centrelink, the clientele and support and advocacy services in the Shepparton region. Each type of IM is slightly different, from the voluntary version run in parts of North Queensland to the involuntary versions run in the Northern Territory. The Shepparton changes come into effect in tandem with those in a number of other states on the 1<sup>st</sup> of July 2012.

SSRV's understanding of the way IM will be rolled out is that clients considered by Centrelink social workers to fit a number of 'at risk criteria' as defined by Ministerial determination may be subject to the program. People who are in receipt of almost any Centrelink payment other than solely Family Tax Benefit can have at least half of those payments quarantined by Centrelink. These can then be paid to a number of sources Centrelink approves such as landlords, utility companies and the like. A further percentage will then be paid into the 'Basics Card' (BC). BCs are in effect pre-paid (with the person's own entitlement) Electronic Funds Transfer [EFT] cards but which are only redeemable at specified stores and for specified goods and services. Alcohol, cigarettes, gambling and pornography are specifically excluded from the list of specialised purchases. It appears that the theory behind such ideas is that the recalcitrant persons who are not allowed to spend money on such things will ultimately decide that perhaps they will feed and clothe their children out of a lack of alternatives.

[cont. overleaf]

### ***New SSRV advice line number.***

SSRV has recently moved to a new office and this move has not been without its hitches. We were off-line both telephonically and internet wise for longer than we had anticipated. This edition of Red Tape is running late too. For all of these we apologise. We have attempted to follow up all the folk that left messages in the intervening time. We note that at the time of preparation our fax is still not working and we're hoping to rectify this sooner rather than later. Our website, phone service and emails are all back in action.

However as a result of the move SSRV has a new phone number. It's **(03) 9481 0355.**

Please note this down somewhere prominent. Note that our old number will continue to divert to the new number for a while longer but will eventually be disconnected.

### ***IM in Vic (cont.)***

No-one in the IM debate doubts that there are significant issues in some communities. These include the non-expenditure of 'family' payments on children at times. But ultimately IM will reduce people's ability to fend for themselves and improve the lot of their lives and those of their children.

The first way is that IM takes away people's ability to improve their lives. If Centrelink effectively decides what is 'appropriate' for someone, this takes away the ability of people to learn by trial and error for themselves. We all have things that we either do or do not do because we saw the effect they had on the people who did them when we grew up.

The second (and perhaps most contentious) issue is that this is effectively 'white' Australia imposing its values and restraints on our indigenous Australians. For well over a century it was considered appropriate to remove indigenous children from their parents and give them a 'white' lifestyle. There are few persons who would advocate this these days. It is difficult to see how IM is anything but an economic form of this. In theory IM is not supposed to be just for indigenous persons, one has only to cast a sceptical eye over the areas 'prescribed' by the Minister responsible (Jenny Macklin) to wonder what most of them have in common.

Thirdly the perhaps unforeseen ramifications of the IM for the 'discretionary' expenditure issues are having a devastating effect on families and small communities. It is safe to say that those persons on social security payments do not have a lot of discretionary monies. But things such as birthdays and Christmas are events no-one (IMed or not) should have to miss out on, particularly if you are a child. Currently if an IMed client wishes to give their child something that's not a supermarket item (out of their IMed- money) they need special permission. Someone at Centrelink decides whether or not they can spend their money at a store that's not on the 'official list'.

Local communities are important in a person's development and sense of life and purpose. There have been reports of IM clients being unable to take their children to the local annual show. Now these shows are not like the Royal Melbourne Show they are an integral part of community life. Like missing a birthday gift, missing the local show is a very high price for a child to pay for someone else's view of their parent's ability.

Fourthly there is significant evidence of an even more humiliating outcome 'Basic Card counters'. Some stores are forcing those buying with BCs to go through only one check out line, so everyone knows that those people are using BCs.

Fifthly there is the loss of 'legal tender' (LT) and the options that it offers. For those who are not sure, LT is a legal issue to do with currency. If you look at a \$5 note you will see under the signatures a comment that "this note is legal tender throughout Australia and its territories". What this means in effect is that no legal trader (shop, pub, market etc.) can refuse to take this payment for an item. A BC is not legal tender. It can only be used at certain 'defined' stores and for certain defined items. A person with a BC cannot buy fruit from a roadside stall or vegetables from a local market, despite the fact that nearly always these will be fresher, better quality, cheaper and healthier than the options from a BC approved store.

Sixthly the really big issue for those of us in SSRV and our sibling centres is that there is no appeal mechanism. No authorised review officer review, no appeal to the Social Security Appeals Tribunal, or the Administrative Appeals Tribunal (or above). Of all the things that we have issues with in the social security system, the fact that there is an appeal mechanism for most of Centrelink's decisions allows individuals to challenge the might of the state and its actions that affect them. And so it should. Systems of government decisions in other countries without appropriate review are symptoms of governments which Australia

often raises concerns about (with good reason). The fact that IM is not open to appeal is alone a reason for its removal. A decision to remove the rights of persons and their ability to care appropriately for their children surely should not be able to be made without that person being able to challenge it. Again, what is the effective difference between this and taking the children away?

Seventhly there is the cost. IM is very expensive. It costs around \$4,100 per person who is Im-ed each year in administration costs. This is enormously expensive as a process and is money (obviously) that cannot be spent on programs and assistance that might actually make a difference.

Finally there is the fact that it just does not work. In the Northern Territory (and Shepparton) IM is linked to school attendance. If an IM-ed client's child does not attend school, they lose more money. But since the introduction of IM in the NT, school attendance has actually dropped (Graham 6/6/12).

SSRV has joined with a number of other community organisations in Shepparton and surrounds to provide community legal education particularly to local service providers. At present (despite the lack of legal remedies available) SSRV is providing phone advice on Tuesday and Wednesday afternoons between 2.30-4.30 pm on the usual toll-free number (1800 094 164) to those who have questions about IM. Reference : Graham, Chris (6/6/12) "A Cook's tour of the numbers damns the Stronger Futures legislation" ***Crikey Daily Mail*** 6<sup>th</sup> of June 2012 – search at [Crikey.com.au](http://Crikey.com.au)

### ***Insecure Work Enquiry***

Professor Brian Howe (SSRV's Patron) recently headed up an independent enquiry (funded by the Australian Council of Trade Unions- the ACTU) into the future of work (and the way it affects social security). This is in some way a follow on from what Prof Howe said at SSRV's 10 year Symposium in September last year. The report called *Lives on Hold: Unlocking the potential of Australia Workers* was released on the 21<sup>st</sup> of May 2012 after six months of research, written submissions and community hearings. Whilst the enquiry's main concern was the myriad of issues for casual and contract workers, it spent some time dealing with the way the insecure work and social security systems interact.

In the foreword to his report Prof Howe indicated "over the past few years a new divide has opened in the Australian workforce. Not between the blue-collar and white collar worker, it is between those in the "core" of the workforce and those on the periphery. Those in the core are likely to be in full-time employment. In management positions...or possessing skills for which there is a steady demand and for which they can charge a premium..... Below and around this group are those on the periphery. They are employed on various insecure arrangements, casual, contract or through labour hire companies, on low wages and with far fewer if any benefits. Many do not know what hours they will work from week to week, and often juggle multiple jobs to attempt to earn what they need. ...They shift between periods of employment and unemployment that destroy their ability to save money". (Page 5).

On page five of the report, Professor Howe notes that forty per cent (40%) (P5) of Australian workers are in insecure work. In chapter three of the report it considers the issues that relate specifically to social security. It pointed out that even prior to the Global Financial Crisis ('during the boom') there were still ... (Continued on back page)

*Insecure work enquiry (cont)*

over one million Australians seeking more work (p45). It notes that NewStart today bears little resemblance to the original ideas behind the payments when first introduced. The inadequacy of the payment and the hoops a client needs to go through to get it were reinforced significantly.

The ramifications of the income test, the effect that short term work has on public housing residents and the ramifications of 'effective marginal tax rates' (EMTR) were emphasised. EMTR is where what a recipient loses in tax withheld (even if they get it back later) combined with the immediate reduction in social security benefits under the various income tests makes undertaking extra work economically pointless. This was an emphasis of Uniting Justice Australia who argued that no-one should face an EMTR that is in effect greater than the highest rate of taxation (around forty-eight per cent) (48%).

The National Welfare Rights Network (NWRN) pushed for an end to the Liquid Assets Waiting Period (LAWP) which prevents new recipients from going onto a payment for a certain period of time depending on how much money (or 'liquid assets') they have access to. It was also noted that this is what the Henry Tax Review suggested (p 46). It should be noted that the rate at which the LAWP kicks in seems to go up and down in every Federal Budget. Whilst (obviously) the law does not require a person to spend their liquid assets, if they do not get any payment, they have little choice. Any nest egg or emergency funds they may have put aside get eaten up by such rules.

The Australian Council of Social Services (ACOSS) indicated that the current income reporting system was very problematic. It suggested that the British system known as 'Better off in work' would be a good model to start with. (Page 48).

For those interested in reading the whole report, you can download it from here: [http://www.actu.org.au/Images/Dynamic/attachments/7626/Lives%20on%20Hold%20-%20Unlocking%20the%20potential%20of%20Australia%e2%80%99s%20workforce\\_v2.pdf](http://www.actu.org.au/Images/Dynamic/attachments/7626/Lives%20on%20Hold%20-%20Unlocking%20the%20potential%20of%20Australia%e2%80%99s%20workforce_v2.pdf).

All footnotes in this article refer to pages in the report.

Stop Press!:

If you are interested in hearing Prof Howe talk more on the issues raised in the Report he is giving a seminar about the issues at the Australian Institute of Family Studies (AIFS) on Tuesday the 14<sup>th</sup> of August at the AIFS – Level 20 Seminar Room 485 La Trobe St Melbourne Vic 3000 at 10am followed by morning tea. More information is available here <http://www.aifs.gov.au/institute/seminars/2012/howe/index.php>

Or you could ring the Institute on 03 9214 7888 but you may wish to contact them soon as places will be limited.

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**Lorraine Johnson**

*It is only fitting that we acknowledge a milestone in the life of one of SSRV's long-termers. Auntie Lorraine who is an ex-treasurer, volunteer, board member and public officer (and last year's Board election Returning Officer) of SSRV (previously the) turned eighty (80) recently.*

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*Red Tape is the official newsletter of Social Security Rights Victoria Inc.*

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