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Submission to:

Senate Community Affairs Legislation Committee inquiry into  
**Social Security Legislation Amendment (Stronger Penalties  
for Serious Failures) Bill 2014**

18 July 2014

*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

## About Anglicare Australia

Anglicare Australia is a network of over 40 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the faith that every individual has intrinsic value. Our services are delivered to one in 45 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and more than 7,000 volunteers work with over 420,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

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# Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014

Anglicare Australia opposes the measures in this Bill.

We understand the argument that compliance measures exist for a reason and that job seekers on income support ought not feel free to be wilfully and persistently noncompliant, however the compliance measures introduced in this Bill run counter to the goal of increasing workforce participation, not only by ceasing the income of offenders, but also disconnecting them from the workforce participation activities themselves. The aim in our mind ought to be to move people towards work rather than, whatever the consequences, simply punish them for unapproved behaviour.

There are several issues at play here and they need to be teased apart.

The essence of the Minister's argument, it would seem, is that people are playing the system by choosing to pay a relatively light penalty rather than accepting particular jobs or complying with some other, perhaps more onerous, participation requirements. And that by punishing them through suspending their income for eight weeks, they will be encouraged to work harder at getting work.

Before we examine the likely effectiveness of this strategy, it is worth bearing in mind that we are talking about the actions of less than 1% of active job seekers. So this is not a generic problem demanding an emphatic response. The proposed cut in payments would deliver estimated financial savings of \$20.5m over five years. Furthermore, this is not – at a national level – a substantial sum: it is close to insignificant in the face of the government's proposed fiscal rebalance. However it does represent the non-payment of income support for eight weeks on about 7,300 extra occasions, and for the individuals concerned that penalty would have a significant impact. As the department closely monitors its expenditure it would be instructive then to learn the sum of other costs – such as emergency relief, homelessness support, utility or telephone bill assistance – which would be incurred by those moved off all income support for that eight weeks. And it would be helpful to see some kind of cost/benefit analysis of the initiative.

The Minister's second reading speech makes the point that many of these failures to comply are in fact repeat instances by the same people, which indicates perhaps that here are people who would benefit from a closer engagement where they exist rather than be pushed into further hardship.

Given the department has so much information on the behaviour of income support recipients it would also be worth drilling down further into the history and the subsequent

activities of these “repeat offenders” who until now have somehow avoided the eight week penalty, and see what's really going on with them. It would also be worth comparing these outcomes, of people who have avoided the full penalty, to those of people whose incomes have been suspended.

It is alarming to note the extent to which these initiatives and the government's arguments in support run counter to pre-existing departmental analysis. The Department of Education, Employment and Workplace Relations (DEEWR) 2012/13 Annual Report, for example, notes that “The [existing] job seeker compliance framework helped job seekers to engage effectively with their employment services provider after instances of nonattendance or other forms of noncompliant behaviour”.

It is salutary also to remember the rise in demand for homelessness services – and the social and economic cost that implies – when this act first came into force and the practice of automatic breaching was introduced. That is why the Act was amended to give the departments and social service staff more flexibility. The provisions of this Bill are really a “back to the future” exercise and are likely to do as much, if not more, damage.

Anglicare Australia points the committee two recent research projects conducted by and on behalf of the network. [Going Without](#) was an analysis of household income and expenditure prepared from Anglicare Australia and the other major church based social service networks by National Centre for Social and Economic Modelling (NATSEM) in mid-2012. Among its important findings were that people on the lowest benefits, such as Newstart and the Youth Allowance, spend 122% of their income; that one in six go without meals and one in seven cannot afford to heat their home. The cumulative effect of periods totally without income on people in these circumstances is serious. It risks compromising their housing security, health and wellbeing, capacity to look for and win employment, and the maintenance of their personal relationships.

In 2012, Anglicare Australia also released a major research project on food insecurity conducted across the Anglicare network. [When there's not enough to eat](#), was a national study into food insecurity among people seeking Emergency Relief. It found that for many people on these lowest incomes, food is often the only discretionary item in their weekly budget. When unexpected expenses such as a high power bill or car repairs makes people food insecure, the suspension of income support – as this Bill would require – would result in them regularly missing out on meals altogether.

Rather than cutting people off their income as a matter of principle, as the amendments in this Bill do, Anglicare Australia would like the government to look more closely at the circumstances of the people it is targeting in this Bill, and explore other options that could be available to them.

More broadly Anglicare Australia questions an approach to welfare legislation which aims to use broad brush measures to change individual people's behaviour. It is ironic that government is taking this approach given the focus of informed social policy these days (across the Australian government and elsewhere) seems to be on outcomes rather than behaviours, with individual approaches that harness the agency of the people concerned and deal with their circumstances.

Anglicare Australia draws the committee's attention to [\*Beyond Supply and Demand\*](#), a research paper commissioned from the Australian Centre for Community Services Research, which analyses evidence from the Anglicare network of what works in engaging people excluded from the workforce. The key findings of this research point very clearly to a 'person first' rather than 'work first' approach to social service support - all of which acknowledge the person at the heart of the exclusion and recognise the barriers they confront. There is no way that an inflexible and broad-brush approach to the enforcement of penalties is consistent with what we understand as best practice.

Given then the lack of evidence in support of the measures in this Bill and indications that their impact will be destructive and unhelpful, and given the small immediate saving at best and longer-term economic cost at worst, we have to ask what the government hopes to achieve here.

We can only suppose it is one of sending a message. And that message would seem to be that if you do not follow the rules you will be punished. No matter the consequences.

At a deeper level, it is suggesting that Australian society should provide income support only to people who demonstrate prescribed behaviour; whatever those people are dealing with in their lives and whether or not the required behaviour actually makes it easier for them to find a job or deal with the other barriers to everyday life and employment they confront.

In summary, Anglicare Australia urges the committee to ask the department and other relevant experts in social service delivery what evidence is available to support the measures introduced by this Bill; what strategies, if any, would more effectively ensure better compliance if and where it is a problem; and what is the most effective way of strengthening paths into the workforce for people who are disengaged from mainstream society.

END