



Refugee Council of Australia

7 September 2010

Dr Jeff Harmer
Secretary

Department of Families, Housing, Community Services and Indigenous Affairs
PO Box 7576
Canberra Business Centre ACT 2610

Dear Dr Harmer,

RE: COMPULSORY INCOME MANAGEMENT SCHEME

The Refugee Council of Australia (RCOA) is the national umbrella body for organisations involved in supporting and representing refugees and asylum seekers, with a membership of more than 630 organisations and individuals. RCOA promotes the adoption of flexible, humane and constructive policies by government and communities in Australia and internationally towards refugees, asylum seekers and other displaced persons. We consult regularly with our members and refugee community leaders and this letter is informed by feedback we have received.

RCOA recognises that a number of other agencies and peak bodies have provided submissions responding to the then proposed Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009 and related bills, with particular attention to the compulsory income management scheme component of the legislation. Even with these past submissions, RCOA is deeply concerned about the implementation of the compulsory income management scheme and its impact on recently-arrived refugee and humanitarian entrants living in the Northern Territory and other designated areas.

The Refugee Council recognises that its expertise lays outside the development of welfare reform measures for all disadvantaged communities and acknowledges that income management may be appropriate for some long-term disadvantaged individuals in very particular circumstances of need – for example, where there is evidence of vulnerable family members experiencing abuse or neglect or where an individual's right to allocate money as she or he sees fit is being limited by harassment from others in their community.

However, we do not believe the Federal Government has made a case for why this measure should be applied as broadly as the new legislation allows. Our concern is that the impact of a compulsory income management scheme on recently arrived refugee families could be devastating for the well-being and positive settlement of these families.

Quite a number of refugee and humanitarian entrants spend considerable time after they arrive in Australia learning English and then studying for qualifications (often additional qualifications) to assist them in securing sustainable employment. In many cases, the income management regime will be applied as they move closer to being ready for full-time work. The

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The Refugee Council of Australia represents
non-government organisations and
individuals working with and for refugees
in Australia and around the world

intervention of government agencies to manage a family's financial affairs will be unwelcome and unnecessary and, inevitably, will hinder the family's path to full financial independence.

RCOA is deeply concerned that compulsory income management has been implemented without giving adequate consideration to the evidence submitted by a number of agencies working with and for the affected communities, including the Australian Council of Social Service (ACOSS) and the Multicultural Council of the Northern Territory. RCOA wishes to draw your attention to a number of aspects of compulsory income management which we believe require reassessment. These observations include the concerns of settlement support services and refugee community members in the Northern Territory.

Impact on independence of refugee and humanitarian entrants

The inclusion of refugee and humanitarian entrants in the compulsory income management scheme simply because they receive Centrelink benefits during the initial period of settlement does not duly recognise the experience that these families have had. These families have often had to live on limited resources for many years after fleeing persecution. Many of these refugee families know (perhaps better than most of their fellow residents and citizens in Australia) how to care for themselves in difficult circumstances and how to manage a budget on extremely limited financial resources.

The quarantining of benefits will limit refugee and humanitarian entrants' capacity to send money, or remittances, to relatives still living in perilous situations overseas. These remittances are often the only significant and regular source of income for family members living in refugee camps or in very difficult and unstable situations in countries of asylum. In many cases, such remittances make the difference between whether or not relatives have sufficient food to eat or can stave off homelessness. We are deeply concerned that Australian Government officials may equate such selfless sharing of limited resources with family members overseas with the "humberging" practices which cause problems in some indigenous communities. Inappropriate intervention by officials ignorant of a family's situation will inevitably cause harm and great distress.

This policy is also contrary to the Government's view that refugees should work towards gaining independence and self-sufficiency as they settle in Australia. Settlement support services work to assist families to gain this independence, but the compulsory income management scheme promotes a paternalistic relationship with government services and systems, particularly regarding the need to prove exemption 12 months following initial assessment.

For recently arrived refugee families, there are significant issues with culture shock and adjusting to the norms of Australian society. Local service providers believe that the extension of income management to recently arrived refugee families and the implications of quarantining a level of income will exacerbate angst and confusion and lead to issues impacting on the integrity and structure of family relationships. The income management scheme has the potential to cause instability rather than militating against it.

Recently arrived refugee families, because of their lack of familiarity with the Australian social security system and often limited English, are very likely to find it very difficult to assert their right to appeal for an exemption to the income management regime. Applying for this exemption will also have a negative impact on settlement agencies, as the settlement service workers will have to dedicate additional (and unfunded) time to assist clients to fill out the complex paperwork.

We note that exemptions for parents with children under the age of five years will only be available when the family meets criteria for the child's participation in early childhood services. In many non-western cultures, the family home is regarded as the most appropriate environment to raise and teach children of pre-school age. It would be a ridiculous impost to insist on care being given by people outside the family if family members are capable, willing and available to provide that care.

The Basics Card

The Basics Card will impose unjustifiable restrictions on the purchasing freedom of recently arrived refugee families. Many recently arrived refugee families prefer to shop at markets and specialty shops for their food, for access to particular produce which is preferred for cultural or religious reasons or because the market prices are lower than the commercial supermarket price. The option of purchasing food at markets or at local specialty shops – shops sometimes run by former refugees establishing a business to fill a need in the community – will be very limited because of income management. These recently arrived refugee families will be pushed towards purchasing more expensive, lower quality and sometimes culturally inappropriate food from the large supermarket chains. The small businesses currently preferred by refugee and humanitarian entrants will also be negatively affected, as their customers will have much reduced capacity to make purchases from their shops.

The Basics Card also carries a level of stigma to the card holders in the Northern Territory. For recently arrived refugee families, the Basics Card will undermine the promotion and enhancement of self-reliance, life skills and independence in the early period of settlement.

Impact on the Northern Territory refugee communities

Local service providers believe that the extension of income management to recently arrived refugee families in the Northern Territory will lead to increased emigration of new settlers from the Territory to states where the income management regime does not currently apply. Income management will serve as a further challenge to establishing and retaining new communities in the Northern Territory, when the Territory is known to have stricter, confusing rules around welfare payments. This will further exacerbate concerns of local service providers that some recently arrived refugee communities in the Territory are barely viable and sustainable because of low numbers.

As outlined above, the Refugee Council of Australia and a number of its members are concerned about the implementation of the compulsory income management scheme. While the refugee community population in the Northern Territory may be relatively small, the impact of the scheme has the potential to be much greater in the future. As this scheme may be extended to all states and territories in the future, and thus, its negative impact on refugee families extended, RCOA would like to see amendments to the delivery of the scheme to take into greater consideration the needs and aspirations of refugee communities in Australia.

Yours faithfully,



Paul Power
Chief Executive Officer