

A community development critique of compulsory income management in Australia by Philip Mendes, Jacinta Waugh and Catherine Flynn

1) The introduction of compulsory income management – sometimes called welfare quarantining – for sub-groups of income security recipients within Australia has provoked considerable contention. This paper examines the specific introduction of the Place-Based trial in the rural Victorian region of Greater Shepparton from July 2012. Utilizing key community development principles, we critically analyse processes of implementation and evaluation, and argue that place-based income management has involved a centralized top-down process. In contrast, we recommend a bottom-up approach which would allow the local community to play a key role in defining the problem, and identifying policy solutions.

2) Income management (IM) is the quarantining of a set percentage of income security payments (government welfare benefits) – usually somewhere between 50 and 70 per cent – into a special account for the exclusive purchase of pre-determined essential household items such as food, rent, clothing, health care, education and training, child care, public transport and energy bills. The remaining proportion of the payment is paid directly to the recipient to use at their discretion. Income managed funds cannot be used for prohibited items such as drugs, alcohol, cigarettes, gambling and pornography. Income management is not completely new to Australia.

3) This paper is part of a larger analysis of the government evaluations of income management programs in Australia. That analysis examined the key methodologies and limitations of the current frameworks used to evaluate income management in the Northern Territory and other jurisdictions. The authors engaged in a content analysis of these papers, to identify key themes, both methodological and in the findings presented in these studies. Additionally, given the newness of this issue, we augmented this formal analysis of existing evaluations with informal discussions with two key non-government welfare service providers, Family Care and Berry Street Victoria, based in the Place-Based Income Management (PBIM) site of Shepparton. These stakeholders strongly argued that any effective evaluation needed to consider whether or not local community representatives had been substantially consulted in the development and implementation of income management policy. That stakeholder critique of the absence of a

community development approach has been applied in this paper both to the implementation and evaluation of PBIM in Shepparton.

4) **Why Place-Based Income Management?**

Place-based programs are intended to address the concentration of disadvantage in specific locations or postcodes. It has been argued that holistic programs which target groups of people with multiple forms of disadvantage in specific neighbourhoods will be more effective than universal programs in promoting opportunities for disadvantaged communities, and preventing inter-generational poverty. The most significant Australian argument in favour of place-based programs was presented by social work academic Tony Vinson. Vinson argues in favour of positive interventions to provide opportunities for the social inclusion of disadvantaged people in local communities.

5) Place-based programs claim to utilize community development principles in addressing social disadvantage. By community development, we refer to the employment of community structures to address social needs and empower groups of people. A community development approach to a social problem such as poverty or limited housing would involve engaging with community members who were poor or homeless, consulting with those community organizations that are involved with and have knowledge of the experiences of disadvantaged groups, and ensuring that the local community per se plays a key role in both defining the causes of the problem, and identifying potential policy solutions. Key principles would be the *inclusion* of all local residents including potentially marginalized groups in the policy development process, and the *empowerment* of disadvantaged groups by giving them the capacity alongside other community members and organisations to *participate* in the development and implementation of policy strategies.

6) Australian and UK evaluations of community renewal programs that have applied at least some of these principles suggest a number of positive outcomes including greater resident participation, improvements in social and community cohesion, and better employment outcomes. Similarly, a number of evaluations of welfare services in Indigenous communities have shown that they are most effective when the local community is heavily involved in both the planning and implementation stages.

7) But many place-based programs have not adhered to community

development principles. A particular identified concern is that place-based programs can serve to further pathologize excluded groups by targeting changes in individual behaviour, rather than identifying broader community and structural policy reforms. An example of this might be policies which simply aimed to reduce the number of drug users or street sex workers in a particular neighbourhood, rather than introducing strategies that improved outcomes for all community members including those involved in drug use or sex work. Similarly, place-based programs may potentially blame the deficits of the local community for social problems such as drug use or unemployment, rather than identifying broader structural factors which go beyond locality such as inadequate funding of rehabilitation facilities for substance users, or low levels of business and government investment in employment-generating industries.

8) This emphasis on blaming groups of disadvantaged people seems to be present in the stated aims of PBIM which are to help create financial stability for families by promoting improved budgeting, increase their economic participation, ensure that the priority needs of families including particularly the care, welfare and education of children are met, and address vulnerable circumstances such as homelessness. These objectives do not seem to be significantly different to those stated for other IM programs. Specifically, there is no mention of addressing the broader structural context of disadvantage. Equally, there is no reference to specific local social and economic factors that may have shaped the nature of disadvantage. Most importantly, it does not appear that any local community groups in Shepparton or the other four trial locations were given the opportunity to shape the core aims and strategies of this program.

9) Conversely, if the government was true to its stated community development principles, then the following would arguably have happened in relation to the processes and evaluation of place-based income management. Firstly, any consideration regarding the introduction of income management would have involved extensive consultations with representatives of the local community to discuss how and in what way IM measures might benefit the community. This process would have specifically targeted members of three groups: income security recipients that fell into the two key categories of participants; the key non-government and government agencies ranging from child protection to family support to housing that currently work with these disadvantaged groups; and representatives of Indigenous community groups given that Indigenous

Australians are known to be disproportionately represented in income management measures.

10) Secondly, if there was agreement that IM measures might benefit some community members, there would have been extensive consultation as to how these measures might complement existing services and supports that were known to be effectively assisting these groups of people. And finally, extensive consultations with the three groups above would have been incorporated as key components of the planned evaluation framework in order to measure whether or not IM measures lead to better outcomes for disadvantaged groups and the local community as a whole. However, as we shall see this is not what happened.

11) Why Greater Shepparton?

According to the Australian government, the five PBIM locations were chosen on the basis of statistical indicators of disadvantage such as high levels of unemployment, youth unemployment, the numbers of people on income security payments and the length of time of being on payments. However, it is noticeable that none of the five trial sites chosen for PBIM feature in Tony Vinson's list of Australia's most disadvantaged or next most disadvantaged postcodes, except for Playford, SA. Vinson's list is widely regarded as an accepted typology/measure of disadvantaged areas.

12) The particular focus of this study is on the rural Victorian location of Greater Shepparton which does appear to be a relatively disadvantaged area. The Community Services Minister, Jenny Macklin, has stated that Shepparton was chosen because of a relatively high rate of disadvantage including significant numbers of teenage parents, and jobless families with young children.

13) The PBIM implementation process in Greater Shepparton

The PBIM implementation process appears to have followed a strictly top-down model. The Federal Government does not appear to have consulted with any community groups in these locations to clarify whether the introduction of IM programs was warranted, or how they might complement existing support programs.

14) The government announced in the Federal Budget of May 2011 that Shepparton would host an income management trial from July 2012. The

only implied suggestion of the application of a community development framework in Shepparton was a promise to ‘give communities a say’ in identifying programs relevant to income management recipients in their community. This seemed, however, to be mere rhetoric given the entire trial had been announced in a top-down fashion.

15) An online survey of local welfare agencies in Shepparton found that the great majority of participants (26/33) believed there had been an inadequate level of government consultation with the community. Similarly, a meeting of a local community forum reported that none of the existing welfare agencies had been directly consulted with by the federal government prior to or following the announcement of Shepparton as a trial site in the May 2011 budget. Particular concern was expressed that the government had ‘undervalued and overlooked local expertise and local knowledge of the community. The CEO of a major local welfare agency, Goulbourn Valley Family Care, concluded disappointingly that **‘At the time of writing it is 14 months since the trial was announced and local engagement is only just beginning. Unless it becomes a central focus soon,** Shepparton will not be part of a place-based trial, it will just be a place required to host a trial for the Commonwealth’.

16) **The evaluation process in Shepparton:** The official evaluations have played a significant role in the policy debate around income management. In particular, the government has consistently asserted that the evaluation reports demonstrate the effectiveness of income management even though the evidence seems to be highly contested and a number of significant methodological flaws have been identified in these evaluations.

17) The government appointed the private sector consultants Deloitte Access Economics to conduct the evaluation of PBIM in the five trial sites including Shepparton. Deloitte stated that they would be undertaking interviews and focus groups with key stakeholders in each PBIM site. However, the proposed consultations, which are not as yet concluded, targeted almost exclusively employees from federal or state government departments (covering child protection, housing and income security) in these regions. The only reference to community or non-government organisations was to discussions with representatives of the Communities for Children program which is actually a federal government program aimed at enhancing parenting skills.

18) Absent from the proposed consultations are the large number of non-government organisations (covering key areas such as mental health, housing, family violence, emergency relief, drug and alcohol, family support and Indigenous community and culture) which already work with, and often have, extensive knowledge of the lives of income management recipients. Nor is there any stated intention to interview representatives of elected local governments who might be able to comment on the local communal factors that impact on chronic disadvantage. Nor is the evaluation intended to examine what consultation processes good or bad were originally used for the implementation of PBIM in the five trial sites.

19) **CONCLUSION:** The introduction of PBIM arguably had the potential to introduce a significant community development framework into the application of income management programs. This would have enabled a range of local community stakeholders including service users, community welfare organisations, and representatives of Indigenous organisations to consider how and why IM measures might complement existing community services in order to benefit income security recipients and the local community more generally.

20) But our overview of both the implementation and evaluation processes in the trial site of Shepparton suggests that this potential was mostly ignored. Both processes involved centralized policies being imposed top-down by distant politicians and bureaucrats on a particular location. There is little evidence that the introduction of PBIM in Shepparton utilized local knowledge and expertise regarding the causes of, and potential solutions to, social disadvantage. Little if any contact was made with existing local networks of service providers. No attention was given to research evidence confirming the efficacy of place-based programs based on community development principles. Instead, PBIM in Shepparton merely involved the introduction of stigmatizing programs focused narrowly on the individual behaviour of income security recipients in a particular location.