



Australian Government
Department of Social Services

Parliamentary Joint Committee on Human Rights – compulsory income management

Department of Social Services

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Introduction

The Department of Social Services (the department) welcomes the opportunity to provide a submission to the Parliamentary Joint Committee on Human Rights (the committee) regarding the operation of compulsory income management (IM).

The IM and enhanced IM regimes established by Part 3B and Part 3AA of the Social Security (Administration) Act 1999 (the Act) both include compulsory participation for eligible individuals.

Income Management

IM was introduced in the Northern Territory (NT) in 2007 as part of the Northern Territory Emergency Response (NTER) and has been progressively implemented across various locations in Australia, now operating in:

- Northern Territory
- New South Wales: Bankstown
- Queensland: Logan, Rockhampton and Livingstone
- South Australia: Playford, Anangu Pitjantjatjara Yakunytatjara Lands and Greater Adelaide
- Western Australia: Ngaanyatjarra Lands, Kiwirrkurra Community, Kimberley Region, Perth Metropolitan and Peel District
- Victoria: Greater Shepparton

The objectives of the IM regime are to:

- reduce immediate hardship and deprivation by ensuring that the whole or part of certain welfare payments is directed to meeting the priority needs of:
 - the recipient of the welfare payment; and
 - the recipient's children (if any); and
 - the recipient's partner (if any); and
 - any other dependants of the recipient;
- ensure that recipients of certain welfare payments are given support in budgeting to meet priority needs;
- reduce the amount of certain welfare payments available to be spent on alcoholic beverages, gambling, tobacco products and pornographic material;
- reduce the likelihood that recipients of welfare payments will be subject to harassment and abuse in relation to their welfare payments;
- encourage socially responsible behaviour, including in relation to the care and education of children;
- improve the level of protection afforded to welfare recipients and their families.

IM directs between 50 and 70 per cent of income support payments to the priority needs of the participant and their family and other dependents. IM provides vulnerable participants with intensive face-to-face support from Services Australia to ensure their income support payment is directed to essentials, such as food, housing, electricity and education. Income managed funds are unable to be spent on alcohol, gambling, tobacco, pornography and other related products and are unable to be withdrawn as cash.

IM participants can spend their income-managed funds by organising direct payments to people or businesses such as stores, landlords, or utility providers, and by using the BasicsCard at approximately 19,000 approved merchants across Australia.

The IM regime closed to new entrants following commencement of the *Social Security (Administration) Amendment (Income Management Reform) Act 2023* (IM Reform Act) on 4 September 2023.

Prior to 4 September 2023, a participant became subject to IM through various measures. IM measures were targeted to specified groups of income support payment recipients. Prior to the IM program closing to new participants, people could also volunteer for IM if they lived in an IM location.

Key statistics on the number of participants on the IM Regime as at 1 March 2024 is provided at Appendix A.

Enhanced Income Management

The enhanced IM regime was inserted into the Act by the *Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Act 2022* and began operating from 6 March 2023.

The IM Reform Act expanded access to enhanced IM by including all of the same measures that are in place for the IM regime in Part 3B of the Act. This allows people subject to the IM regime under Part 3B the choice to move to enhanced IM as well as allowing new entrants that meet the eligibility criteria to enter enhanced IM.

Enhanced IM operates in the same locations as IM, in addition to:

- Ceduna and surrounds, South Australia
- Goldfields regions, Western Australia
- East Kimberley region, Western Australia
- Bundaberg and Hervey Bay regions, Queensland
- Cape York and Doomadgee regions, Queensland

The objectives of the enhanced IM regime are to:

- support vulnerable individuals to manage their welfare payments
- ensure that a portion of the recipient's welfare payments is available to be spent on necessities, including food, housing, utilities, clothing and medical care, and
- reduce the amount of an individual's welfare payment that is available to purchase goods and services that contribute to social harm, including alcohol, tobacco, pornography or gambling services.

Income support recipients who are subject to the enhanced IM regime have access to a bank account with an associated debit card (known as a SmartCard) that operates like a standard Visa Debit card (except that cash cannot be withdrawn). A SmartCard can be used to make purchases at most merchants who can undertake eftpos transactions unless they primarily offer excluded goods or excluded services. People subject to the

enhanced IM regime are also able to access a range of mainstream banking functions including 'Tap and Go' payments, online shopping and BPAY.

Key statistics on the number of participants on the enhanced IM Regime as at 1 March 2024 is provided at Appendix A.

IM and enhanced IM measures

The criteria that people are identified for IM or enhanced IM under are called measures. These are:

Voluntary measure - People who volunteer to go onto Income Management have 50 per cent of their income support payments income managed.

Vulnerable Welfare Payment Recipient measure – This measure is aimed at helping vulnerable youth or at-risk individuals and their families to manage their income support. People on the vulnerable measures have 50 per cent of their income support payments income managed. Those eligible are:

- People assessed by a Centrelink social worker as being vulnerable to financial crisis
- Youth who are (identified by Services Australia):
 - granted the Unreasonable to Live At Home rate of income support
 - under the age of 16 years and are granted Special Benefit
 - under the age of 25 years and receive a crisis payment due to prison release

Child Protection measure - Income Management is an additional tool for child protection authorities to ensure income support payments are spent in the best interest of children and families. Child protection authorities can refer a person in an Income Management location for Child Protection Income Management where 70 per cent of a person's income support payments are income managed for 3-12 months at a time. The referral criteria, and whether those under child protection orders can exit, is determined by the relevant jurisdiction that has referred the individual to the IM program.

Supporting People at Risk measure - Currently the Supporting People at Risk measure is being used by the Northern Territory Registrar of the Banned Drinker Register for people needing help with alcohol abuse. People who are referred by the Registrar have 70 per cent of their income support payments income managed for up to 12 months at a time.

Disengaged Youth and Long-Term Welfare Payment Recipient

measures (Northern Territory only) - People in the Northern Territory who have been out of work or study for some time, go onto these measures and have 50 per cent of their income support payments income managed. Those eligible are:

Disengaged Youth

- People who are aged 15 to 24 years and have been receiving one of the following payments for three of the last six months:
 - JobSeeker payment
 - Youth Allowance
 - Special Benefit
 - Parenting Payment (Single and Partnered)

Long-term welfare payment recipients

- People who are aged 25 years and above and have been receiving one of the following payments for more than one of the last two years:
 - JobSeeker payment
 - Youth Allowance
 - Special Benefit
 - Parenting Payment (Single and Partnered)

Cape York Welfare Reform and Doomadgee (enhanced Income Management only)
- People in the Cape York Welfare Reform Communities and Doomadgee may be referred to enhanced Income Management by the Family Responsibilities Commission and have between 60-90 per cent of their income support payments income managed.

Exemptions and exclusions

Exemptions from income management can only be sought by people under the Disengaged Youth and Long-term Welfare Payment Recipient Measures. Any exemption granted will remain valid for a period of 12 months. Should an exempted individual wish to continue to be exempted from income management after this period, a new application for another 12-month exemption will need to be made to Services Australia.

IM and enhanced IM participants may be able to access an exemption, if:

- They are subject to the Disengaged Youth or Long-term Welfare Payment Recipient measures and:
 - They are the principal carer of a dependent child and
 - they have not had any indicators of financial vulnerability over the preceding twelve month period, identified as part of the assessment process, and
 - each of their dependent children are engaged in appropriate activities
 - They are not the principal carer of a dependent child and
 - are a full-time student or an Australian Apprentice in receipt of Youth Allowance, or
 - have received less than 25% of their maximum basic rate of payment for at least 4 out of the last 6 fortnights, or
 - they are 16 years or older and are not a principal carer of a child under 6 years of age.

IM and enhanced IM participants subject to the Vulnerable Welfare Payment Recipient (Youth) measure may be excluded from participating for 12 months, if:

- they have received less than 25% of their maximum basic rate of payment for at least 4 out of the last 6 fortnights, or
- IM or enhanced IM would place the person's mental, physical or emotional wellbeing at risk, or
- they have been subject to Vulnerable Welfare Payment Recipient (Youth) measure for more than 12 months and a Social Worker has assessed that the person has other adequate supports and capability to manage their finances.

Participants who are income managed under the Cape York Welfare Reform, Vulnerable Welfare Payment Recipient (social worker notice) or Child Protection measure are not eligible for an exemption but may ask the decision maker to review their circumstances.

Consultation on the future of IM and enhanced IM

The Government has committed to listening to communities on how income management arrangements can best work for them. Any decisions about the future of IM and enhanced IM will be based on genuine consultation.

The department is undertaking a phased consultation process to inform decisions about the future of IM.

The first phase of consultation was completed at the end of June 2023, and focused on capturing the views of Commonwealth, state and territory government departments as well as peak bodies.

The current phase of community consultation commenced in November 2023, and builds on the first phase by focusing on stakeholders, individuals and communities across all IM and enhanced IM locations.

The purpose of community consultation is to hear directly from people about:

- the role of IM in each community;
- if individuals and communities would like to keep IM;
- how voluntary IM could work in community; and
- what help is needed to move away from compulsory IM.

The department partnered with First Nations organisation ETM Perspectives (ETMP) to lead all consultation, ensuring activities with communities and stakeholders was culturally sensitive, supportive and respectful. ETMP utilise a trauma-informed approach through the establishment of a safe and supportive environment. The department provides subject matter expertise and secretariat support where required.

Key stakeholders, including First Nations leaders and organisations that have local knowledge and existing relationships with communities, supported the consultation process.

As at 4 April 2024, the department and ETMP have consulted with over 3600 community members in over 65 locations in place-based Income Management sites across Australia. This has primarily been in the Northern Territory and the Anangu Pitjantjatjara Yakunyatjara Lands.

A mixed range of consultation activities have been undertaken, tailored according to the needs of community, such as individual sessions with elders and traditional owners, separate women's and men's group sessions, catered events such as barbecues and afternoon teas, and town hall events.

Since 8 March 2024, individuals can provide their views to the department online if they are unable to attend a session in-person or would prefer to share their views online. As at 4 April 2024, the department has received 12 online responses.

Conclusion

The department welcomes the opportunity to provide additional assistance or information that is required by the Committee to support its deliberations.

Appendix A - Key data

Table cells are suppressed where the count refers to less than five, but more than zero, people. Cells with counts between one (1) and four (4) are presented as <5. Cells with a count of zero (0) are not suppressed. Where suppression has been applied and it is still possible to derive the cell value from other information in the table, the total/s or the next lowest aggregate cells are suppressed and presented with 'n.p.' (not provided).

Regular program participation date is published at data.gov.au.

Table 1: IM and enhanced IM participants by location as at 1 March 2024

Location	IM participants	Enhanced IM participants
Northern Territory	17,809	9,777
APY Lands (SA)	64	32
Greater Adelaide (SA)	47	46
Playford (SA)	63	80
NG Lands and Kiwirrkurra Community (WA)	530	38
Greater Perth and Peel (WA)	108	25
Kimberley (WA)	229	33
Logan (QLD)	137	332
Rockhampton and Livingstone (QLD)	57	90
Bankstown (NSW)	20	67
Greater Shepparton (VIC)	50	50
Bundaberg and Hervey Bay (QLD)	-	13
Cape York (QLD)	-	83
Ceduna (SA)	-	16
East-Kimberley (WA)	-	44
Goldfields (WA)	-	36
Other / Out of Area / unknown	196	179
Total	19,310	10,941

Table 2: IM and enhanced IM participants by measure as at 1 March 2024

Measure	IM participants	Enhanced IM participants
Long Term Welfare Payment Recipient	12,760	7,344
Disengaged Youth	3,757	2,151
Voluntary Income Management	2,202	443
Vulnerable Welfare Recipient - Youth	451	604
Vulnerable Welfare Recipient	123	269
Cape York	0	83
Nominee	0	37
Child Protection	n.p.	n.p.
Supporting People at Risk	<5	0
Total	19,310	10,941

Table 3: IM and enhanced IM participants by gender as at 1 March 2024

Gender	IM participants	Enhanced IM participants
Female	10,659	6,316
Male	8,651	4,617
Not specified	0	8
Total	19,310	10,941

Table 4: IM and enhanced IM participants by indigenous indicator as at 1 March 2024

	IM participants	Enhanced IM participants
Indigenous	16,505	8,415
Non-Indigenous	2,805	2,526
Total	19,310	10,941

Table 5: Number of current IM and enhanced IM exemptions by indigenous indicator as at 1 March 2024

	IM participants	Enhanced IM participants
Indigenous	698	99
Non-indigenous	1,002	168
Total	1,700	267