



**Australian Government**  
**Department of Social Services**



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**Services Australia**

# Community Affairs Legislation Committee inquiry - Social Security (Administration) Amendment (Income Management Reform) Bill 2023

Department of Social Services

Services Australia

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## Introduction

The Department of Social Services (the department) and Services Australia welcome the opportunity to make a submission to the Community Affairs Legislation Committee.

The submission provides the Committee with information about the Social Security (Administration) Amendment (Income Management Reform) Bill 2023 (the Bill), which was referred for inquiry by the Senate on 9 March 2023.

## Overview of Bill

The Bill builds on changes made by the *Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Act 2022*, which established the enhanced Income Management (enhanced IM) regime in Part 3AA of the *Social Security (Administration) Act 1999* (the Act) and provides for the repeal of the cashless welfare arrangements (Cashless Debit Card).

The Bill proposes amendments that will facilitate an effective and efficient transition from income management (IM) to enhanced IM by:

- offering existing IM participants the choice of accessing enhanced IM, including a contemporary SmartCard
- providing that all new entrants will enter enhanced IM—ensuring that no new participants are issued a BasicsCard
- extending the enhanced IM regime to include equivalent measures to all of those in place for the IM regime under Part 3B of the Act.

Feedback from communities in the development of the *Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Act 2022* was that the technology under the IM regime is outdated and no longer meets their needs. The Bill responds to this feedback through its provisions that will allow more people to move from the BasicsCard to the modern technology of the SmartCard.

The reforms will commence on a date to be fixed by proclamation or 6 months after the day the Bill receives the Royal Assent if it is not proclaimed before that time.

Importantly, the Bill does not:

- repeal the IM regime in Part 3B of the Act or change its underlying policy
- change current categories of excluded goods and excluded services (which include alcohol, gambling services, pornography and tobacco)
- change the portion of welfare payments that cannot be spent on excluded goods or excluded services
- expand the locations in which IM programs operate.

The structure and content of the Bill follows the structure and content in Part 3B of the Act dealing with IM. That is, the Bill essentially recreates the same measures

and discretionary powers for enhanced IM in Part 3AA as are available for IM under Part 3B of the Act. The Bill does not confer any additional discretionary powers on the Minister or the Secretary.

Each of the individual enhanced IM measures will be set out in Part 3AA of the Act. The locations at which the enhanced IM measures will operate will be determined by the Minister by legislative instrument. This will improve certainty and consistency with the eligibility criteria for equivalent measures.

Consistent with best practice and the requirements of the *Legislation Act 2003*, the Minister would not extend an enhanced IM measure to a new location without first consulting affected communities and other stakeholders.

## Supporting participants to transition

From the commencement of the new measures, IM participants will be able to choose to move to enhanced IM, while new eligible entrants who live in the declared areas and are not on IM will be able to volunteer for enhanced IM.

People will be able to move to, or volunteer for, enhanced IM by calling the SmartCard eIM hotline or visiting a Services Australia service centre.

Services Australia will hold individual comprehensive discussions with IM participants who are considering moving to enhanced IM to explain:

- the differences between income management and enhanced IM
- how the SmartCard operates
- the transition process for people moving from IM to enhanced IM.

Existing IM participants will only move to enhanced IM on request and where the participant has provided current, express and informed consent. Once this has occurred, a SmartCard will be issued.

Eligible participants in the Northern Territory will continue to be able to choose the Traditional Credit Union or Indue Limited as their SmartCard issuer.

Information about the availability of enhanced IM will be disseminated in a targeted and culturally appropriate communication strategy which utilises telephone and face-to-face and community engagement channels, including the use of interpreters and involvement of nominees as appropriate.

A general notification letter and SMS will be sent to existing IM participants soon after the commencement date to alert them to the changes and provide information and contact details for further assistance.

## Conclusion

The Department of Social Services and Services Australia welcome the opportunity to provide additional assistance or information that is required by the Committee to support their deliberations.

## IM Background

IM has been operating in the Northern Territory, Cape York and 12 other locations across Australia for more than 10 years.

The key objectives of IM under the Act are to:

- reduce immediate hardship and deprivation by directing welfare payments to the priority needs of recipients, their children, their partner and any other dependents
- help affected welfare payment recipients to budget so they can meet their priority needs;
- reduce the amount of discretionary income available for alcohol, gambling, tobacco and pornography;
- reduce the likelihood that welfare payment recipients will be subject to harassment and abuse in relation to their welfare payments; and
- encourage socially responsible behaviour, particularly in the care and education of children.

With respect to IM under Part 3B of the Act, an eligible welfare recipient has the option to access their income managed payments through the BasicsCard, which is a PIN-protected reusable card that can be used at approved stores and business through the EFTPOS system.

The BasicsCard is issued at a Services Australia service centre or by remote servicing teams in a face-to-face interview. The BasicsCard can also be posted to a participant by ordinary mail following a phone consultation with the participant.

BasicsCard merchants are stores or businesses that have applied and been approved to accept the BasicsCard.

The key criteria for approval of a merchant are based on:

- the merchant's main business activity, which must be the sale of priority goods or services as defined in the approval framework
- the merchant's ability to prevent the sale of excluded goods and services including alcohol, tobacco, pornography and gambling goods and services
- the merchant's ability to comply with the obligations set out in the BasicsCard Merchant Terms.