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WELFARE RECIPIENTS SCAM QUARANTINED INCOME

Remote rort pays for alcohol

MARK SCHLIERS

INDIGENOUS welfare recipients in the Northern Territory are exploiting loopholes in the federal government's income quarantine system to obtain cash for alcohol and cigarettes.

In one example of the scam, welfare recipients buy clothes with the quarantine system's swipe card, then return the goods next day on the basis of incorrect size and get a cash refund from the store.

The Northern Territory Coordinator General Bob Beadman likened the practice to taxpayers finding ways to minimise their tax.

"When you put someone into positions like limiting what they can purchase on a BasicsCard, people become very ingenious in finding ways around it," he said.

Mr Beadman said some people subjected to income quarantining had traded their cards with friends or relatives who wanted to buy groceries in exchange for cash.

However, he said the scheme should not be abolished as the "positives outweigh the negatives".

Mr Beadman urged businesses to be more vigilant of people who might be abusing the system.

Under the federal government's welfare laws, people who have received Newstart and parenting payments for more than 18 months have half their income quarantined. These funds can only be spent on groceries, clothing and other essentials using the BasicsCard.

The quarantining was originally applied to indigenous people in 2007 as part of the federal government intervention, but it is now being expanded into the general population.

Businesses that are found to have rorted the system can have their permission to conduct BasicsCard transactions withdrawn.

Welfare recipients who abuse the system can have their cards cancelled and their income allocated to specific stores.

Indigenous Affairs Minister Jenny Macklin warned that any allegations of rorts would be taken seriously. "Converting quarantined income to cash is unacceptable and is prohibited under income management policy," said a spokeswoman for Ms Macklin.

"It is a specific requirement that where goods are purchased using a BasicsCard any refund must be re-

credited to the BasicsCard.

"BasicsCard merchants are prohibited from providing a cash refund on BasicsCard."

The spokeswoman said Centrelink had a "thorough compliance regime" to monitor how BasicsCards were handled.

Alice Springs Mayor Damien Ryan said he was unaware of the clothing scam, but that BasicsCards should operate at all small businesses which sold clothes or food.

At present only selected businesses can accept the cards.

"It's a really confined market," Mr Ryan said.

"Every business in Alice Springs should have the ability to accept the BasicsCard unless they break one of the rules."

The issue has also been raised by Central Land Council chairman Lindsay Bookie, who told a meeting of Alice Springs residents in February that welfare recipients should only be using the cards to feed their families.

Mr Bookie urged Centrelink to develop better methods to stop rorting of BasicsCards.