

Chapter 3

Income management

Background

3.1 Income management was a measure introduced as part of the Northern Territory Emergency Response (NTER) in 2007. Under the measure, a proportion of a welfare recipient's payment is quarantined and can only be spent on essential items such as food, clothing, rent and utilities. Quarantined income can specifically not be spent on alcohol, cigarettes, pornography or gambling products.

3.2 Income management, as enacted through the NTER since 2007, applies to welfare recipients in prescribed communities in the Northern Territory. As part of the government's commitment to reinstate the *Racial Discrimination Act 1975* (Racial Discrimination Act), it redesigned most measures in order to make them more clearly 'special measures'. Rather than continuing income management as a special measure, the proposed expansion of income management is intended to be non-discriminatory. Under the proposed legislation, income management would apply to specific categories of welfare recipient across the Northern Territory and, subsequently, in disadvantaged areas across Australia, regardless of race.

The proposed new model of income management

3.3 The government's proposed new income management scheme would apply to welfare recipients in five categories.

Disengaged youth

3.4 Disengaged youth refers to people aged 15 to 24 who have been in receipt of Youth Allowance, Newstart Allowance, Special Benefit or Parenting Payment for more than 13 weeks in the last 26 weeks. The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) outlined their reason for including this category, linking the measure to the Council of Australian Governments (COAG) Compact with Young Australians:

There is an increasing focus by the government to link income support payments with education, work and socially responsible behaviour. This will assist people to achieve better life outcomes and avoid becoming entrenched in welfare dependency. The Australian government together with state and territory governments through the Council of Australian Governments, or COAG, have agreed to implement a compact with young Australians to ensure that all young people under 25 have the education or training they need to improve their qualifications and ensure they are skilled for a more productive and rewarding life. The compact with young Australians give young people a very clear message by putting education and training front and centre. Under the compact with young Australians framework, young people under 24, depending on their age, must undertake

full-time education or employment to receive youth allowance. This also applies with the parents of the young person who receive family tax benefit part A. This bill is part of a long-standing series of reforms to income support to assist young people. For these reasons, youth have been included in this measure.¹

Long-term welfare recipients

3.5 This category refers to people aged 25 and above (and younger than age pension age) who have been in receipt of Youth Allowance, Newstart Allowance, Special Benefit or Parenting Payment for more than 52 weeks in the last 104 weeks.

For the long-term unemployed, people aged 25 and above on specified welfare payments such as Newstart allowance and parenting payment for more than one year in the last two years will be subject to income management unless they meet the exemption criteria. The government has indicated that it wants to address the poor outcomes for people and children growing up in these circumstances, particularly for school attendance and educational and work attainment. The government does not consider income management to be a punitive tool. Rather, it believes it provides the foundations for pathways to economic and social participation by assisting people to ensure the priorities of life are met. Long-term unemployed people on specified welfare payments are therefore being brought under the new income management measure.²

Persons assessed as vulnerable

3.6 This category refers to people assessed by a delegate of the secretary (in practice, a Centrelink social worker) as requiring income management for reasons including vulnerability to financial crisis, domestic violence or economic abuse. FaHCSIA elaborated on the mechanism by which this assessment would occur, stating:

It is not intended that a person will be income managed under the vulnerable measure simply by virtue of meeting one or more criterion. Rather, a Centrelink social worker will consider a set of decision making principles, including whether income management is the most appropriate mechanism to apply to support the person. The vulnerable measure is not intended to replace other supports but complement them. Income management is a part of a suite of tools, including the new weekly payments option and Centrepay. The measure provides Centrelink social workers with an additional tool when working with individuals who are vulnerable or at risk. For these reasons, vulnerable people are included in the measure.³

1 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 48.

2 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

3 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

Referral by child protection authorities

3.7 The scheme includes a provision for persons referred to Centrelink for income management by child protection authorities. FaHCSIA noted that over 200 people were currently on child protection income management in Western Australia, while it was also one of the triggers for income management in the Cape York welfare reform trial.⁴

Voluntary income management

3.8 The proposed income management model includes a provision for people who wish to voluntarily opt-in to income management arrangements.⁵

Exemption from income management

3.9 The proposed legislation provides the opportunity for people subject to income management under the disengaged youth and long-term welfare payment recipient categories, to be exempted from income management based on the demonstration of socially responsible behaviour. As outlined in the explanatory memorandum:

...for people without dependent children, the exemption criteria are related, in general terms, to evidence being provided of engagement in study or a sustained pattern of employment. For those with dependent children, the exemption criteria are related to the provision of evidence of responsible parenting. These exemptions are intended to ensure that the new measures are narrowly targeted to support the most vulnerable and disengaged people, and encourage those on welfare payments to develop the skills and capabilities to engage in productive and social activities as parents, students or employees.⁶

3.10 The explanatory memorandum outlines three main circumstances that would allow for an exemption under the proposed bill. The first allows the minister to create exemptions for 'groups of people with shared characteristics whom the minister considers should be exempt from income management.'⁷ This would allow delegates of the secretary (possibly Centrelink officers) to exempt people from income management if they fit the criteria of that group.

4 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

5 Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009, Explanatory Memorandum, p. 13.

6 Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009, Explanatory Memorandum, p. 14.

7 Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009, Explanatory Memorandum, p. 24.

3.11 The second main set of circumstances, relate to people without dependent children, or people with dependent children above school age. A person may be found to be exempt from income management if they are:

- a full-time student or a new apprentice; or
- the person worked for at least 26 weeks, during the preceding 12 months, on wages that were at or above the ‘relevant minimum wage’; or
- the person is undertaking an activity that is specified in a legislative instrument made by the minister.⁸

3.12 The third main set of circumstances, relates to people with dependent children who are school age or younger. The requirements that apply to a person in relation to each dependent school age child of a person and may allow an exemption from income management are that:

- the children are enrolled at and attend school without significant absences (no more than five unexplained absences in the each of the previous two school terms ending immediately before the test time); or
- they are covered by an alternative schooling arrangement (such as home schooling) and their schooling is progressing satisfactorily; or
- they are participating in an activity specified in a legislative instrument made by the minister for the purposes of this provision.

3.13 The requirements that apply to a person in relation to each dependent child of the person who is younger than school age are that:

- the person or the child is participating in the number and kind of activities that are specified in a legislative instrument made by the minister, most likely relating to a child’s intellectual, physical or social development.

3.14 The committee requested further information on the exemption process from FaHCSIA. The response indicated that exemptions would be made on an individual basis, following an individual applying for an exemption through Centrelink. Though a decision had not yet been made, FaHCSIA indicated that the power to make a decision on an exemption application would generally be delegated to Centrelink. As the decision would be an administrative decision, they would be subject to review under Part 4 of the *Social Security (Administration) Act 1999*.⁹

3.15 The committee notes that the exemption criteria, though subject to development through legislative instrument, provide a number of ways by which an individual in one of the first two categories of compulsory income management could be exempted from the scheme, simply by displaying socially responsible behaviour.

8 Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009, Explanatory Memorandum, p. 24.

9 FaHCSIA, answer to question on notice WR18.

The exemption criteria thus represent a further level of targeting, ensuring that income management will be applied to those that need it most, regardless of race or ethnic background.

3.16 The development of the legislative instruments relating to exemption criteria and the definition of 'vulnerable persons' provides an opportunity to consult with the community and further enhance the income management measure. The committee therefore recommends that FaHCSIA should consult with relevant non-government organisations and peak advocacy groups in developing the legislative instruments.

Recommendation 2

3.17 The committee recommends that, should the government's proposed legislation be passed, the Department of Families, Housing, Community Services and Indigenous Affairs should consult with relevant non-government organisations, peak advocacy groups and other stakeholders in developing the legislative instruments associated with the legislation.

3.18 The committee also notes that the legislative instruments associated with the proposed income management measure are intended to be disallowable instruments.¹⁰ This would ensure that the Senate would thus exercise oversight over the legislative instruments informing much of the detail of the income management measure. FaHCSIA tabled a list of intended disallowable instruments for the committee's benefit. Some of the more important decisions that would require Senate approval include:

- the decision to introduce income management to a particular area, making it a 'declared income management area';
- the definition of a 'vulnerable welfare payment recipient' for the purpose of the third income management category listed above; and
- the criteria used to exempt individuals or classes from income management under the 'disengaged youth' or 'long-term welfare payment recipient' categories.¹¹

3.19 The list of disallowable instruments provided by FaHCSIA indicates that important details of the income management measure will be the subject of Senate scrutiny and debate.

Quarantine conditions

3.20 Under the new legislation, 50 per cent of a welfare recipient's regular income and 100 per cent of lump sum payments is quarantined. Quarantined income can be spent on essential items such as food, clothing, rent and utilities. It can not be spent on alcohol, cigarettes or gambling products.

10 Mr Gavin Matthews, FaHCSIA, *Committee Hansard*, 4 February 2010, p. 21.

11 FaHCSIA, Answer to Question on Notice WR4, pp 2–4.

3.21 The government's stated intention is to implement the new income management model across the entirety of the Northern Territory, as a 'first step in a future national roll out of income management to disadvantaged regions.'¹²

Historical context of policy change

3.22 Several witnesses noted the importance of the government's intention to introduce income management across Australia in the historical context of welfare policy development in Australia. For some, this represented an opportunity to strike a new balance between welfare rights and obligations, while for others it represented a return to a previous era. The St Vincent de Paul Society, who are against the government's proposed roll-out of income management, wrote that:

Income Management is returning social policy in Australia to the depression era Sustainance Allowance, commonly referred to as the 'susso'. While recipients were obviously appreciative of the susso, the manner in which it was administered commonly stripped any remaining dignity from the recipient.¹³

3.23 The Brotherhood of St Lawrence, however, suggested that the proposed introduction of income management could be useful if it was part of a more general overhaul of the welfare system using the government's social inclusion agenda.

With the appropriate balance we support the proposed extensions to income management. We do argue, however, in the current state of Australian social policy, the existence of an appropriate balance cannot be taken for granted. Therefore, we need fundamental social policy renewal and believe that the Government's emerging Social Inclusion agenda offers the vehicle.¹⁴

3.24 FAHCSIA also commented on the historical context in which the policy has been proposed:

These reforms are proposed against the background of a policy shift that has been occurring over several decades where closer linkages are being made between eligibility for and delivery of payments and social support arrangements to achieve greater economic and social independence and security for particular groups. This has involved increased use of incentives, conditionality, and targeting.¹⁵

3.25 The minister summarised the government's policy rationale for national income management in the second reading speech for the legislation, stating:

12 Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009, Explanatory Memorandum, p. 2.

13 St Vincent de Paul Society, *Submission 16*, p. 2.

14 Brotherhood of St Lawrence, *Submission 66*, p. 4.

15 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 48.

Income management is a key tool in the government's broader welfare reforms to deliver on our commitment to a welfare system based on the principles of engagement, participation and responsibility.

Welfare should not be a destination or a way of life.

The government is committed to progressively reforming the welfare system to foster individual responsibility and to provide a platform for people to move up and out of welfare dependence.¹⁶

3.26 The committee recognises the significance of the proposed national roll out of income management in the history of welfare policy development in Australia.

Issues

3.27 There were many issues raised in connection with income management. The main issues are discussed below.

Evidence base

3.28 The main issue raised in relation to the government's proposal was the robustness of the evidence used to justify the expansion of income management across Australia. Most of the government's evidence provided to the committee relates to the experience of income management in the Northern Territory. The committee notes that trials are also underway in Western Australia and Queensland using different models to the Northern Territory.

3.29 The committee found that community opinion on income management in the Northern Territory is polarised. Reports commonly cited by the government have shown majority support for and positive outcomes in terms of health and welfare as a result of income management. Likewise, these reports have also documented problems with the measure, mostly relating to the operation of the BasicsCard and perceptions that it is a racially discriminatory measure.

3.30 FaHCSIA provided a list of particular documents that had been used in developing the government's policy position on income management. This list included:

- the NTER Redesign Consultation Report (November 2009);
- NTER Taskforce Final Report to Government (June 2008);
- Government Business Manager Survey (July 2008);
- Central Land Council Submission to the NTER Review (submission no. 37) (July 2008);

16 The Hon Jenny Macklin, MP, Minister for Families, Housing, Community Services and Indigenous Affairs, *House of Representatives Hansard*, 25 November 2009, p. 12783.

- Elliott Community submission to the NTER Review (submission no. 207) (2008);
- Final Stores Post-licensing Review Report – 66 Stores (June 2009);
- Community Feedback on the Northern Territory Emergency Response (NTER) prepared by the Cultural and Indigenous Research Centre Australia (CIRCA) (September 2008); and
- the Australian Institute of Health and Welfare (AIHW) evaluation of income management in the NT (August 2009).¹⁷

3.31 FaHCSIA noted that the results of the studies varied, but consistently indicated positive outcomes as a result of income management and related measures, such as increased sales of fresh fruit and vegetables, reduced levels of gambling, alcohol consumption and harassment for cash and a greater contribution by men towards family groceries.

3.32 Examples include a finding of the NTER taskforce, in its final report to the government in June 2008, that women in many communities supported income management as it ensured money was available for food and other necessities for children, reduced harassment and helped to develop household budgeting skills.¹⁸

3.33 The survey of Government Business Managers (GBMs) also reported that harassment for money had decreased in 39 per cent of communities. The survey indicated a reduction in the amount of gambling in communities and amounts wagered in individual games.¹⁹

3.34 According to the Stores Post-Licensing Review Report, over two thirds of store operators identified an increase in the amount of healthy food purchased, including fresh fruit and vegetables, dairy products and meat.²⁰

3.35 A submission to the NTER Review Board by the Central Land Council indicated an increased household expenditure on food and children, an increase in men's contribution to family shopping expenses, reductions in gambling and drinking and improved quality of stock in community stores.²¹

3.36 According to the Community Feedback Survey undertaken by CIRCA, respondents reported several positive outcomes, including increased purchases of food

17 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

18 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

19 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

20 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

21 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

and other essential items; increased savings; reduction of alcohol consumption and gambling; increased ease of paying bills; and reduction in family tension.²²

3.37 FaHCSIA noted that these findings were similar to the views expressed by many people in the NTER redesign consultations about the benefits they saw from the NTER measures.²³

3.38 The committee also heard that income management had beneficial effect. For instance, the Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council (NPY Women's Council) supported the income management measure on the grounds that it helped to protect women and children. Ms Vicki Gillick noted that in her opinion, income management had resulted in more money being spent on essential items.²⁴ The NPY Women's Council noted the beneficial effect of income management in their submission, stating:

The elected Directors believe that, along with other NTER measures such as an increased policing and child health checks, IM has increased the funds available to welfare recipient for the necessities of life, and served to reduce the amount of money available for grog, illicit drugs and gambling, and thus the level of demand sharing by those who spend their funds largely on substance abuse.²⁵

3.39 Indeed, NPY Women's Council were concerned that the redesign of the income management scheme, including the removal of compulsory income management for individuals receiving aged or disability pensions would be harmful:

NPY is greatly concerned that the proposed changes will leave the most vulnerable, the recipients of aged and disability benefits, once more vulnerable to demand sharing ('humbugging!'). The relief that these people have enjoyed since the introduction of IM may well dissipate, with them once again becoming targets, this time by those who will still be subjected to the IM regime.²⁶

3.40 The Central Australian Youth Link-Up Service noted that under the new scheme, the elderly and disabled may be the target of increased harassment, stating:

Now pensioners are the only ones who are going to have ready cash. How does that make them any safer? I am sure you understand what I am getting at. It just seems like insanity, particularly so in terms of our work with brain-damaged ex-petrol sniffers. A lot of them have been, quite sensibly, moved onto pensions because they have no capacity to manage their money. Even now we do fairly serious support work for them, even though

22 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, pp 4950.

23 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 50.

24 Ms Vicki Gillick, NPY Women's Council, *Committee Hansard*, 17 February 2010, p. 44.

25 NPY Women's Council, *Submission 93*, p. 2.

26 NPY Women's Council, *Submission 93*, p. 2.

they are on pensions and they do not fall out of the system and it is a much better system for them. We are concerned that they will holus-bolus drop back into getting all of their money again, and a lot of the factors that led them to be petrol sniffers are still there.²⁷

3.41 The committee notes that the third category introduced under the proposed legislation, which allows Centrelink workers to refer individuals deemed as vulnerable onto income management, would offer a level of protection to these individuals. Similarly, there would be the ability for aged or disabled pensioners to voluntarily opt-in to income management.

3.42 The Northern Territory Council of Social Services, while opposed to the government's proposed expansion of income management, noted the existence of support for compulsory income management, stating:

There has been some support for the application of compulsory income management in certain circumstances. For example, in some quarters there has been support for compulsory income management in terms of consequences for chronic drinkers or people misusing other substances. Some organisations support the continuation of income management in its current form, while others have advocated a system that allows people to be exempt from income management or to progress off income management when certain conditions are met. Some organisations have also called for income management to be applied to the broader community to ensure that the system is non-discriminatory.²⁸

3.43 The Western Australian Department of Child Protection indicated that the trial of income management in that state had been very positive.

Anecdotally, we talk to our case workers on a very frequent basis and we get feedback about how it is working. As you would expect, where the parents are initially referred for income management the reaction is not always positive. However, when they understand how the process works and how it can help them manage their financial resources and understand that they still have 30 per cent of their funds as discretionary they are generally very supportive. So we look for case managers' referral rate and uptake and also the anecdotal feedback about how clients are responding and how they are finding it. We have had some fantastic stories about how the financial management aspect has really helped people look after their children much more effectively.²⁹

3.44 The committee notes that the income management trial in Western Australia only targets parents referred to Centrelink by child support workers. The

27 Mr Blair McFarland, CAYLUS, *Committee Hansard*, 17 February 2010, p. 12.

28 Mr Jonathon Pilbrow, Northern Territory Council of Social Services, *Committee Hansard*, 17 February 2010, p. 36.

29 Ms Fiona Lander, Western Australian Department of Child Protection, *Committee Hansard*, 22 February 2010, p. 3.

Commonwealth government's proposed model also includes this mechanism for referral to income management.

Criticisms of the evidence base

3.45 Many submitters and witnesses were critical of the evidence base used to support the extension of income management across the Northern Territory and Australia. Some of these criticisms were summarised by Professor Jon Altman, who stated:

Unfortunately and sadly, no empirical evidence with any integrity has emerged to unequivocally support income management measures. That collected by the Australian Institute of Health and Welfare has been highly qualified and equivocal. That collected by the Australian government or its agents has been in-house, unreviewed and, frankly, a little amateurish. At best, it has been deeply conflicted by moral hazard. Agents of the state are asked by state employees or their paid consultants whether state measures are effective.

Worryingly, the evidence might change over time. For example, there is forthcoming research from the Menzies School of Health Research, currently under peer review, that outcomes from income management might, at best, be ineffective and, and at worst, perverse.³⁰

3.46 Several witnesses, including Anglicare Australia, the Australian Council of Social Services (ACOSS) and the St Vincent de Paul Society noted the small sample size used in studies such as the AIHW evaluation report and were of the opinion that the evidence base was not strong enough to support the expansion of income management.

3.47 Anglicare Australia noted that income management was just one of a suite of measures introduced through the NTER. As a result, it was difficult to attribute results to income management alone:

We were looking at the evidence and saying that, because the intervention had different objectives to this particular bill and because there were other issues that happened at the same time as income management, it is really very difficult to actually look back and say, 'Income management has achieved X, Y and Z.' There were also the changes to community stores at the time. There were changes to policing and changes to houses.³¹

3.48 Additionally, Anglicare made the point that the Northern Territory prescribed communities were not necessarily analogous environments to disadvantaged communities in urban areas:

We also feel that the issues that the Northern Territory intervention was trying to offset do not necessarily happen in an average suburb around

30 Prof Jon Altman, *Committee Hansard*, 26 February 2010, p. 36.

31 Ms Kasy Chambers, Anglicare Australia, *Committee Hansard*, 26 February 2010, p. 7.

Australia. It was looking at communities that were quite discrete, that understand themselves as communities and where there are hugely strong kinship obligations. I do not believe we see those in Cannington or the suburbs of Sydney and Melbourne. We do not have that same understanding of a set of people as a community. So, whether or not the blanket approach worked in the Northern Territory— and we have a view about that—we do not feel there has been enough evidence or looking at the stuff that did go on to take it in this form to every other single community in Australia.³²

3.49 The committee is mindful of criticisms regarding the government's evidence base, but notes that the existence of a comprehensive evidence base is problematic in almost all areas of social policy development. The complexity of social policy rarely allows for controlled experiments or definitive findings.

3.50 The committee notes with interest the government's intention to evaluate the income management measure prior to expanding coverage of the scheme to other areas of Australia:

The operation of the new scheme of income management in the Northern Territory will be carefully evaluated. The first evaluation progress report is expected in 2011/12. The other income management trials currently underway in Western Australia and Queensland will also continue to be evaluated. Future roll out elsewhere in Australia will be informed by the evidence gained from this evaluation activity.³³

3.51 The committee considers that it is essential for this evaluation to be conducted to a high standard. The committee considers this to be a prime opportunity to establish a rigorous evaluation of social policy in order to strengthen the evidence base over time.

3.52 There was broad support for a robust evaluation process from witnesses such as Anglicare Australia:

At the start of an activity like this, if we are going to go down this track, let's set up some evaluation, some ability to draw evidence from this; because the evidence we have seen out of the Northern Territory intervention is weak.³⁴

3.53 The Salvation Army also noted the importance of baseline data in evaluating new programs:

I did hear talk, before, about baseline data and the collection of it across a whole range of programs. We all support that. It is hard enough getting

32 Ms Kasy Chambers, Anglicare Australia, *Committee Hansard*, 26 February 2010, p. 7.

33 Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009, Explanatory Memorandum, p. 2.

34 Ms Kasy Chambers, Anglicare Australia, *Committee Hansard*, 26 February 2010, p. 5.

decent baseline data in our own organisations but across the system it is even more difficult. I would want that transparency opened right out into major systems like Job Services Australia and others, because we have certain sections of the community who are highly accountable for anything they receive and other service systems not very accountable at all for delivering good outcomes with appropriate transparent measurements.³⁵

3.54 ACOSS noted that any evaluation of the proposed scheme in the Northern Territory should have the following characteristics:

- The evaluation should be designed and conducted by a respected research organisation which is independent of government.
- Affected communities should be consulted about the evaluation design.
- The evaluation should seek to measure the impact of income management on a range of clearly defined outcomes that relate to policy objectives. It should also seek to measure any unintended effects.
- As a pre-condition to further evaluation, benchmark data needs to be collected and collated to enable meaningful comparison.
- The evaluation should take into account, if not control for, the impact of other variables (including other NTER measures) on the outcomes.
- The evaluation should include reliable quantitative as well as qualitative data. Existing evidence is too reliant on qualitative data.³⁶

3.55 The committee has long noted the difficulty in obtaining baseline data and supports calls to collect baseline data as part of evaluation framework for the expansion of income management.

3.56 The committee views the evaluation process as being integral to the government's proposal and will follow the development of the evaluation framework with interest. Furthermore, the committee recommends that the evaluation be carried out by an independent body and that the evaluation process is robust and transparent.

Recommendation 3

3.57 The committee recommends that the evaluation of the proposed income management measure in the Northern Territory be well-resourced, include community consultation in the design of the evaluation, feature the collection of baseline data prior to implementation, include robust quantitative data analysis and be undertaken by an independent research organisation.

3.58 Though issues with the current evidence base exist, the committee notes consistent findings indicating an overall positive effect from income management and evidence indicating positive outcomes that has been provided to the committee.

35 Major David Eldridge, Salvation Army, *Committee Hansard*, 26 February 2010, p. 19.

36 ACOSS, Answer to Question on Notice received 5 March 2010, p. 2.

However, the committee notes that income management has by no means been without flaws. The next section details some problems, particularly regarding the operation of the BasicsCard, and other evidence provided to the committee.

Problems with the BasicsCard

3.59 Most criticisms of income management were directly related to the operation of the BasicsCard system. The issues included difficulties arising from not knowing the balance of the cards resulting in humiliating situations in stores, the restriction of shopping options to licensed stores resulting in high travel costs, the existence of segregated lines at supermarkets and associated perceptions of racism and problems for businesses. The committee notes that some of the issues raised in submissions and by witnesses relate to early in the implementation of the BasicsCard and that the system has been improved over time.

3.60 The committee has followed the development of the BasicsCard since the card's inception, including through the Senate estimates process. The committee was therefore aware of many of the following issues prior to this inquiry. The committee notes continuing efforts by FaHCSIA and Centrelink to improve the operation of the system over time. These efforts have already resulted in some improvements as detailed in responses by FaHCSIA below. The committee strongly encourages efforts to improve communication about the BasicsCard system with both businesses and income managed individuals and reinforces the importance of communication to the overall success of the measure.

Understanding of the BasicsCard system

3.61 The Northern Australia Aboriginal Justice Agency (NAAJA) noted that despite government communication strategies, there was still a lack of understanding of the BasicsCard system by certain individuals.

One thing that remains very clear is that people still do not properly understand how income management works. People have got used to it and are going along with it but still have very limited understanding of the actual structure of income management and the fact that there is an income management account, and that there is then a BasicsCard and so on. In spite of the good work that Centrelink is doing in the communities and their greatly improved level of service, there is still a huge amount of ignorance about how the system actually works.³⁷

3.62 This point was echoed by the Salvation Army, which stated:

Some of the stories that we heard from our services in Alice Springs spoke of the confusion and the resignation of people. They did not understand why they were only getting half their Centrelink benefit but they just accepted that that is what they had to live on. We are talking about people

37 Ms Annabel Pengilly, North Australian Aboriginal Justice Agency, *Committee Hansard*, 15 February 2010, p. 39.

whose third language is English, so even to communicate with Centrelink is just impossible. People just passively accepted the situation. They certainly would not have the capacity to know that there was the opportunity to opt out.³⁸

3.63 FaHCSIA informed the committee that they understood the need to improve communication for the new scheme, stating:

As part of the implementation of the new scheme, Centrelink and FaHCSIA will develop detailed urban and remote communication strategies for the new scheme of income management, tailored to different audiences, including customers, merchants, intermediaries and staff. Work is currently underway on a range of products, including letters to affected customers, radio advertisements, posters, outreach kits for community organisations, presentations and community information sessions, DVD and CD presentations and written and audio fact sheets. Newly affected customers, including culturally and linguistically diverse customers, have been considered and will be included in the development of communication strategies and products. Key information will be translated into a variety of Indigenous and non-Indigenous languages.³⁹

3.64 The committee strongly supports the improvement of communication regarding the income management scheme and notes that some criticisms of the scheme relate to misunderstanding rather than actual problems with the scheme itself.

Restriction of shopping options

3.65 The Northern Land Council informed the committee that many of their members experienced difficulty in getting access to shops and BasicsCard facilities.

A lot of the council members live on outstations. They do not have access to facilities to use their basic cards. A lot of them do not like to go into major communities because of the humbug, the transportation. The cost associated with going into communities is enormous. Some people are paying up to \$200 just to go one way in these so-called 'bush taxis'.⁴⁰

3.66 Anglicare Australia also noted that some of their clients were spending a lot of money on taxi vouchers in order to get to stores where they could spend their quarantined income.⁴¹ The committee notes however, that issues associated with travel costs predate the introduction of the BasicsCard. The committee is also mindful of reports such as the submission to the NTER Review Board by the Central Land Council indicating an improved quality of stock in community stores.⁴²

38 Ms Wilma Gallet, Salvation Army, *Committee Hansard*, 26 February 2010, p. 16.

39 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 50.

40 Mr Kim Hill, Northern Land Council, *Committee Hansard*, 15 February 2010, p. 74.

41 Ms Kasy Chambers, Anglicare Australia, *Committee Hansard*, 26 February 2010, p. 5.

42 Mr Rob Heferen, FaHCSIA, *Committee Hansard*, 26 February 2010, p. 49.

3.67 ACOSS informed the committee that the income management system required quotes and Centrelink approval for large purchases:

It is something that we should be embarrassed about. I have a transcript here from Stateline in the Northern Territory just a couple of weeks ago where they were talking to Aboriginal people in Katherine, and women, whom I know, were railing against the fact that if they want to buy a piece of furniture, they had to go to Centrelink and get a quote for it. They cannot even make that choice about their own lives. They have to trek around the streets getting quotes and take them, cap in hand, to Centrelink and say, 'Can I buy this piece of furniture?' and Centrelink will write out the cheque. What is this legislation doing to people's lives? It is not making them accountable or managing their finances better. It is really demeaning.⁴³

3.68 FaHCSIA informed the committee that there had been several improvements made to the income management system in order to make the purchase of larger items, whitegoods and appliances easier.

In relation to ACOSS' comments around customers using their income managed funds to purchase goods from furniture stores, particularly in Katherine, the Minister last year approved furniture and electrical stores to be considered in scope for the BasicsCard, following an initial review of the BasicsCard Merchant Approval Framework. This has enabled customers to have more flexibility and choice when purchasing items such as furniture, whitegoods and kitchen and household appliances including microwave ovens, toasters, kettles and vacuum cleaners.

Customers can also purchase goods and/or services from stores using alternative payment methods or they can use the percentage of their welfare payment that is not income managed. Provided that Centrelink is satisfied that the customer has met all their priority needs, Centrelink can arrange to make a one-off payment to a store on their behalf. In these circumstances, the customer is not required to...submit multiple quotes from stores. However, the customer does need to inform Centrelink of the cost of the item to enable Centrelink to transfer or write a cheque for the correct amount to the merchant.

Additionally, where a merchant is in an income managed area and may be eligible for the BasicsCard, Centrelink engages with them to ensure that they are offered the opportunity to become an approved BasicsCard merchant.

In December 2009, the Minister approved an increase to the daily spend limit on the BasicsCard from \$800 to \$1500, and the BasicsCard balance limit from \$1500 to \$3000 to make it easier for income managed customers to purchase larger items such as furniture and whitegoods.⁴⁴

43 Ms Clare Martin, ACOSS, *Committee Hansard*, 26 February 2010, p. 25.

44 FaHCSIA, answer to question on notice, WR27.

3.69 The Western Australian Council of Social Services informed the committee that the Western Australian experience of income management had included problems with accessing appropriate stores:

Reports also suggest that the merchant stores accepting BasicsCards were not necessarily appropriate for the demographic of families being subjected to income management. People were limited in where they could shop, subjecting them to higher prices and less choice. Shopping around at markets or smaller businesses was very difficult. From a cultural perspective, many people from diverse backgrounds were also not having their needs met. Many were unable to buy certified halal produce and were restricted in where they could shop.⁴⁵

3.70 The Western Australian Department for Child Protection noted that Centrelink had been responsive in adding stores to the BasicsCard system:

We have had a number of people who have indicated that they could not use the merchant in their area. They then rang Centrelink and Centrelink did everything they could to sign that merchant up and if the merchant did not want to sign up they arranged payment straight away. So the stories we have heard back have been quite positive.⁴⁶

BasicsCard balances and segregation in retail outlets

3.71 Many witnesses made reference to a common difficulty in accessing the account balance on the BasicsCard. This resulted in a scenario whereby income-managed customers overestimate the amount on their card or how far it will stretch and have to return goods at the register. Many witnesses referred to high levels of shame and humiliation in this regard, that was compounded by the targeting of the card to Indigenous people.

The elderly do not understand that they have to find out how much they have on their BasicsCard and go shopping with a limited amount. They are not aware of how far \$100 is going to go when they go shopping. Quite a number of my clients go over the amount and I have to go in with them to help. It is an embarrassment for them. You have to put food back because they do not have enough money on their BasicsCard. The card cannot be swiped to tell them how much they have, so they are always going over the BasicsCard limit.⁴⁷

3.72 Problems associated with BasicsCard balances extended even to those who were able to access their balance.

45 Ms Sue Ash, WACOSS, *Committee Hansard*, 22 February 2010, p. 11.

46 Ms Fiona Lander, Western Australian Department for Child Protection, *Committee Hansard*, 22 February 2010, p. 8.

47 Ms Ruby Walker, North Australian Aboriginal Justice Agency, *Committee Hansard*, 15 February 2010, p. 39.

When I go into a shop I know how much is on my BasicsCard, but they say, 'Do you have any money on your BasicsCard?' They talk to you like that. It is not nice. Nobody wants to come across that attitude when you go shopping and you are feeling good about buying food for your children.⁴⁸

3.73 The Northern Territory Department of Business and Employment, though noting that the issue was not restricted purely to BasicsCards, confirmed that the incidence of customers being unaware of their card balance and having to return items at the register was also a problem for businesses:

This also creates a potential waste situation for the business in that some of the food cannot be reshelfed and there is an additional labour cost to restock the shelves.⁴⁹

3.74 The committee heard from the Northern Land Council that problems with the BasicsCard had led to the existence of segregated shopping lines existed in stores in Katherine.⁵⁰ The committee is concerned by such reports and notes that improvements in the operation of the BasicsCard would eliminate the existence of such lines.

3.75 Amnesty International Australia referred to evidence they had received that people living in the income managed area were having to buy phonecards in order to check their BasicsCard balance using the Centrelink phone service via a public phone. In addition to problems with phone charges, language difficulties also made use of the service impossible for members of the older generation in particular.⁵¹

3.76 In response to the commonly raised issue of BasicsCard balances, FaHCSIA informed the committee of some recent improvements to the system:

Income managed customers are currently able to check their BasicsCard balance via the Income Management Line (13 2594) which is available 24 hours a day, 7 days a week. Customers can also phone the 1800 number (1800 057 111) which is free to home phones. There are facilities available in Centrelink offices for customer to check their BasicsCard balance at no cost to the customer, and they can also find out their balance by accessing the Centrelink website (www.centrelink.gov.au).

In addition, Centrelink has installed hot-linked phones in over 70 community stores in remote areas of the Northern Territory and Western Australia. Hot-linked phones provide customers with direct access to the Income Management Line to check their BasicsCard balance and to speak to a Centrelink Customer Service Adviser if required. The Government is

48 Ms Barbara Shaw, Prescribed Area People's Alliance, *Committee Hansard*, 17 February 2010, p. 27.

49 Mr Doug Phillips, NT Department of Business and Employment, *Committee Hansard*, 15 February 2010, p. 6.

50 Mr Kim Hill, Northern Land Council, *Committee Hansard*, 15 February 2010, p. 74.

51 Mr Lucas Jordan, Amnesty International Australia, *Committee Hansard*, 11 February 2010, p. 10.

also continuing to explore additional balance enquiry options in order to improve customer's access to their BasicsCard balance.⁵²

3.77 The committee notes that the provision of hot link phones in stores would be particularly effective in ameliorating one of the most commonly cited grievances with the BasicsCard.

Trading/theft of BasicsCards

3.78 The committee notes that the BasicsCard may not necessarily protect individuals from harassment for money, often referred to as 'humbugging'. NAAJA noted that family members were still able to take the card and successfully demand the Personal Identification Number (PIN) from vulnerable relatives.⁵³

3.79 The committee notes that though the theft of BasicsCard, or any system of payment, is a possibility, it is also mindful of evidence from the NPY Women's Council that the income management scheme has provided respite from harassment for money for the average community member.⁵⁴

Ability to travel

3.80 ACOSS noted that the lack of BasicsCard facilities interstate made travelling extremely difficult for income managed individuals.⁵⁵ The committee notes that a future national roll out may improve this situation, but that it remained a problem while the measure applied purely to the Northern Territory and parts of Western Australia.

3.81 In response to a question on notice regarding this issue, FaHCSIA informed the committee that Centrelink was able to provide advice to customers travelling out of income managed areas on payment options. Additionally, FaHCSIA noted 50 per cent of a welfare recipient's income was not quarantined and hence could be used interstate:

In response to ACOSS' comments around the difficulty customers find in using the BasicsCard when they travel interstate, Centrelink encourages customers to contact them prior to travelling so they can assist them to determine how they can access their income managed funds. Centrelink can provide alternative payment mechanisms to access funds such as stored value cards which can be used at most major retailers while travelling. There are also approved BasicsCard merchants in the Northern Territory, Queensland, Western Australia and South Australia however there are only

52 FaHCSIA, Answer to Question on Notice WR27.

53 Ms Ruby Walker, North Australian Justice Agency, *Committee Hansard*, 15 February 2010, p. 39.

54 NPY Women's Council Sub p. 6.

55 Ms Clare Martin, ACOSS, *Committee Hansard*, 26 February 2010, p. 25

a small number of stores approved for BasicsCard outside these areas. Centrelink can provide a list of merchants to income-managed customers for their information. From July 2010, Centrelink will be publishing a list of approved merchants on their website.

Income management redirects 50 per cent of a customer's income support and family payments to be spent on priority needs, such as food, clothing, housing and household goods. Customers therefore also have access to 50 per cent of their welfare payment to spend at their discretion.⁵⁶

Impact on staff

3.82 The Northern Territory Department of Business and Employment raised a concern of Northern Territory businesses that under the current mechanism of licensing stores with a certain threshold of goods available to the BasicsCard, staff were relied upon to enforce the use of the BasicsCard for essential goods only:

...staff are resistant to being the determiner of what is purchased and what is not. The other problem we have is that in the Northern Territory, like a lot of places, the turnover of staff in these checkout positions is quite high. You might educate your staff on what they can accept and what they cannot and then have a change of staff, or a staff member who has a different interpretation or a misunderstanding of what is required.⁵⁷

3.83 The NT Department of Business and Employment therefore recommended that the BasicsCard be linked to universal product barcodes using an automatic electronic system, rather than relying on store licensing and on staff to be the arbiter of BasicsCard usage.⁵⁸

Flexibility of system

3.84 Amnesty International Australia noted a problem faced by a couple living in Elliot with a daughter away at boarding school in Alice Springs. Amnesty International Australia informed the committee that Centrelink required three weeks notice to transfer quarantined income, which was resulting in an inability to provide cash to their daughter when needed.⁵⁹

3.85 The Western Australian Department for Child Protection noted that the system in Western Australia worked fairly well and that Centrelink had shown flexibility in responding to problems with the system:

56 FaHCSIA, Answer to Question on Notice WR27.

57 Mr Doug Phillips, NT Department of Business and Employment, *Committee Hansard*, 15 February 2010, p. 17.

58 Mr Doug Phillips, NT Department of Business and Employment, *Committee Hansard*, 15 February 2010, p. 17.

59 Mr Lucas Jordan, Amnesty International Australia, *Committee Hansard*, 11 February 2010, p. 10.

...on the whole, I think it is operating really well. There was a glitch last year at one point in one of our remote locations where the technology failed, but Centrelink and FaHCSIA were very good. They got a phone line and they were able to issue vouchers and/or arrange for the purchases to be made directly from the merchants. So I think the system that Centrelink has in place to manage the BasicsCard is actually very good.⁶⁰

3.86 FaHCSIA also noted that Centrelink had robust strategies in place to ensure payment options were available in the event of system failures.

...a number of mechanisms are in place to deal with situations where a customer's BasicsCard does not work. In the event of system failure, the companies that support the BasicsCard have implemented rigorous monitoring and alert systems to ensure a fast response. Centrelink has also developed a range of contingency arrangements enabling Centrelink staff to quickly arrange alternate short-term payment options for customers, including direct payments to a store or payment by credit card or cheque, depending on the merchant.⁶¹

3.87 The committee recognises the issues associated with the BasicsCard system but notes the responsiveness of the relevant government agencies in improving the system. In addition to improvements with the system itself, the committee also welcomes FaHCSIA's commitment to improve communication of the BasicsCard system in the Northern Territory.

Cost of the income management system

3.88 Several witnesses criticised the proposed scheme on the grounds of cost. ACOSS used the government's funding estimates to calculate a cost of \$4400 per person managed by the scheme.⁶²

Put in perspective, that is nearly nine times the amount paid to employment service providers to help long-term job seekers, which is \$500 annually, and it is over one-third of the Newstart allowance paid to a single adult, which is just under \$12,000 a year.⁶³

3.89 The total cost of the income management measure listed in the explanatory memoranda for the legislation is approximately \$400 million over five years.⁶⁴

60 Ms Fiona Lander, WA Department for Child Protection, *Committee Hansard*, 22 February 2010, pp 7–8.

61 FaHCSIA, Answer to Question on Notice WR27.

62 Ms Clare Martin, ACOSS, *Committee Hansard*, 26 February 2010, p. 22.

63 Ms Clare Martin, ACOSS, *Committee Hansard*, 26 February 2010, p. 22.

64 Social Security and Other Legislation Amendment (Welfare Reform and Reinstatement of Racial Discrimination Act) Bill 2009, Explanatory Memorandum, p. 5.

3.90 Some witnesses were highly critical of the cost of the scheme, suggesting that the funds could be better used. For instance, the Western Australian Council of Social Services stated:

We would argue that to see better outcomes for children and families we should stop diverting resources from effective programs and services into income management, which is expensive to administer, with no established hard evidence that it actually works. We would argue that a sustainable approach would invest in addressing the root causes of poverty and social exclusion. We must also be prepared to wait for the outcomes if we are to see real lasting and meaningful change for families facing poverty. The other aim is to foster individual responsibility and to provide a platform for people to move up and out of welfare dependence. We join ACOSS in suggesting that solutions should focus on investment in social services, ensuring the adequacy of social security payments and providing better employment assistance for the long-term unemployed.⁶⁵

3.91 The committee notes that a large proportion of the funds allocated under the income management measure are aimed at ensuring access to Centrelink and other government services, which has been a positive development under the NTER.

Voluntary versus compulsory income management

3.92 Many of the witnesses who were against compulsory income management supported voluntary income management. For instance, the St Vincent de Paul Society stated:

Income management can be a useful tool—a very useful tool, in our experience—in some circumstances, specifically when it is voluntary and forms part of a context of support and appropriate service delivery. It is not true that the people who are doing it tough can have a better life as a result of being treated in a paternalistic way.⁶⁶

3.93 Professor Jon Altman informed the committee that, in the context of the Northern Territory, a voluntary scheme may have more uptake than the government expected:

I have always been of the view that the government might be surprised how many people opt in if they are left with the opportunity to have a BasicsCard—which is fundamentally a debit card—onto which they could put zero to 100 per cent of their welfare income. I think that, if the scheme were made voluntary and individuals had the choice to use a system that has now been put in place at great public expense, they might utilise it.⁶⁷

65 Ms Sue Ash, WACOSS, *Committee Hansard*, 22 February 2010, p. 10.

66 Dr John Falzon, St Vincent de Paul Society, *Committee Hansard*, 26 February 2010, p. 11.

67 Prof Jon Altman, *Committee Hansard*, 26 February 2010, p. 41.

3.94 The Western Australian Department for Child Protection noted that the voluntary income management scheme in Western Australia had grown in popularity:

...the voluntary income management scheme has become more popular and, of course, as we roll the child protection income management initiative into this scheme, the voluntary scheme becomes more available and more known about as well. I think that people in the community do see voluntary income management as a positive tool to help them with their financial management, and that is why we are seeing increasing numbers self-referring.⁶⁸

3.95 The committee is of the opinion that the popularity of the voluntary income management measure is an indication of the benefits of the scheme to participants.

3.96 The committee also notes comments by the NPY Women's Council regarding the inadequacy of voluntary income management alone. The Council's submission stated:

The Australian Government, through [Office of Aboriginal and Torres Strait Islander Health], is currently funding the trial of a voluntary stores card in communities on the APY Lands. At the same time, considerable Commonwealth resources are going into the area: funding for police stations, public housing, police housing, and government hubs, or centres, at Mimili and Amata. There is, however, no compulsory income management and large amounts of cannabis and continues to be taken in to the APY communities. NPY believes the stores card will have little if any beneficial effect. Those who need IM: the drinkers, the dope smokers and gamblers - those who humbug - will not volunteer. All the money in the world can be poured into renovations or new housing, whether on the APY Lands, remote NT communities or in Alice Springs town camps, but without ways to effect behavioural change, including but not only through compulsory IM, there will be little beneficial result.⁶⁹

Logistical issues with the expansion of income management

3.97 The initial expansion of income management across the Northern Territory is likely to see an increase from approximately 15 000 income managed individuals to 20 000, representing 9 per cent of the population.⁷⁰

3.98 While the Northern Territory Government were supportive of the proposed legislation, they recommended that successful implementation would require cooperation between governments. For example, the use of school attendance as an income management exemption criterion could potentially mean that schools would

68 Ms Fiona Lander, WA Department for Child Protection, *Committee Hansard*, 22 = February 2010, p. 5.

69 NPY Women's Council, *Submission 93*, p. 5.

70 Mr Ken Davies, NT Department of Housing, Local Government and Regional Services, *Committee Hansard*, 15 February 2010, p. 3.

require more resources as attendance increased, and the necessity to report attendance data for the purpose of Centrelink may also provide its own challenges.⁷¹

3.99 In order to accommodate the expansion, the Northern Territory government encouraged a gradual roll out approach:

Scaling up is always a challenge, particularly when you start going to remote regions, in terms of service delivery. So, just as the original income management role was phased in—it was not a blanket application across the Territory from day one; it started in the southern region and worked through the southern region communities so that proper place based negotiations with individual families could take place. It is a big logistical exercise to go and rework it, and then to put in the support structures around it that have to be properly managed so that families can be supported and case managed is going to be a big logistical challenge given that we are talking about 20,000 people being in this particular program.⁷²

3.100 FaHCSIA noted that the minister was yet to make a decision on the matter, but that the roll out would most likely be staged in order to streamline implementation. Mr Sandison, FaHCSIA, stated:

...regarding the process, there is still some decision-making for government, but basically one of the statements outlined was that it would probably be on a geographic rollout. It would not be a total switch-on, switch-off across the whole of the Northern Territory. Government is still in consideration about how to actually take that approach forward.

Basically, it would probably be on geographic zones to give an opportunity for reasonable implementation for Centrelink, in terms of managing the workloads and the resources that would be involved.⁷³

3.101 The Northern Territory Department of Business and Employment noted that the increase in number and wider distribution of income managed individuals would require increased capacity on behalf of business:

It is imperative that Centrelink, or the nominated Australian government agency, commences soon as possible an appropriate extensive information campaign to the Northern Territory business community. We would suggest, if this is sent to Centrelink, that it involve staff visiting the business community Territory wide, encouraging eligible businesses to become registered merchants. The current guidelines indicate that it is up to the businesses to communicate to Centrelink. We are urging that Centrelink

71 Mr Alan Green, NT Department of Education and Training, *Committee Hansard*, 15 February 2010, p. 5.

72 Mr Ken Davies, NT Department of Housing, Local Government and Regional Services, *Committee Hansard*, 15 February 2010, p. 8.

73 Mr Barry Sandison, FaHCSIA, *Committee Hansard*, 4 February 2010, p. 21.

become proactive so that when these changes come into effect on 1 July 2010 there are as many merchants registered as are required for the card.⁷⁴

3.102 FaHCSIA informed the committee of current and future measures educating businesses and consumers about the BasicsCard system, including seminars for businesses that would assist with the implementation of the proposed new scheme.

Under the current scheme, there are 549 approved BasicsCard merchants across the Northern Territory (NT), in remote and urban centres. FaHCSIA and Centrelink monitor the approved businesses to ensure that customers have access to a range of priority goods and services.

FaHCSIA and Centrelink have recently undertaken a series of Merchant Seminars in Casuarina, Darwin, Katherine, Alice Springs, Tennant Creek and Palmerston in order to provide information for businesses about the BasicsCard and how it works. BasicsCard Seminars are advertised widely in Chamber of Commerce newsletters, the local papers and radio and via email to existing approved merchants who have provided an email address.

Following the passing of the new income management legislation, further seminars will be conducted territory wide in both remote and urban areas in order to support businesses that may be eligible to apply to become BasicsCard merchants.

With the implementation of the replacement BasicsCard, Centrelink has advised merchants that a list of Merchants approved for BasicsCard will be published on its website in July 2010. Customers can also request a list of approved merchants that are available in their area.

In accordance with the Merchant Terms and Conditions, approved merchants are generally required to display BasicsCard signage indicating that their business is approved to accept the BasicsCard. Centrelink had also developed new signage to indicate that some petrol stations are approved to sell fuel only.⁷⁵

Bureaucracy and welfare

3.103 ACOSS criticised the government's proposed scheme as it 'represents a top-down, one-size-fits-all bureaucratic solution to complex social problems facing individuals and communities.'⁷⁶

The use of the social security system to achieve wider behavioural change not tied to this objective is inappropriate and inefficient unless individuals or communities have sought this approach. This is because the social security system and Centrelink are poorly adapted to providing the kind of intensive case management that is required, which is rightly provided by

74 Mr Doug Phillips, NT Department of Business and Employment, *Committee Hansard*, 15 February 2010, p. 6.

75 FaHCSIA, answer to question on notice WR31.

76 Ms Clare Martin, ACOSS, *Committee Hansard*, 26 February 2010, p. 21.

specialist local community organisations. Income management can be a useful tool for those services and communities, but it must be a tool in their hands, not an instrument applied by government.⁷⁷

3.104 In response to this statement, FaHCSIA informed the committee that:

...the Government considers the new scheme of income management to be part of progressive welfare reform to protect children and families and help disengaged individuals.

The new scheme has been targeted to reach specific categories of income support recipients that the Government considers are most in need of support and assistance, and extend no further than necessary.

The new scheme of income management will be supported by a significant expansion of the financial counseling and money management services in the Northern Territory. In addition, , people will continue to have access to existing services offered, such as Job Services Australia, and a range of Commonwealth and NT Government funded community services.

The Government does not consider income management to be a punitive tool. Rather it believes it provides the foundations for pathways to economic and social participation by assisting people to ensure the priorities of life are met.⁷⁸

3.105 The Salvation Army raised a concern about the capacity of Centrelink to manage the sensitivity involved in running a national income management scheme:

I can buy that income management is something that has been enhanced by the development of more financial counsellors and financial advisers across the emergency release system; there need to be more. I can see that that has been enhanced. I can only see it being rolled out as a bureaucratic process rather than a transformational engagement. You have a very rigid income support delivery tool now in Centrelink. It is nowhere near as nuanced it was 10 or 15 years ago for particularly disadvantaged groups. Where I was very confident working with Social Security and Centrelink in the early days with homeless young people, I am not now because it is a bureaucratic process. In the past it was an engagement where the community sector, the Social Security agents and the person who needed some sort of transformational assistance could come together. Until we get back to something like that, anything that you introduce that is not voluntary will be subject, basically, to the incompetence of that bureaucratic process.⁷⁹

3.106 FaHCSIA indicated however, that the income management scheme included an investment in more responsive Centrelink services. FaHCSIA informed the committee of range of services offered, stating:

77 Ms Clare Martin, ACOSS, *Committee Hansard*, 26 February 2010, pp 21–22.

78 FaHCSIA, answer to question on notice WR32.

79 Major David Eldridge, Salvation Army, *Committee Hansard*, 26 February 2010, p. 18.

The Centrelink service delivery offer for customers under the current scheme, and the new scheme is tailored to the needs of customers subject to each measure, and include:

- Regular travel to remote communities by Remote Visiting Teams to enable people to have services delivered face-to-face and ongoing contact through Customer Service Centre's;

- Identification of potential high-risk customers and tailored service delivery to suit the specific requirements of those customers. For example identification of people who have a high number of replacement BasicsCards and discussion of alternative payment mechanisms;

- Regular reviews of deductions to ensure that the person able to meet their priority needs and those of their family over time;

- Flexible allocations arrangements to best suit customers current requirements;

- Discussions about the operation and functioning of the BasicsCard, including balance checking options, and consideration of the most appropriate payment option. For example, for some customers regular direct payments to community stores may be preferable to the BasicsCard for a number of reasons.

- Providing information and advice about exemption processes and requirements, and assessing customers' eligibility for exemptions.

- Annual reviews of exemptions

- Transitioning all current NTER customers onto the New [income management] measures or off [income management] including offering Voluntary Income Management

- Voluntary income management customers will receive assistance and advice from Centrelink about incentive payments, and customers subject to the disengaged youth and long-term unemployed income management measures will receive advice about the matched savings.

In addition Centrelink provides referrals to money management services. Money Management services provide education, information and support to help people learn skills to manage their money more effectively.⁸⁰

3.107 The committee supports the government's proposed expansion and refinement of income management and notes that continuing efforts by government departments will be required to ensure the successful implementation of the measure.

80 FaHCSIA, answer to question on notice WR24b.

