

**Senate Community Affairs Legislation Committee**  
**Inquiry into Welfare Reform and Reinstatement of the Racial Discrimination Act**  
**Canberra Hearing, Friday 26 February 2010**

**ANSWERS TO QUESTIONS ON NOTICE**

**Question No: WR29**

**Topic:** Claims that the new income management scheme is indirectly discriminatory

**Hansard Page:** Written

**Senator Moore (Chair)** asked:

Several witnesses have alleged that the income management measure will be indirectly discriminatory given that the majority of citizens in the Northern Territory who will be income managed will likely be Indigenous. What is the Department's response to arguments that the income management scheme may be indirectly discriminatory under the Racial Discrimination Act?

**Answer:**

The new scheme of income management regime is designed as a non-discriminatory scheme. As such, it operates without the suspension of the RDA from when it is proposed to commence on 1 July 2010 and people will have their rights to bring appropriate proceedings.

A complaint in relation to the administration of the new scheme of income management can be made in the usual way to the Australian Human Rights Commission, and then to a court, or, if there are disputes about the operation of the legislation itself, these can be raised in proceedings in a court. Of course, whether there has been a breach of the RDA in a particular case will still need to be determined by the Commission or the court.

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**ANSWERS TO QUESTIONS ON NOTICE**

**Question No: WR30**

**Topic:** Staged implementation of income management

**Hansard Page:** Written

**Senator Moore (Chair)** asked:

The Northern Territory Government recommended a staged implementation of the revised income management scheme across the NT (Hansard 15 February 2010, p. 8):

**Senator SIEWERT**—Mr Davies, you have referred several times to the rollout of the program, and you refer to it in your submission. How are you seeing that that should operate? Are you focusing on the existing communities first, or do you see it as prioritising geographical areas first?

**Mr Davies**—The submission suggests that we certainly would be focusing on some remote regional areas, but the submission also suggests that we go to Palmerston and start to gear up from there. 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.

Does FaHCSIA's implementation plan currently involve such a staged implementation?

**Answer:**

The Minister is yet to make a decision about the implementation process for the new scheme of income management. The Department has prepared an implementation options paper, which is currently with the Minister for consideration. Associated implementation planning is underway.

As per the evidence given to the Committee (Senate Committee, Thursday 4 Feb 2010, CA21):

**Mr Sandison**—Senator, 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. A final decision by government on how that approach would be taken has still not been determined.

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**ANSWERS TO QUESTIONS ON NOTICE**

**Question No: WR31**

**Topic:** Education program on BasicsCard for NT businesses

**Hansard Page:** Written

**Senator Moore (Chair) asked:**

The NT Government also recommended an education program targeting NT businesses in order to facilitate the expansion of the income management system. Please provide a response to this suggestion (Hansard, 15 February 2010, p. 6.)

Some of the impact on the Northern Territory businesses we have identified is that the extension of income management Territory wide will increase the frequency of the BasicsCard being presented to Northern Territory businesses. 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 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. The Centrelink visitation program could be developed based on the knowledge of how many BasicsCards are in a particular area. This is information that businesses will have no knowledge of. As a result of that, they will not know what the potential demand in a particular area is. As in the case of the launch of the income management program, there is a requirement for information seminars, display materials and signage identifying the businesses that accept the card.

**Answer:**

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.

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**ANSWERS TO QUESTIONS ON NOTICE**

**Question No: WR32**

**Topic:** Concerns about the ability of Centrelink in administering income management.

**Hansard Page:** Written

**Senator Moore (Chair)** asked:

Please provide a response to accusations by agencies such as ACOSS and the Salvation Army regarding the inability of Centrelink to successfully manage the income management system. These comments include:

ACOSS

The scheme 'represents a top-down, one-size-fits-all bureaucratic solution to complex social problems facing individuals and communities.' (Committee Hansard, 26 February 2010, p. 21)

And:

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 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. (Committee Hansard, 26 February 2010, p. 21–22)

Salvation Army:

I can say 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. (Committee Hansard, 26 February 2010, p. 18)

**Answer:**

In response to ACOSS' comments about income management, 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.

A response to ACOSS' and the Salvation Army's comments about the capacity of Centrelink to support customers subject to the new scheme of income management follows below.

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 IM measures or off IM 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.