

## INCOME MANAGEMENT - IMPLEMENTATION

### BASIC FIGURES ON IMPLEMENTATION

Information about funding for the separate elements of the Intervention has not been easy to obtain and interpret in the first six months of its existence. [FaHCSIA](#) says that [\\$88.5 million](#) was set aside for 'welfare reform' in the initial 12 month 'stabilisation' phase of the Intervention, in 2007-08. In February 2008, the department [advised](#) that \$72.4 million had been spent on the combined programs of 'employment and welfare reform', apart from any welfare payments themselves. There is no separate figure for expenditure on welfare reform alone, although the Department of Finance and Deregulation is working on a specific item-by-item breakdown on Intervention spending. The Budget allocation for all aspects of the Intervention in 2007 was for [one year only](#), with allocations for future years yet to be determined.

Centrelink is managing the staged roll-out of income management in the Northern Territory (NT). As at 7 March 2008, the regime applied to 25 Indigenous communities and associated outstations, as well as four town camps (these statistics are regularly updated by FaHCSIA [here](#)).

Centrelink advises the Minister's office on what areas should be declared subject to income management and liaises with Major General Dave Chalmers who has operational responsibility for the Intervention. In the lead-up to commencing income management, Centrelink writes to people in the community and places staff there prior to and after the system is activated, according to [evidence](#) given at a Senate Estimates hearing.

The Commonwealth intends to bring the remaining two-thirds of Aboriginal communities, which are not yet subject to income management, within the scheme by mid-2008, [according to Central Land Council](#) (a major Aboriginal organisation in the NT).

In answer to a Question on Notice from the Senate [Inquiry](#) into the Intervention legislation in August 2007, the Commonwealth said that Centrelink would deploy 350 staff for the Intervention, of whom 300 would be located in the Northern Territory.

### A SAMPLE OF CRITICISMS, ALTERNATIVE PROPOSALS AND GOVERNMENT RESPONSES

Many Indigenous and community organisations have criticised the plan to use income management as a tool to address the problems of child abuse and truancy and/or the specific regime that will operate in the Northern Territory for the next five years.

One general criticism directed at income management is that it will be ineffective to address the problems of child abuse and truancy because it does not deal with the multiple factors that actually contribute to the occurrence of these problems. It is argued, for example, that linking a parent's receipt of welfare payments to school attendance will

not be effective because there are many factors beyond the control of parents that affect whether or not children go to school ([Australian Council of Social Service](#)).

More specific criticisms and rejoinders include:

- The regime is arbitrary because, unlike the national or Queensland regimes, it has a blanket application in the named communities. Because it is not applied on an individual basis and is not linked to a person's behaviour, it punishes and disempowers those already exercising financial responsibility ([Combined Aboriginal Organisations of the Northern Territory](#); [Central Land Council](#), [Olga Havnen](#)).

**Response:** The response from the Howard Government and some others was that it is necessary to apply income management to all people living in a community to prevent 'humberging', where a person is pressured or threatened by others into handing over his or her money to be spent on drugs and alcohol ([Warren Mundine](#); [Second Reading Speech](#)).

- The removal of standard appeal rights for persons subject to the Northern Territory regime is discriminatory and unjustified ([National Welfare Rights Network](#); [Central Land Council](#)).

**Response:** The Howard Government argued that appeals to the SSAT and the AAT would take too long and disrupt the implementation of Northern Territory regime, given that it is to be initially applied only for 12 months ([Senate Legal and Constitutional Affairs Committee Report](#)).

- The Minister's decision to declare an area in the Northern Territory for the purposes of the income management regime is not subject to disallowance by Parliament ([National Welfare Rights Network](#)).

**Response:** The possibility of disallowance by Parliament would create uncertainty about which areas are affected by the Northern Territory regime. This would undermine the capacity of the Minister to act urgently and the implementation of a policy designed to restore order and social norms ([Explanatory Memorandum](#)).

Other criticisms of the NT Income Management regime include:

- Existing voluntary programs aimed at assisting parents to manage family budgets such as Centrepay have worked well in Indigenous communities and should be expanded instead of imposing coercive income management ([Australian Council of Social Service](#); [Olga Havnen](#)).
- It may contribute to a movement of people from communities and into towns which will lead to increased problems in the towns ([Dissenting Report by the Australian Greens in the Senate Legal and Constitutional Affairs Committee Report](#)).

- The administration of the regime will be very expensive and may divert resources away from other effective programs ([Olga Havnen](#); [Australian Council of Social Service](#)).
- The scheme, with its involuntary and blanket application, will face difficulties in adapting to the non-nuclear nature of Indigenous families and the high degree of mobility that features in the lives of many remote area residents ([PIA Consultants to Bawinanga Aboriginal Corporation](#)).
- The absence of a role for respected Aboriginal community members in its administration is a conspicuous omission and a marked contrast with the proposed Queensland regime ([ANTAR](#))

Significantly, Central Land Council [supports](#) school enrolment, school attendance and child neglect as triggers for income management, but says that further consideration is needed to better target these measures at parents or carers who are behaving irresponsibly.

Consultants to Bawinanga Aboriginal Corporation (BAC), an outstation resource centre based in Arnhem Land at Maningrida, [recommended](#) in August 2007 that Centrelink contract out the management of quarantined money in that area to BAC. They said BAC was trusted and familiar to local people after 30 years, knowledgeable about local conditions, able to service outstation areas and experienced in offering voluntary financial management services to its employees. Adoption of [MoneyBusiness](#), a joint Commonwealth-ANZ Bank financial literacy and management program, was also recommended.

## **REPORTING AND EVALUATION OF IMPLEMENTATION**

An ABC television [report](#) in October 2007 identified ‘mixed results’ with the early quarantining of social security payments in two Indigenous communities (Aputula (Finke) and Titjikala) in Central Australia. Some interviewees welcomed the system, while others drew attention to its complexity and possibly unintended adverse side-effects. Another ABC television [report](#) in November found a similarly mixed response to the Intervention in Aputula (Finke) and Maningrida.

In December 2007 Central Land Council (CLC) [published](#) initial feedback it had gathered from traditional landowners and community members on the Intervention. It said that overall most Aboriginal people from remote Central Australian communities were supportive of steps to address child abuse, increase policing and boost money for housing. Most participants in the CLC consultations disagreed with other measures including welfare reform, but the report noted that this opposition ‘may be, in part, due to the process followed in rolling out the intervention’. The report said that ‘Aboriginal people remain overwhelmingly opposed to the process followed in the roll out’, citing

lack of information and consultation. The CLC's opinion was that if the roll out had been handled better, some of the concerns, anger and fear expressed by people may have been greatly reduced.

In a briefing [document](#) to government, also published in December 2007, Central Land Council put forward a set of proposals for modification of the Intervention.

A spokesperson for Jenny Macklin, the new Minister for Indigenous Affairs in the Rudd Labor Government, [told](#) the ABC on 19 January 2008 that the school attendance measures linked to income management would not be in place for the commencement of the Northern Territory school year. A Memorandum of Understanding [exists](#) between the NT Department of Education and FaHCSIA, but no final decisions on implementation have been taken.

The implementation of income management was discussed in some detail during Senate Estimates hearings between 18 and 22 February 2008. The CEO of Centrelink, Mr Whelan, [reported](#) that the welfare payments of eight people had been wrongly quarantined in Alice Springs. The mistakes were said to have been caused by system errors that mistakenly identified the individuals as living in a declared area. The CEO [said](#) that the agency's resources were adequate to the job it had been given but that the approach and processes it used 'are, by necessity, quite cumbersome' and that it would like to streamline them.

Mr Whelan noted that a variety of payment systems are used for income management by Centrelink. For example, money is sometimes electronically transferred to individual accounts held for people at particular stores. [According to FaHCSIA](#), Centrelink also pre-purchases stored value cards from major national shopping chains like Coles and Woolworths and provides them to welfare recipients.

Mr Whelan said that it was not ideal that people had received Coles \$20 stored value cards marked 'gift cards', but said that Centrelink was 'making the best of the products that currently are available' and he emphasised that the cards could not be used to purchase alcohol, tobacco or phone cards. 'We basically had to hit the ground incredibly fast and we hit the ground with what is in the market', he said. The new Minister for Human Services, Senator Ludwig, [said](#) that these details showed that under the previous government the system 'was rolled out with a lack of planning, a lack of implementation and a lack of dealing with all the practical issues that would arise'.

Mr Whelan [said](#) that he was 'confident that people are getting better fed now than they were'.

The Aboriginal and Torres Strait Islander Social Justice Commissioner, Tom Calma, gave evidence on the dealings his office has had with people affected by the Intervention. He [said](#) that quarantining 50% of a meagre income has caused difficulties for some individuals attempting to meet pre-existing financial commitments, such as mobile phone

bills and vehicle repayments, and that this could cause longer-term problems for their credit rating if not well handled. He also pointed to the lack of financial management advice being provided to people affected by quarantining.

During Estimates hearings later in the week, an official from FaHCSIA [said](#) that under the Intervention itself, income management does not ‘involve financial counselling per se’. He added:

What it does involve is Centrelink sitting down with each customer and working through with them what their expenses are, particularly those in relation to priority needs as defined in the legislation, and then setting up with the individual a range of deductions in respect of those expenses. So the person would indicate, for example, that they spend this much on rent, or this much on food, or this much on whatever and those deductions are then made to the various providers of those goods.

Commissioner Calma [said](#) that 800 Aboriginal people in Alice Springs town camps were participating in Centrepay, the voluntary financial management scheme, and the blanket application of income management by the government had restricted their capacity to do so. ‘What we have seen is a process of disempowering people and making them less able to manage their own lives’, he told the Senate Legal and Constitutional Affairs Committee.

## **RUDD GOVERNMENT POSITION**

Announcing the extension of income management to Amoonguna, Ingerreke and the Alice Springs town camps on 6 January 2008, the new Minister, Jenny Macklin, [endorsed](#) income management. She said it was ‘extremely important in helping families manage their government payments to cover essential items and importantly, also provide for the wellbeing of their children’. Ms Macklin said that income management had been ‘largely well received’ in the communities where it had already been introduced.

On 24 December 2007 Ms Macklin [confirmed](#) that the ALP would maintain the Howard Government’s commitment of \$48 million towards implementation of the Cape York welfare trial in 4 communities (Aurukun, Coen, Hopevale and Mossman Gorge). Ms Macklin said that the Commonwealth would support the introduction of Queensland legislation in February 2008 to establish a [Family Responsibilities Commission](#).

In February 2008, the Rudd Government [announced](#) that, in partnership with the Western Australian (WA) Government, it would introduce income management trials in selected WA communities. This appears to involve activating the national scheme and applying it in these Kimberley communities. This would seem to entail individual income management rather than blanket application across the communities. The Kimberley scheme is expected to commence in the second half of 2008.