

INCOME MANAGEMENT

WHAT IS IT?

Income management means that the government 'quarantines' a person's social security payments. Instead of deciding their own expenditure, people are told how some or all of their payment is spent.

In August 2007, the Howard Government amended Commonwealth welfare legislation to set up an [income management regime](#) specific to the Northern Territory (NT) Intervention. It also anticipated and catered for a [scheme to operate in Queensland](#) under State law and thirdly, it set in place for the future a national income management regime (the latter two are discussed below). The Howard Government [stated](#) that it intended to implement in the NT that part of the national system dealing with [school attendance measures](#) as soon as possible, to support the Intervention. Eventually, at the end of the Intervention, it is intended that people in the NT be brought under the national scheme.

WHAT WAS THE STATED RATIONALE?

The Howard Government [said](#) that income management has two immediate objectives:

Welfare reforms...will help to stem the flow of cash going towards substance abuse and gambling and ensure that funds meant to be for children's welfare are used for that purpose.

WHAT CHANGES DOES THE MEASURE BRING?

The [Northern Territory Income Management Regime](#) applies to any person who is receiving (or whose partner is receiving) an income support payment (including the NewStart allowance for jobseekers and the aged pension), who has stayed for one night since 21 June 2007 in an [area declared](#) by the Minister - [unless](#) that person is [exempted](#). It continues to apply to a person even if he or she moves out of that area. A person subjected to the regime has 50% of his or her recurrent income support and family tax benefit payments quarantined, as well as 50% or 100% of certain other payments.

The [legislation](#) established a new governmental bank account called the Income Management Special Account. Amounts withheld from individuals are placed in the Special Account and attributed to a [notional](#) income management account in the name of that particular individual. Centrelink will make decisions about how to spend that part of the person's payment. It may only be spent on the [priority needs](#) of the person and the person's partner, children and other dependants. The money cannot be spent on alcohol or other [excluded goods and services](#). Centrelink may use any of a variety of methods, including giving the person a [voucher](#) or paying a bill directly.

The Howard Government [stated](#) that the NT regime would apply to Indigenous communities for an initial 12-month 'stabilisation' period and the legislation says that the Minister's initial declaration of an area [expires](#) after 12 months. However the Minister can [extend](#) the declaration by consecutive periods of up to 12 months, an unlimited number of times. The Minister's decision to declare an area and to keep that declaration in place are treated as [legislative instruments](#) (statutory rules made where Parliament has delegated its law-making power to another person or body). Ordinarily either the Senate or the House of Representatives can [disallow](#) a legislative instrument, so that it ceases to have effect without the need to pass repealing legislation through both Houses. However the legislative instruments discussed here [cannot be disallowed](#). The possibility of disallowance is particularly relevant where the Government does not hold a majority in the Senate, as has been the case since November 2007.

Involuntary income management is unusual in Commonwealth welfare legislation. Generally Commonwealth welfare payments are [inalienable](#). This means that once a person is eligible for a payment it must be made to them and cannot be withheld or paid to someone else. There are limited

exceptions. Centrelink must, for example, make a [compulsory deduction](#) from a person's welfare payment if he or she has a tax debt or child support obligation, and may do so for an [overpayment](#). Now another [exception](#) to the inalienability provisions has been added, where income management is applied to a person receiving a welfare payment.

Centrelink operates two programs with some similarity to income management. Under a voluntary budgeting service called [Centrepay](#), a person can have a regular amount deducted for rent and bills. Centrepay has been used in Indigenous communities, eg to pay for school meals as part of programs to improve child nutrition. Centrelink has also operated the [Financial Case Management scheme](#) since 1 July 2006. Under this scheme, in limited circumstances, Centrelink may pay the essential expenses of a person who has had his or her payment suspended for 8 weeks.

Generally a person receiving a welfare payment can appeal against a Centrelink decision to the Social Security Appeals Tribunal (SSAT), and from the SSAT to the Administrative Appeals Tribunal (AAT). An appeal to the SSAT is free. However, unlike other persons to whom income management is applied, people subject to the NT regime cannot appeal a related Centrelink decision to the SSAT or AAT. They can only seek a review through Centrelink's internal procedures or appeal to the Federal Court.

WHAT ABOUT THE OTHER INCOME MANAGEMENT REGIMES?

Unlike the NT scheme, the trigger for the national and Queensland regimes is individual behaviour. The national system applies to a person who is receiving (or whose partner is receiving) an income support payment and who has failed to meet legal requirements relating to a child in his or her care. A person will be subjected to the national regime, for example, if his or her child has [unsatisfactory school attendance](#) or a [child protection](#) officer requests income management.

The Howard Government [stated](#) that it intended to apply the [Queensland regime](#) in four Indigenous communities in Cape York as part of a [welfare reform trial](#) developed by the [Cape York Institute](#). The new Rudd Government has maintained that support and relevant State legislation is currently before the Queensland Parliament. It proposes that income management apply to individuals receiving income support (not including the aged pension) or participating in [CDEP](#) in [four situations](#): poor school attendance of a child (or non-enrolment), concerns about child safety, where the person is convicted of an offence and where the person breaches a public tenancy agreement. A new [Family Responsibilities Commission](#) is responsible for administering the Queensland scheme. There are major differences to the federal law: eg three Commissioners (two of whom live locally) hold a conference with the welfare recipient, aimed at agreed action on restoring responsibility for individual, family and community wellbeing, prior to any income management order.

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. It is expected to commence in the second half of 2008.

WHO ARE THE MAIN AGENCIES INVOLVED?

- [Centrelink](#): the major Commonwealth service delivery organisation in the welfare area.
- The [Commonwealth Minister](#): the legislation contains the main provisions for income management. Many details are left for the Minister to clarify, by way of legislative instruments.
- [FaHCSIA](#): the department responsible for implementation and policy development.

LEGISLATION: [Social Security and Other Legislation Amendment \(Welfare Payment Reform\) Act 2007 \(Cth\)](#), principally amending the [Social Security \(Administration\) Act 1999 \(Cth\)](#) by inserting the income management provisions as a new part 3B.