

Quarantining of Centrelink payments is coming to Bankstown

20 June 2011

The income management scheme was introduced in 2007 as part of the Northern Territory Intervention. The 2007 legislation creating income management initially suspended the Racial Discrimination Act. Then in 2010 amending legislation re-instated the Racial Discrimination Act, establishing general categories of subjected people within particular geographical areas to income management. There's been some great analysis by the Hon Alastair Nicholson and Professor Larissa Behrendt and others about the history of how income management came to be introduced in 2007: how it was introduced entirely without consultation with Indigenous people and how it ignored the substantive recommendations of the "Little Children are Sacred" report to which it was purportedly responding. That material is available on the "stop the intervention" website if anyone is interested. Today though, I want to focus on what income management is currently, and what's proposed for Bankstown.

What is income management at the moment?

Under the current scheme up to 100% of a person's social security, Abstudy and family assistance payments are withheld from them and placed in an income management account in their name with a basics card attached to it.

There is a list of priority needs on which a person's income management account money can be spent. Payments are prohibited for excluded goods or excluded services.

Unless an exemption applies, income management currently applies in declared areas to eight broad categories of people:

- People in a declared child protection state or territory (currently WA and NT) required by a child protection officer of a State or Territory to be subject to income management;
- People in a declared area and assessed by a Centrelink social worker as vulnerable or requiring income management;
- People in a declared area 15-24 who have been receiving payments for more than 13 weeks of the last 26 weeks: "disengaged youth";
- People in a declared area 25 or over who have been receiving payments for more than 1 year in the last 2 years: "Long-term welfare recipients";
- People living in Queensland and required by the Queensland Commission;
- People whose nominees are subject to income management;
- People in a declared area who volunteer to have their payments income managed.

Currently there are no "declared areas" in New South Wales.

Budget announcement to extend income management

In the recent Federal Budget, the intention was announced to extend income management from 1 July 2012 in five new locations including one location in New South Wales - namely Bankstown. This “placed based” income management will apply to people referred by the State Child Protection Authority, referred by a Centrelink social worker, or who volunteer.

A person income managed under the two proposed compulsory categories of income management for Bankstown - Child Protection, or as a person identified by Centrelink as vulnerable –won’t be able to apply for an exemption. But child protection income management cases will be able to appeal within the Department of Community Services (DoCs). And a person identified by Centrelink as vulnerable can ask Centrelink to review their circumstances and vary or revoke the decision to apply income management to them.

A person identified as “vulnerable” will need to demonstrate they are no longer in that vulnerable position, and that ceasing the application of income management won’t put the person back into that vulnerable position. Refusals by Centrelink can be appealed to an Authorised Review Officer and on to the Social Security Appeals Tribunal if necessary.

Our Centre regularly submits these kinds of appeals in other areas of social security law and anticipates running these kinds of cases after 1 July 2012 if the proposed extension of income management comes into effect in Bankstown.

What could mark you out as vulnerable?

Disclosures to a Centrelink social worker would be the most common way in which a person is identified as vulnerable. These include disclosures that you’ve experienced domestic violence, financial hardship, financial exploitation, substance abuse, gambling, mental health issues or homelessness. These could each result in a decision being made, without your consent that you ought to be income managed.

Other indicators of vulnerability that are referred to in Centrelink’s policy when considering an exemption application include:

- Urgent payment requests;
- Requests to change paydays;
- Attempts by a third party to contact Centrelink on your behalf; and
- Changes to Centrepay arrangements.

The National Network of Welfare Rights and Welfare Rights Sydney

The Welfare Rights Centre (WRC) is the largest member of the National Welfare Rights Network (NWRN), a network of community legal centres throughout Australia which specialise in Social Security law and its administration by Centrelink. Based on the

experience of clients of NWRN members, the Network also develops policy and advocates for reform.

The Welfare Rights Centre in Sydney provides casework assistance to its clients, usually by phone, at least in the first instance. We also conduct training and education for community workers and produce publications to help Social Security recipients and community organisations understand the Social Security system. Our principal publications are a quarterly newsletter “Rights Review” and a hardcopy and on-line book the Independent Social Security Handbook. The Centre also engages in policy analysis and lobbying to improve the current Social Security system and its administration.

As our Centre only covers the New South Wales geographical area, we’ve had very limited casework experience of income management. However, our Centre is a member of the network of community legal centres throughout Australia which specialise in social security law and its administration by Centrelink, the National Welfare Rights Network. Through the network, we’ve heard directly about the experience in those areas with people currently subject to income management. The feedback has been overwhelmingly negative. We’ve heard of examples such as:

- Errors like payments being made from income management accounts for rental payments to the wrong landlord – such as to the wrong local council and to a different local council from the community where a person resides;
- People having left prescribed areas still having their payments managed in that prescribed area which causes problems for them accessing their money or organising how payments will be spent;
- People subjected to spending a frustrating amount of time on the Basics Card telephone line on hold before being able to check the balance of their available funds, or then having the phone drop out after having spent lengthy periods of time on hold waiting to get through;
- The loss of control in not being able to check your balance easily or arrange payments without worrying that a payment will be unexpectedly refused on the basis of some debate as to whether it’s purpose is on the list of priority needs;
- In remote areas, increased costs in people having to travel to access stores where they could buy things;
- Public and humiliating debates about the purpose or use of items bought in stores for shopkeepers making the decision about whether an item is for a priority need or not;
- People having to forego their actual priority needs because of the way in which they normally access them – eg shopping at places which don’t take the basics card, sharing transport costs by ‘putting in for petrol’ with friends, food co-op shopping amongst a small group;

- Delays or rejections of payments by both shopkeepers and Centrelink leaving people without funds, food or essential needs, or transport to important events or appointments.

Our concerns with income management generally

From its introduction in August 2007, the National Welfare Rights Network (NWRN) Inc has argued against compulsory income management and the Network remains a strong opponent of this policy. The Network has written submissions which have been put to the Senate in each enquiry into each substantial change to the Income Management regime – including in 2007 and 2010 legislative changes.

The Network's current position remains that Income Management is fundamentally flawed in its premise of pursuing financial control measures in the absence of clear evidence that it will deliver positive benefits or that the massive administration costs will be offset by significant improvements in the social and economic health of those targeted by the regime.

We remain concerned that income management:

1. Is incredibly expensive to deliver and administer;
2. Will not achieve its intended outcome;
3. Involves really disempowering and demeaning effects that will likely cause long term damage to those subjected to it;
4. Undermines an individual's capacity to learn to manage their finances;
5. Has been plagued with practical problems since its introduction, including leaving people without funds and placing people in situations of public humiliation;
6. Remains indirectly racist and creates situations of inequality and unfairness in its application; and
7. Diverts funds away from legitimate purposes such as addressing inadequate levels of income support, or programs and services which, with community consultation, could be used to better help overcome chronic health conditions, accessibility to housing, and underfunded education provision.

Our concerns with income management for Bankstown

Child protection income management and income management for those identified as vulnerable plays into the rhetoric that income management will in some way help those people in addressing the issues which have led them to be in their current situation. But on closer examination – the large bulk of child protection applications lodged in the children's court in New South Wales concern substance abuse and mental illness on the part of parents – both of which tend to carry on regardless of a person's source of income and regardless of their financial management skills. A parent, after an application is lodged in the children's

court will often end up seeing a professional psychiatrist for the first time in their life, who often diagnoses them with some form of mental illness and makes comments as to their capacity to care for the children with treatment. The sorts of things that are usually recommended in these children's court reports, and which these parents could benefit from would be a course of cognitive behavioural therapy, regular sessions with a psychiatrist, and / or drug and alcohol rehab. There are plenty of other services that would help these parents address their issues that the money which income management takes to administer could be put towards. It remains difficult for these parents to easily find a psych who bulk bills, or a good rehabilitation facility without a waiting list.

What's particularly regrettable about what's proposed for Bankstown from our perspective is that there are many other areas within social security law, where a person is advised to contact a social worker to disclose violence, homelessness, gambling problems or other personal difficulties, for the purposes of other exemptions or special rules that apply. Some of these areas include getting an exemption from the requirement to claim child support if you're in fear of your former partner, exemptions from the activity test on the basis of domestic violence or homelessness and opportunities to have a person's special circumstances considered in relation to debt waiver or compensation preclusion periods. Now a person will need to consider whether disclosure of my special circumstances may lead to income management.

The other worrying factor in relation to the identification of "vulnerable" welfare recipients is how racist this category has been applied to date. In Senate data obtained in June 2011, the government revealed that currently there are 219 "vulnerable" welfare recipients and around 98 per cent were Indigenous. Around three quarters are DSP recipients.

In relation to another discretionary area, namely the granting of exemptions, racism and paternalism towards those of a different racial background also seems rife. There are 2,130 people that have obtained an exemption from income management, 75 per cent were non-indigenous and 25 per cent were indigenous. And although "exemptions" won't apply for Bankstown in the same way that they apply elsewhere, in applying to be no longer income managed, a person will again have to satisfy a Centrelink decision maker about quite a discretionary issue – namely whether they remain "vulnerable" and whether ceasing income management will put them in a vulnerable position. I think what the statistics have shown in other areas where income management is currently the case, is that Centrelink are much more likely to accept that this is the case where a person is from a racial background shared by those making the decisions about them, which is really disturbing in itself, and also disturbing when its application for Bankstown is considered, given the diversity culturally in Bankstown.

If the government isn't willing to re-visit income management policy as a whole, my suggestion in relation to the Bankstown proposal, is that a person's entry into income management should be with their consent rather than imposed without consent. I just can't see how imposing something as significant as withholding a person's only source of income

with all the practical difficulties that the scheme currently involves, can result in a person being motivated to then address other areas in their lives that may need some work.

But even in relation to the “voluntary” category of income management, as this category currently operates in other areas, there are financial incentives (a \$250 payment) for voluntarily being income managed and staying on income management for six months. There’s also a financial incentive if you can show that you’ve successfully saved your money (according to a formula) such that Centrelink “match” your savings up to \$500. The government was asked in Senate estimates how many people have chosen to access these opportunities: on 2 June 2011 they advised that one person has been eligible for the payment for staying on income management for six months on a voluntary basis, and four people have been paid an incentive under the matched savings scheme. What this says to us is that managing money is not as much of an issue as the appallingly low rate of payments where the reality is that it’s just not possible to save. What it also seems to say is that of all the people the government are claiming find voluntary income management beneficial, only one person actually wanted to stay on it for six months.

What’s worrying from our perspective too about the extension on these three categories alone also is that it raises the possibility that income management may be further expanded – including the categories that currently apply elsewhere to people after they’ve been on payments for a certain length of time.

So the proposed start date for Bankstown is not until 1 July 2012. Until then, there’s some scope for anyone who would like to, to speak to the local federal member and register local opposition to the proposal.