



INCOME MANAGEMENT MODELS

INCOME MANAGEMENT IN CAPE YORK AND DOOMADGEE

Income management is one of the central pillars of the Welfare Reforms designed by the Institute and implemented by Commissioners of the FRC. There are a range of different income management measures operating in Australia, each with different purposes and parameters¹. The benefits and drawbacks of income management as a public policy approach have been well documented and debated. This article is intended to give a brief description of the model of income management applied by the FRC, Cape York Income Management (CYIM)², explain some elements that may not be well understood, and highlight the ways it differs from other measures.

Broadly, income management³ refers to the quarantining of a percentage of welfare payments to be spent on priority goods and services such as food, housing and clothing. It does not reduce the amount of welfare payment a person receives; it changes the way payments are received and spent. A set proportion of a person's payments are put on a bank card that cannot be used to buy alcohol, gambling products or withdraw cash. The remainder goes into the person's normal bank account.

At a basic level, the aim of income management is to reduce the amount of cash that can be spent on substance abuse and gambling, and to ensure that payments provided for the welfare of children are spent as intended. As policy on income management has developed, the objectives of different forms of income management have also changed. For example, the Cashless Debit Card trials are exploring whether reducing the amount of cash available in a community will reduce the overall harm in that location.

Both the aim and operation of CYIM is unique. CYIM is intended to address passive welfare by linking the receipt of welfare payments to an obligation to uphold social norms. If an individual is failing in their social obligations to send children to school, keep children safe, obey the law, or is committing family or domestic violence, and not abiding by housing tenancy agreements, the Commissioners can, after conferencing the person about their issues, issue them with a Conditional Income Management (CIM) order.

1. A full list of income management measures and locations is available on the Department of Human Services website. <https://www.dss.gov.au/our-responsibilities/families-and-children/programmes-services/welfare-quarantining>
2. Income management was introduced in Aurukun, Coen, Hope Vale and Mossman Gorge as part of Cape York Welfare Reform in 2008. In 2015, Doomadgee opted into the FRC and the same model of income management. Accordingly, 'Cape York Income Management' is used to refer to income management used in both the four Cape York communities as well as Doomadgee.
3. The Commonwealth Government uses the overarching term 'welfare quarantining' to encompass both income management measures and the Cashless Debit Card.

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The Commissioners' role is primarily one of support. During conferences, Commissioners, who are respected local community members, discuss with the client the circumstances that have led them to conference and attempt to come to an agreement on the actions they will take to assume greater personal responsibility, including attending support services. However, where a client is unwilling to engage with the Commissioners, or is not taking the agreed steps, Commissioners can use income management as a tool to ensure that welfare payments are spent on necessities, and also as an incentive for the individual client and their family to engage with social supports and change behaviour.

Commissioners can issue an order that 60, 75 or 90 percent of a person's payment is diverted onto a BasicsCard. That proportion of the payment can then only be spent on essential needs like food and clothes, and cannot be used to buy alcohol, cigarettes or pornography, to gamble with or be converted to cash. Clients can arrange to have other payments such as rent and utility bills automatically paid from their income-managed accounts.

Unlike other income management models, Commissioners can make a decision to change the percentage of a person's payment that is put on the BasicsCard. For example, once a client reaches an agreed school attendance goal, the percentage can be reduced. If the client maintains the attendance goal, the CIM order can be revoked. Usually, CIM orders are issued for one year, and are reviewed by Commissioners at six and ten months. However, the length of orders can also be extended or reduced. Clients who are on a CIM order can also apply to Commissioners to have their orders amended or ended.

Clients can also voluntarily enter into an agreement for income management. Clients on Voluntary Income Management (VIM) report that it is an effective money management tool which can assist them to avoid family pressures to share cash. VIM has the same flexibility as a CIM order. Clients can request to have 60, 75 or 90 per cent of their payment quarantined, can seek to amend the amount of their payment going on to the BasicsCard, and can seek to end the agreement at any time. While other income management measures also offer voluntary income management, they are limited to managing 50 percent of income support, and people must participate for a minimum time.

Because CIM orders are issued at the discretion of Commissioners, on a case-by-case basis, only a small number of community members within the FRC's jurisdiction are on income management.





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Since the inception of the Commission, the percentage of FRC clients on CIM orders has gradually decreased. A table showing the percentage of clients who were placed on conditional income management for each financial year 2008 to 2019 can be found on page 9. As at 30 June 2019 there were 140 clients subject to a current CIM order which equates to 5.8 percent of clients on a CIM order at that point in time.

These aspects of CYIM are quite different to other income management measures. For example, in some regions where the Cashless Debit Card operates⁴, it applies to all people of working age on income support payments. Under the Cashless Debit Card system 80 percent of payments is quarantined onto the Cashless Debit Card.

Further comparison can be made with the several income management measures in place in the Northern Territory. People can be referred for income management by a child protection worker, by a Centrelink social worker, or it can also be applied where people meet certain conditions based on the length of time they have received income support, or lack of engagement in study or work. The percentage of payments that are quarantined differ depending on the measure. For example, where people are referred for child safety issues, 70 percent of income support is income-managed. The measures that apply to long-term welfare recipients and disengaged youth quarantine 50 percent of payments.

As noted, each different model of income management has a different policy background and purpose. Some of the measures do incorporate elements of flexibility. For example, the long-term recipient and disengaged youth measure in the Northern Territory includes exemptions to encourage positive behaviours, such as school attendance, child health checks, or participation in training or employment. In the Ceduna and East Kimberley regions, Cashless Debit Card participants can apply to a community panel to lower the percentage of payments that is quarantined. However, the approach applied in CYIM remains the model with the greatest flexibility and discretion to be applied to those who need it most, and in the most effective way.

In summary, the key differences between CYIM and other, more broadly applied, forms of income management are:

- Local Commissioners, who have in-depth knowledge of community members and their families, make decisions about who should be on income management on a case-by-case basis
- only a small proportion of community members are income-managed
- the percentage of payments quarantined can be easily changed, and is used to incentivise changed behaviour
- CYIM links the Australian Government's welfare system with Queensland's social service system.

As noted elsewhere in this report, the Strategic Review of Cape York Income Management released in December 2018 considered that the delivery mechanism used in CYIM could provide useful lessons for other Australian models.

4. The Cashless Debit Card applies to all people of working age income support payments in the Ceduna, Goldfields and East Kimberley regions. In Bundaberg and Hervey Bay the Cashless Debit Card applies to people aged under 35 on certain payments.