

Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

13 April 2023

Dear Committee Secretary,

**Re: Social Security (Administration) Amendment (Income Management Reform) Bill 2023**

Thank you for the opportunity to provide a submission for consideration in this Inquiry.

Berry Street Victoria, The Bridge Youth Service, FamilyCare, Primary Care Connect and Rumbalara Aboriginal Cooperative are a group of not-for-profit service providers, with a service presence in the regional Victorian City of Shepparton. For most of us, Shepparton is our home-base. We support locals, employ locals and benefit from the efforts of local volunteers across our activities.

### **Background:**

Shepparton is the only Local Government Area in Victoria with a version of compulsory income management. In May 2011, Shepparton was selected as one of ten places around Australia to host a series of welfare reform trials, initially under the Building Australia's Future Workforce (BAFW) package. In turn, Shepparton was one of five of the ten welfare reform trial sites required to conduct a trial of Place-Based Income Management (PBIM).

In the years since the announcement of the BAFW and PBIM measures, we have individually and collectively noted that the Shepparton community was not, to our knowledge, consulted prior to its selection. Similarly, there has been limited consultation conducted by the Commonwealth Government about the effectiveness or impacts of the policies, almost 12 years after their announcement.

Shepparton's version of compulsory income management has evolved to have a narrow focus. Those impacted are predominantly young people, in receipt of the Vulnerable Welfare Payment – Youth. The most recent data to December 2022 reported there were 53 compulsory income management participants in Shepparton, 47 of whom were young people.<sup>1</sup>

Through its previous inquiries, the Committee will have access to the costs associated with setting up and running PBIM in Shepparton. Maintenance costs are likely much lower, however we estimate the overall cost since commencement is in the order of \$25 to \$30 million, with Shepparton's share of set-up apparently \$23.5 million.<sup>2</sup> A significant proportion of set-up would have been establishing infrastructure and agreements to facilitate use of the BasicsCard.

As far as we are aware, there has been only one major independent review of the effectiveness of compulsory income management that specifically considers Shepparton. Entitled 'The Social Harms

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<sup>1</sup> [income-management-data-summary-december-2022.pdf](#)

<sup>2</sup> The allocation of \$117.5 million across the PBIM trial sites can be found in Budget Paper 2: Budget Measures, at page 183; [Budget 2011-2012 - Budget Paper No.2 - Budget Measures](#)

Outweigh the Benefits: A Study of Compulsory Income Management in Greater Shepparton and Playford', the authors concluded:

For CIM (Compulsory Income Management) participants, the overwhelming experience of using the BasicsCard was one of inconvenience and restriction.<sup>3</sup>

The researchers also made more detailed comments about negative impacts on wellbeing.

The adverse impacts on the socio-emotional wellbeing of IM participants was particularly marked. CM participants felt stigmatised and disempowered by the Card. They reported negative community attitudes that framed them as dole bludgers or drug users. These perceptions were particularly debilitating given many IM participants did not have pre-existing problems with money management, substance abuse, or gambling.<sup>4</sup>

These observations are consistent with a range of research on compulsory income management, that we understand the Committee may have considered in previous Inquiries about income management and the Cashless Debit Card.

### **The recent shift from Compulsory Income Management:**

We have a clear and shared view that compulsory income management, applied through a blanket administrative process and impacting a group of people based on their benefit status and location, is unfair, expensive and ineffective. That position is consistent with the findings of Mendes et al,

....it seems evident that a blanket application of CM to whole groups of income support recipients in a specific location irrespective of their individual capacity or engagement with anti-social behaviour is not an effective means of improving individual or community wellbeing.<sup>5</sup>

There may be occasions where a review of how benefit recipients access and use their incomes is necessary because of safety concerns for the individuals involved, or to ensure the safety of children. In those circumstances, a review is more appropriately conducted by a Court or Tribunal, ensuring that the views of all parties are properly considered. Limiting or removing rights requires judicial oversight, not administrative convenience.

After its election in May 2022, the Albanese Government confirmed its intention to abolish the Cashless Debit Card and to make income management voluntary. In August 2022 we wrote to the Social Services Minister, the Hon Amanda Rishworth MP expressing support for the policy change and asking about details for the transition to voluntary income management. We expressed our interest in being involved in consultations and offered to assist with connections to compulsory income management participants, noting the critical importance of involving those impacted by policy decisions in its design.

A response to the letter to Minister Rishworth was provided by Mike Websdane, Branch Manager of Cashless Welfare Engagement and Support Services at the Department of Social Services on 20 September 2022. Copies of the letters to the Minister and Mr Websdane's response are attached and marked as A and B.

Efforts at direct communications since have been hampered by the significant flood emergency that hit Shepparton in October 2022 and service demands in the aftermath. We are not however aware of any consultations with our community about a transition to voluntary income management.

It is our view that the Social Security (Administration) Amendment (Income Management Reform) Bill 2023 does not clarify the intent or process to transition from compulsory to voluntary income

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<sup>3</sup> Philip Mendes, Steven Roche, Greg Marston, Michelle Peterie, Zoe Staines and Lousie Humpage (2020): *The Social Harms outweigh the Benefits: A Study of Compulsory Income Management in Shepparton*, Australian Social work, p.7

<sup>4</sup> Mendes et al, *The Social Harms outweigh the Benefits*, (ibid) p.13

<sup>5</sup> Mendes et al, *The Social Harms Outweigh the Benefits*, (ibid) p.13

management. On the contrary, the Bill appears to confirm and entrench compulsory versions of income management in a range of places where it already operates and confirms the architecture that would allow new places to be designated in the future. We do not support that approach and urge government to meet its commitment to cease blanket forms of compulsory income management.

The Explanatory Memorandum to the Bill confirms the development of an enhanced card facility to support income management. Few details are available about how that facility will operate and its Terms and Conditions. It is unclear whether people currently required to participate in income management, or benefit recipients who might be the intended targets of voluntary income management have been consulted or involved in the design of the new card.

Compulsory income management commenced in Australia in 2007 as part of the Northern Territory Intervention. In the years since, its history and development has been divisive and contested. At its heart, the policy that seeks to control welfare payments and how they are accessed, treats large numbers of benefit recipients as second-class citizens, removing their right to select savings products that suit their needs and means. Announcements that choice and therefore rights would be reinstated, were warmly welcomed. The Bill in its current form appears to head in a different direction.

Yours sincerely,

Patrice Jackson  
Director  
Berry Street



Melinda Lawley  
CEO  
The Bridge Youth Service



David Tennant  
CEO  
FamilyCare



Tricia Quibell  
-CEO  
Primary Care Connect



Felicia Dean  
CEO  
Rumbalara Aboriginal Co-operative



## **Attachment A**

The Hon Amanda Rishworth MP  
Minister for Social Services

By email:

18 August 2022

Dear Minister Rishworth,

### **Re: Place-based Compulsory Income Management in Greater Shepparton**

We write to you as a group of Shepparton-based community organisations, interested in the local impacts of Commonwealth policy.

In May 2011, as part of a policy package called Building Australia's Future Workforce, Greater Shepparton was selected as one of ten place-based welfare reform trial sites around Australia. In addition, Shepparton was one of five of those ten sites to also trial a form of compulsory place-based income management, delivered via the BasicsCard. As far as we are aware there was no consultation with the local community prior to Shepparton's selection.

Many of the components of the welfare reform trials, particularly extra conditionality requirements, have evolved in the decade since their introduction. There are few remaining that are specific to Greater Shepparton. One element of the package that has continued, is compulsory income management. Greater Shepparton is the only designated income management site in Victoria. Our understanding is that the current arrangement for income management in Shepparton under Social Security legislation, is due to sunset on the 1<sup>st</sup> of October 2022. We write to ask that no further extensions be applied and that compulsory income management in Shepparton should come to an end.

We welcomed the Government's decision to cease the operation of the compulsory Cashless Debit Card. Many of the same concerns about the Cashless Debit Card apply to compulsory income management via the BasicsCard. Our local experience is that compulsory income management has been expensive, applied to very few people and has produced limited evidence of positive outcomes, in contrast to a series of problems including loss of choice and control, shame, stigma and limited utility. These problems are consistent with those reported in other places where compulsory income management applies.

If it would be useful to you or departmental staff to discuss these views further, or to hear from those who have been impacted by welfare reforms including compulsory income management, we would be happy to facilitate some local consultations. Thank you for considering our views.

Yours sincerely.

Patrice Jackson  
Director  
Berry Street



Melinda Lawley  
CEO  
The Bridge Youth Service



David Tennant  
CEO  
FamilyCare



Tricia Quibell  
Interim CEO  
Primary Care Connect



Felicia Dean  
CEO  
Rumbalara Aboriginal Co-operative



## **Attachment B**



**Australian Government**  

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**Department of Social Services**

Mr David Tennant  
Chief Executive Officer  
FamilyCare

Dear Mr Tennant

Thank you for your letter of 18 August 2022 to the Minister for Social Services, the Hon Amanda Rishworth MP, regarding Compulsory Income Management in Greater Shepparton. I have been asked to reply on behalf of the Minister. I apologise for the delay in responding.

The Government is delivering on their election commitment to abolish the CDC across Australia. Minister Rishworth has introduced a Bill into Parliament that will amend the *Social Security (Administration) Act 1999* and will return the ability for people to determine how and where they spend their money.

I note that you have raised concerns regarding the operation of Income Management in Greater Shepparton. The Government will work to abolish the CDC and look at the other relevant policies and levers available to address the complex issues faced by people in these communities.

The Government is exploring options for a voluntary model of Income Management. The function of any new voluntary Income Management program will be informed by community consultations which commenced in June 2022. While consultations have not yet commenced in Greater Shepparton, I would be happy to keep you informed when these begin.

Income Management will continue to operate in its current form until the Government has consulted further with communities. Only people in these current Income Management locations will continue to be placed onto the program.

Currently, Income Management applies to those in Greater Shepparton when a person is referred to Income Management by a social worker or child protection authority or a person is younger than 25 and is a Vulnerable Welfare Payment recipient, or a person volunteers for Income Management.

Social Security (Administration) Amendment (Income Management Reform) Bill 2023 [Provisions]  
Submission 8

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[www.dss.gov.au](http://www.dss.gov.au)

Thank you again  
for writing. Yours  
sincerely,

Mike  
Websdane  
Branch  
Manager  
Cashless Welfare Engagement and

Support Services 20 September 2022