Targeted locations income management

The Australian Government will invest $117.5 million over five years, to introduce targeted income management to assist vulnerable individuals and families in five disadvantaged communities.

This is part of a new approach to tackle entrenched disadvantage in targeted locations, as part of the Government’s Building Australia’s Future Workforce package.

Income management in these sites will start on 1 July 2012, as part of trials in disadvantaged communities to support families to participate in education, training and work.

Income management can be a key tool in helping people stabilise their lives, so that they can care for their children, and join or return to the workforce.

It directs a proportion of a person’s welfare payments to ensure that they are spent on the essentials like food, housing, clothing and utilities.

Income management does not reduce the total amount of payment an individual receives from Centrelink. It only changes the way in which individuals receive their payments. The person can use the remainder of their payments as usual.

Why is the Government doing this?

Income management helps people to budget so they can get their lives in order.

Income management can be a tool to help people to get work ready. Managing the household budget and ensuring that the essentials of life are provided provides a stable household where people are better able to attend training, or get a job.

It can be especially useful for people who are vulnerable to financial crisis or have an alcohol or mental health problem which affects their ability to budget.

In cases where children are at risk of neglect, it also makes sure that welfare payments are spent in the best interests of children, rather than on tobacco, alcohol or gambling.

An independent evaluation in 2010 found that income management is helping to improve the lives of families in Western Australia by ensuring welfare is spent where it is intended - on the essentials of life and in the best interests of children.

The evaluation of the West Australian Child Protection and Voluntary Income Management trials reported that two-thirds of parents have found that income management assists them to budget and provide the essentials of life for their children. Participants also reported that income management helped them get their lives in order. More than 70 per cent of people on child protection income management and 80 per cent of people on voluntary income management reported they were able to regularly save money. People in the WA trials were less likely to run out of money to pay rent and bills.

Where will it apply?

The new income management arrangements will apply five of the ten trial sites selected for intensive intervention under the Government’s Building Australia’s Future Workforce package. These five locations are:

- Bankstown, New South Wales
- Logan, Queensland
- Rockhampton, Queensland
- Playford, South Australia
- Shepparton, Victoria.

In addition, Kwinana in Western Australia - one of the other trial sites - has had Child Protection and Voluntary Income Management in place since April 2009.

These communities have been selected because of the high level of disadvantage experienced by the people who live there.

Other new initiatives focussed on teenage parents and jobless families will also be operating in these sites.
Who will benefit?

From 1 July 2012, income management will apply to people in the selected locations whose individual circumstances mean that income management can help them. The arrangement will apply to three groups of people:

- People referred for income management by state or territory child protection authorities where a child is at risk of neglect. This measure will give child protection authorities an extra tool in their work with families;
- People assessed by Centrelink social workers as being vulnerable to financial crisis which income management can help address; and
- People who volunteer for income management. Many people find that income management helps them to manage their budget to cover their basic needs.

Up to 20,000 people will participate in income management in the new locations over 5 years. This is around 1000 people per site each year from 2012-13. Income management will continue to apply to a person regardless of their location for the period specified by the Child Protection referral or Centrelink Social Worker assessment.

How does it work?

Child protection income management

Child protection income management allows child protection workers to refer parents to Centrelink for income management when children are being neglected or are at risk of neglect. It is an important way to help return financial stability to a family and ensure that welfare money is being spent in the interests of the child.

Under child protection income management, 70 per cent of welfare payments are set aside to be spent in the best interest of their children – on the necessities of life such as food and clothing.

The decision is made by the child protection worker who knows the family. Income management can be part of an overall plan to assist the family through times of crisis and to ensure that children are looked after.

Whether a person is referred for income management will be a professional decision of the child protection worker having regard to the individual circumstances of the family and the risks to the children.

Child protection income management referrals can be in place for between three and twelve months and can be revoked at any time by the child protection worker if they think that the family is no longer benefiting from the assistance.

Income management for vulnerable people

People in the trial locations will also go on income management where they are assessed by a Centrelink Social Worker as being vulnerable due to circumstances including financial crisis or economic abuse.

The Centrelink Social Worker would consider whether income management is right for people who have alcohol or mental health problems or who are subject to financial pressure from others. They might also use income management as a tool for people referred by state housing authorities who are at risk of homelessness due to rental arrears.

Community organisations can also contact Centrelink directly to discuss whether income management might be an option for clients they have concerns about.

Whether a person is assessed as vulnerable and needing income management will be a professional decision of the Social Worker based on the individual circumstances of the person.

People assessed as vulnerable will have 50 per cent of their income managed to ensure that essentials like rent, food and clothing are covered.

A Centrelink Social Worker who assesses that a vulnerable person needs income management can place that person on income management for a period of up to twelve months.

The Social Worker can review the assessment at any time and end income management if they decide that it is no longer needed. The person can also ask for their circumstances to be reviewed once every three months.

Voluntary income management

Voluntary income management has been taken up by over 4,500 people in the Northern Territory and parts of Western Australia because it helps them to manage their money better and to get their lives in order.

People in the trial locations will also be able to take advantage of this service.

When a person decides to go on voluntary income management, they talk with a Centrelink officer about the best way to allocate the 50 per cent of their payments which are income managed. Centrelink then sets up the payment to ensure that bills get paid on time.

People who stay on voluntary income management are also eligible for an incentive payment of $250 for every six months. This payment helps people to save for major items and encourages them to stick to good budgeting habits.

When a person chooses to go on voluntary income management, they have to stay with the arrangement for at least 13 weeks. They can choose to stop income management at any time after that.
What about the BasicsCard?
The BasicsCard is a convenient way to spend income managed money at a range of approved retailers. All income managed customers are eligible to receive the PIN protected card which works off the existing EFTPOS system.

Centrelink works with people to ensure that the right amount of income managed money is allocated to the BasicsCard as opposed to other payments such as direct payment of rent, and power bills.

BasicsCard merchants are available nationally, with major stores such as Woolworths, Coles, Target, Kmart, Best and Less and Big W signed up across the country. In total almost 4,600 merchants have already signed up nationally.

Centrelink can also arrange for payment by other means to retailers who do not take the BasicsCard.

What support services will participants get?
New support services to help people develop financial literacy and better manage the family budget will also be available to help families on income management get their lives back on track.

These services are:

- Financial Management Support Services including financial counselling and money management skills training.
- Expanded Communities for Children services in each of the trial locations which support parents and their children through playgroups, parenting education classes, mentoring and support groups, and early learning programs.
- Voluntary income management customers will be eligible for an incentive payment of $250 for every six months they participate in income management.
- People who are income managed under a child protection referral or an assessment of vulnerability may be eligible for a matched saving payment of up to $500.
- Child protection workers would still be able to use the full range of interventions and services for families referred for income management.
- Centrelink Social Workers would be able to apply income management together with case management.

Implementation
Centrelink will be responsible for the implementation of income management in the five new locations.

Child Protection Income Management will involve collaboration between the Commonwealth and the relevant State or Territory government, and will be tailored to fit statutory child protection arrangements in each jurisdiction.

State Housing Authorities will work with the Commonwealth to develop processes to refer people to Centrelink who are in significant rent arrears and at risk of eviction and homelessness and would benefit from consideration for the vulnerable measure of income management.