EXAMINING INCOME MANAGEMENT PROGRAMS IN AUSTRALIA - 2015
Evidence, Ideology and Policy

Forum Digest

Convened by Associate Professor Philip Mendes
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Examining Income Management Programs in Australia

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This report summarises the content and outcomes of the Income Management (IM) symposium – July 2015.

Convened by Associate Professor Philip Mendes, the workshop explored the critical issues relating to Income Management Policy and its use as a tool of welfare reform.

The short history of Income Management policy in Australia reveals a policy platform of shifting principles. At various times policy logic has been predicated on the basis of race, age, and more recently geographical location with the introduction of Place-based Income Management trials. Whilst current program evaluations do not appear favourable in terms of improved outcomes for recipients, expansion of the policy was announced as part of the 2015 Federal Budget.¹

The Income Management Workshop sought to respond to these parameters through a series of interactive presentations from leading scholars and subject matter experts in the field.

A key aim of the Workshop was to develop an IM research agenda which critically examines the outcomes of IM programs, deconstructs the associated ideological, philosophical and empirical debates, and considers their implications for future policy and practice.
Highlights from the Proceedings

Establishing the local and global policy context of Income Management

In session one Ilan Katz - (University of NSW), outlined three potential drivers of Income Management (IM) policy Ideological, Political and Empirical. Katz concluded IM was more likely to be politically rather than empirically or ideologically driven. Key points of evidence examined included:

- The limited nature of additional supports and services as part of the program in newer IM iterations.
- Removal and / or reduction of voluntary IM programs- strongly signalling motives of control opposed to capacity building.
- The limited nature of empirical or logical connections between restricting income and the reduction of violence, alcohol abuse or school attendance for example (the social issues that IM aimed to address).

Emphasis on the nature and quality of data was also reinforced by Peter Whiteford- (Australian National University). He outlined the international trends in the provision of income support and other welfare state reforms.

Using evidence from across the OECD, Whiteford exposed the weaknesses of assumptions that underscore IM programs in Australia including the notion of intergenerational welfare dependency, unconditional income support and the current rhetoric that Australia has one of the most generous ( or in some views indulgent?) income transfer systems in the world. All three propositions were not well supported by the international comparative data. A key message from this review was the notion that expanding IM in the Australian welfare state is likely to have a particularly acute impact because Australia provides almost all of its income support as cash transfers with relatively little conditional spend restrictions.

Rob Bray (Australian National University), reported on the evaluation of IM in the NT which found there was no evidence of any systematic improvement in outcomes including changing consumption and that the program appeared to encourage dependence and not build capacity. He also raised several methodological issues that require caution in drawing meaningful conclusions about the initiatives. Issues included -

- Poor contextualisation of Program outcomes, including the degree to which the language such as ‘basics’ and ‘healthy welfare’ are rhetorical and the failure to address the fiscal and social costs of implementation.
- The large variation in objectives, mode of implantation and target populations across IM programs. Assessments of whether the intervention ‘works’ will differ across categories – e.g. Compulsory vs. voluntary IM, rural vs. urban contexts.

Applications and Implications of Income Management for Consumers

Session Two focussed on bringing the consumer perspective to the evidence base. This session included considering the direct experiences of IM in Indigenous Communities and Place-based Income Management trials.

Indigenous Communities
Jon Altman- (Australian National University) noted the impacts of IM on the Kuninjku-speaking people from the Maningrida region in Arnhem Land. The introduction of IM in this community was considered ineffective. His analysis demonstrated several flaws in the policy logic and the potentially negative impact of ill-fitting implementation approaches at the community level. On this latter issue the top down approach to implementation of the IM Program undermined some existing strengths of the community, locally-controlled retail outlets, and individuals. The restriction of tobacco purchases in the Maningrida community for example actively diminished important cultural communication and connection because smoking is a key institution for local social exchange. The rollout of the program also initiated a centralisation of Government services and the closing of value adding services to the community. Altman argued that issues such as these may have been avoided had community consultation and involvement been actively pursued.

This was also a key message presented by Philip Mendes - (Monash University). Mendes’ paper argued that community development approaches are highly necessary for the successful integration of IM into welfare infrastructure. His paper argued IM should seek to complement and preserve existing community services and benefits and not diminish existing ones. This can only be achieved through harnessing community input.

This advice was echoed in representations from Elise Klein – (Australian National University), and later David Tennant – (CEO of Family Care). Klein highlighted the differences between community engagement and community consultation approaches and their potential outcomes – questioning if the community development approaches were compatible with the rhetoric of IM in Indigenous communities given the Government mandate to implement the program regardless. As noted, this would make a truly collaborative approach less likely.

The importance of community engagement was reiterated by David Tennant who argued that more emphasis needs to be placed on understanding the unique local community characteristics before blanket implementations are made. There also needs to be a more vigorous contemplation of unintended but potentially foreseeable consequences. One example of this gap is the restriction the Basics card has placed on low income earners to exercise their usual money saving strategies within the Shepparton township. It is a major Australian food bowl, and market garden produce is abundant and cheap and forms a part of trading and budgeting for low income families. This cannot be accessed with a Basics card. Tennant’s paper on the experiences of the community demonstrated the potential of IM to produce or exacerbate adverse outcomes by adopting a one size fits all.

A highlight of the IM Workshop was the inclusion of the lived experience into proceedings. Kirstyn Jones attended the workshop and gave a first-hand account of many issues raised by the preceding academic analysis.

Kirstyn made particular mention of the poor communication and appeals for exemption processes. Kirstyn spent 9 months in the appeals process and importantly, in that time, she received no assistance or support regarding money management knowledge or assistance with employment so she could increase her hours of work to the exemption threshold. Administrative issues with IM in terms of Centrelink not paying bills on time from the Basic card, social stigma and a diminished sense of agency were key messages from her testimony and experiences.

Negative characterisation of individuals on income support was also reflected in University of Western Sydney’s Shelley Bielefeld’s paper from this session. Bielefeld provided a deeper insight into the discourse and rhetoric surrounding IM, placing this in an historical context that demonstrates a consistent pattern of positioning the social issues in the Indigenous community as an individual’s responsibility. Of particular note was the narrative of recent media coverage of the 2015 budget justifying extensions of Place-based IM into several more communities. These presented IM as an addition to the suite of existing Government supports for income assisted citizens. Yet evidence from existing evaluations and lived experiences of being placed into these
program (such as Kirstyn’s) paint a very different picture of the offering. There appears little focus on learning and capacity building and more emphasis on controlling and compliance.

Another point of interest raised by Kirsten’s experiences was addressed by Peter Billings in the following session. Billing’s legal analysis of IM and the appeals process particularly concurred with consumer experiences and findings from the 2012 Ombudsman Review of IM procedures. Transparency of decision making and communicating the right of appeal are major flaws of IM programs. This has direct impact on Human Rights because a right to appeal is a central principle.

This session concluded with an outline of Government responses to the existing evaluations and the lessons learned from the Place-based IM trials. Kai Cantwell - (Department of Social Services), spoke of his personal involvement in the provision of Government services to many income management participants and expressed his sense of their positive experiences within the Program. He also acknowledged many of the issues raised in the proceeding sessions and emphasised the current approach IM will focus on voluntary and targeted compulsory program participation, the BasicsCard and how to make it indistinguishable from other debits cards (to reduce stigma) and the provision of support services as part of the revised IM package. This inspired robust debate and discussion on what should be the priority of implementation. The main themes arising from this debate centred on appeals to Government to align program objectives and evaluation tools and increasing level of community consultation before further expansions occur so that local input can be imbued into a more suitable implementation model.

Key ideological and philosophical arguments for and against Income Management

This session commenced with Matt Taylor, former Research Fellow with the Centre for Independent Studies. Taylor argued that the Government already has a history of placing restrictions and control over the income of its citizens for the greater good. In this context, the legitimacy of Government intervention in private consumption already has some precedence. He cited Medicare and Superannuation schemes as examples of quarantining income for a broader social purpose. Taylor focussed his critique then on the efficacy of the IM Program, arguing the current data strongly suggests it is not particularly effective or efficient and is best viewed as a questionable use of taxpayers’ money rather than an over-extension of Government boundaries.

In contrast, Jacqui Phillips – Australian Council of Social Service (ACOSS) examined IM policy from a critical perspective noting the policy inherently conceives and then addresses issues at the individual rather structural level by seeking to circumvent individual behaviours without addressing their cause. The net effect of policy built on this notion is an experience of punishment, stigmatisation and coercion. Full citizenship rights become conditional and divisive under these ideologies.

This latter issue was also noted by Jon Altman - (Australian National University) in his presentation. He provided an analysis of the policy from a citizenship perspective and concluded it was a lack of social justice that is one of the biggest philosophical flaws of the policy. Pitching control and restrictions at only some of its citizens based on race, age or now, geographical location, is inherently unjust and flies in the face of a universal human rights agenda.

Tensions and contradictions in Income Management and broader social policy in Australia

Citizenship was also central to discussion on day two of the Workshop.
Greg Marston - (Queensland University of Technology) presented on concepts of citizenship to contrast and compare IM policy and the NDIS. Whilst recognising the role of the State to reduce unnecessary suffering, Marston noted that assumptions regarding the cause of that suffering can shape policy design and the ethos of its implementation. This seems to be the case with IM. Concepts such as the deserving and undeserving citizens and ‘dangerous classes’ of people have arisen in the policy making process. The context of social policy making was another policy tension explored. Marston noted the differential development of IM policy compared to the National Disability Insurance Scheme (NDIS). The latter was considered a bottom-up policy imbed with opportunities for consultation. Income Management by contrast was justified as a crisis response to a specific issue in a given population (NTER). Given this policy has been expanded incrementally, the coercive and highly paternalistic nature of the policy has been poorly recognised and not widely scrutinised

Finally, Peter Billings - (University of Queensland) returned to the legal framework of IM. His analysis concluded that the establishing legislation may well be discriminatory because it disproportionately applies to and effects Indigenous Australians. For this reason, IM fails the equality before the law tests associated with Human Rights, even in spite of the reinstatement of racial Discrimination Act

The final panel session focussed on the consolidation of key learning arising from the workshop and agreement on next steps both as a workshop group and informants to future policy iterations.

Conclusions

There is no consistent and objective evidence that Income Management works.

- Enforced restriction of discretionary spending has not been shown to result in improved management of finances, willingness to save money, children attending school, or consumers ending reliance on welfare. Nor have corresponding reductions in alcohol use been validly observed in IM populations.
- Any positive influence from IM tends to relate to the voluntary IM programs and they do not in theory or practice offset gains that can be reasonably expected in the compulsory IM policy applications.

Improved evaluation mechanisms must be pursued before IM is expanded.

- Concrete and enduring policy aims and objectives are required for the policy and should relate specifically to each of the policy iterations (e.g. Place-based IM, Voluntary IM, Compulsory IM, Child Protection Mandated IM etc.). Policy logics are not necessarily shared across all IM programs given their different targeting and modes of operation.
- The fiscal and social costs (including the significant stigmatisation resulting from the policy and the risk of creating dependency rather than alleviating it) must be considered in future evaluations and determination of further expansions. An effective intervention is one thing, but asking the question at what cost is arguably a necessary component of deliberation.

Existing Income Management programs require further community consultation and collaboration

- IM programs have been implemented using a top down approach. This approach has undermined the efficacy of the IM programs and perhaps especially, within the Indigenous populations that are disproportionally subjected to the restrictions inherent in IM. Further, this approach continues to undermine and disempower an already disenfranchised community. Application of community development principles would likely yield more positive results in the establishment of need and implementation of policy that is appropriate for each local site. Building some flexibility into the system would go a long way to increasing its traction.
Current communication and appeals processes and exceptions relating to IM remain inadequate and are likely to breach Human Rights and equality before the law principles.

Actions

The Workshop attendees agreed that in the current political environment, an expansion of IM policy is likely inevitable. Actions arising from the workshop should be adopted from this perspective.

1. An expansion of a form of IM has already been announced flowing from the Forrest Report. Therefore, focus is best directed at influencing the emerging policy architectures and implementation processes as well as ensuring adequate protection and appeals mechanisms are in place and importantly, that participants are empowered to use these.

2. Advocacy and influence efforts should be directed at increasing the consumer voice in policy development. Central to this is identifying the extent to which the policies disproportionately impact on, and discriminate against, Indigenous Australians and addressing these differential outcomes.

3. Clear and measurable objectives must be established and predetermined. Open evaluation mechanisms which focus on program outcomes and their cost-effectiveness must be included. This would benefit from input from the academic and consumer community.

4. Given applications of policy in the target groups do not have resonance with the broader public consciousness, awareness raising efforts and comparative analysis is best directed at discussion of implications that relate to issues of more mainstream appeal and understanding (E.g. drawing parallels with increasing conditionality in child care policy, immunisation policy or future policy on smoking or food consumption that have a connection with a wider range of citizens).

5. Influence and lobbying effort should work at reducing paternalism and control and ‘nudging’ capacity building and community development approaches in implementation of policy.


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