

# Compulsory Income Management

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**W**elfare conditionality – the tying of eligibility for income support payments to particular forms of behavioural change – has intensified in recent decades (Carney 2015; Taylor et al. 2016). Prominent Australian manifestations have included the Work for the Dole program and the recent proposal for drug testing of new applicants for unemployment payments, but arguably the most extreme form of conditionality is compulsory income management (CIM). CIM involves the control or quarantining of half or more of a person's payment by the Commonwealth Government Department of Social Services. It was originally introduced in 2007 as part of the Northern Territory Emergency Scheme targeting remote Indigenous communities, but has since been expanded to a wider range of groups and locations.

To date, approximately 35,000 Australians participate in CIM programs including about 11,000 on the Cashless Debit Card (CDC) in four locations – the Ceduna region in South Australia, the East Kimberley and Goldsfield regions in WA, and the Bundaberg and Hervey Bay (Hinkler) region in Queensland – and nearly 25,000 on the BasicsCard of whom over 22,000 reside in the Northern Territory. A significant majority of BasicsCard participants are Indigenous, and Indigenous Australians also comprise at least one third of CDC recipients (Department of Social Services 2020a; 2020b).

The CIM programs aim to achieve a range of crisis prevention and beneficial outcomes. The prevention or social control objectives include reducing or ameliorating types of dysfunctional behaviour that may cause individual and social harm such as drug and alcohol abuse, addictive gambling, crime and family violence. The beneficial or social care objectives include enhancing financial management skills, parenting capacity and general physical and mental health; promoting participation in training and employment; and facilitating greater self-reliance (Mendes et al. 2016).

CIM has been subject to ongoing political and philosophical contention. Critics of CIM raise a number of concerns:

- that the coercive powers granted to the Department of Social Services involve unreasonable

paternalistic interference with the personal autonomy of participants given that most have not been assessed in terms of their individual capacity or functioning and are mostly placed on the program because of their place of residence;

- that the program is primarily targeted at Indigenous groups and communities who have already suffered for many years from coercive and arguably racist state interventions in areas such as child welfare (Pocock 2011);
- that alleged public consultations with affected communities have been highly selective and rarely engaged with potential CIM participants;
- that the program seems to cause major stigma and embarrassment to participants (Marston et al. 2020);
- that official government evaluations of CIM have serious methodological deficits and have failed to demonstrate the effectiveness of programs in preventing social harm let alone improving the lives of participants; and that the large cost of CIM could be better utilised to extend holistic social services that benefit disadvantaged communities, and/or increase the currently low rate of the Newstart Allowance for the unemployed in order to relieve financial-related poverty.

The contributors to this special issue of *Social Alternatives* address the above and other related issues. Kristen Stevens interrogates the objectives and impact of CIM programs. She argues that CIM increases rather than alleviates the social exclusion of participants in areas such as health, housing and employment. She also critiques the involvement of profit-making private companies in the provision of CIM services.

David Tennant and Gerard Brody argue that the CDC is undermining the financial autonomy of participants by denying them access to normal market transactions such as the purchase of cheaper or second-hand goods, and participation in share accommodation options. In their opinion, the CDC erodes consumer rights, and potentially

adds to the cost of living pressures on those who are already living on a low income.

Janet Hunt critically assesses the standard of the evaluation reports used by the government to justify expansion of the CIM programs. She argues that the evaluations do not demonstrate the programs have achieved their core objectives, and asserts that their contested findings have been disingenuously used by politicians to justify the continuation and expansion of income management.

Susan Tilley analyses the key role played by digital transformation in the introduction of new forms of welfare conditionality such as the Cashless Debit Card. She opines that whilst digital technology could in principle be used to facilitate greater social inclusion for all citizens, it has in practice been employed to erode the autonomy and exacerbate the inequality of those reliant on income support payments.

Greg Marston and Michelle Peterie argue there are positive and viable policy alternatives to welfare conditionality that need to be considered in the context of accelerated automation and climate change. Based on evidence from international trials, they present the case for an unconditional basic income that is paid to all Australian residents irrespective of whether or not they are in paid employment.

Philip Mendes examines the changing perspective of the Australian Labor Party on CIM from 2007-19. He notes that Labor used a number of philosophical and practical arguments to defend CIM from 2007-17, and then sharply reversed both their policy perspective and stated rationale. He suggests the policy shift reflects a range of political and philosophical concerns.

Eva Cox critically reviews the history of income management programs, and argues they have had a particularly adverse impact on specific groups such as Indigenous Australians and women.

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#### Author

Associate Professor Philip Mendes teaches social policy and community development, and is the Director of the Social Inclusion and Social Policy Research Unit (SISPRU) in the Department of Social Work at Monash University. He is the author or co-author of 12 books including most recently *Young people transitioning from out-of-home care: International research, policy and practice* co-edited with Pamela Snow (Palgrave Macmillan, October 2016), the third edition of *Australia's Welfare Wars* (February 2017), and *Empowerment and control in the Australian welfare state: A critical analysis of Australian social policy since 1972* (Routledge, 2019). He is a CI on the study of Compulsory Income Management in Australia and New Zealand, funded by the Australian Research Council (ARC), and recently won the Monash University Faculty of Medicine, Nursing and Health Sciences Dean's Award for Excellence in Research Impact (Economic and Social Impact).

#### Looking for water

A nuclear family, quark family, neutrino  
family have moved in down the street –  
each new neighbour more mysterious.  
Astrophysicists play in the sandpit  
of the heavens, point  
and name.

Their fine instruments reveal  
a hidden language;  
in wonder they discover a red giant,  
black hole, a star after  
the end of its life.

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