



Australian Government

**Department of Families, Housing,
Community Services and Indigenous Affairs**

Dr Jeff Harmer AO
Secretary

Mr Paul Power
Chief Executive Officer
Refugee Council of Australia
Suite4A6, 410 Elizabeth Street
Surry Hills NSW, Australia 2010

Dear Mr Power

Thank you for your letter of 7 September 2010 concerning about the impact of the new model of income management on newly arrived refugees and asylum seekers.

You have raised a number of concerns about the impacts of income management as well as questions about the overall effectiveness of the policy. You will be aware that a number of these issues have been raised over the past few years in the course of public and parliamentary debate on income management. My department has also undertaken a substantial number of discussions with stakeholders on these issues over recent years. While the ultimate decisions on directions of government policy sit with the Minister and not the Department, I can make some comments that may help alleviate some of your concerns about the impact of income management.

Income management aims to ensure that, for vulnerable households, income support and family assistance payments are used to meet basic costs of living, consistent with their primary purpose. For people who have already structured their budget so as to ensure payment of rent, utilities, food costs and medical needs, income management should not impose any difficulty, and can help them standardise these arrangements. While many refugee and migrant families are used to managing on a limited income, the reality of meeting living costs in Australia can still be challenging and income management can help ensure people do not fall behind on rent or other bills, and therefore reduce their risk of facing eviction and financial crisis.

Your letter suggests that income management may limit the ability of refugees and humanitarian entrants to remit funds overseas to help family members. Under the new scheme of income management, 50 per cent of a person's regular income support and family payments are income managed. Provided the priority needs of the person, their partner and their children are being met, the person is free to use any remaining income managed funds for expenses other than for the purchase of excluded items. A person also has complete control over funds that are not income managed.

In terms of the ability to shop at a range of lower-cost food markets, Centrelink has detailed discussions with new income management customers about their shopping patterns and will be undertaking outreach to a number of merchants to offer them access to BasicsCard or arrange other payment methods. We encourage specialty food and goods stores to consider applying for the BasicsCard if they have not already done so. The BasicsCard may be used to purchase any items available through an approved merchant, except for the excluded items of alcohol, homebrew kits and concentrates, pornography, tobacco, gambling products and services. BasicsCard facilities can be provided to any approved merchant who uses a fixed EFTPOS facility. There are no fees for the merchant.

The findings of a recent evaluation of income management in Western Australia were that, on balance, people found income management a positive tool that helped them to pay their bills and rent on time. Two-thirds of those surveyed who had participated in compulsory income management had either recommended it to a friend, or were planning to recommend it. This suggests that negative expectations about income management were not generally borne out for the participants. Participants generally found a positive impact on their family relationships due to less arguing over money.

The new model of income management provides exemption pathways for certain groups of people. You raise concerns that some recently arrived refugee families may find it difficult to assert their right to an exemption. Interpreters and multilingual materials are available and offered to support customers with any contact they have with Centrelink. I encourage you to make sure that your member organisations are aware of these materials and supports.

You also raise concerns about the exemption criteria. The criteria are different depending on the age of the child. For children under the age of 3, the criteria requires that parents take their children to the recommended early childhood health and developmental checks. At the age of 3 the criteria requires involvement in early social and learning activities such as pre-school or playgroups. There is evidence that these activities can have substantial benefits for children's long-term health and wellbeing, and help link parents to social networks. Parents can participate in these activities and there is no requirement that the child be cared for by others. Exemptions for people without children are based on a demonstrated record of, or participation in, employment and study. This is to encourage independence and self-sufficiency. The Department is monitoring the appropriateness of exemption categories and would be happy to discuss this with you further.

Representatives of my department would be happy to continue discussions with you and to work through any further concerns. The government will be evaluating the effectiveness of the new model of income management in the Northern Territory. There has been widespread consultation with the non-government sector on the methodology for this evaluation and I understand your organization was invited to participate in this

process. I also understand that Centrelink has been holding stakeholder forums with providers of migrant support service at the local level across the Northern Territory.

Thank you once again for writing with your views about the impact of income management on newly arrived immigrants, refugee and humanitarian entrants. I appreciate you sharing these views with me.

Yours sincerely

A handwritten signature in blue ink, appearing to read "J Harmer", with a large, sweeping flourish on the left side.

Dr Jeff Harmer

2 November 2010