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SUBMISSION

**SENATE SELECT COMMITTEE ON REGIONAL AND REMOTE INDIGENOUS
COMMUNITIES**

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Introduction

The Human Service Portfolio

1. The Human Services Portfolio consists of:
 - The Department of Human Services, which includes the Child Support Program (CSP) and CRS Australia; and
 - The Human Services agencies;
 - Centrelink;
 - Medicare Australia;
 - Australian Hearing; and
 - The HSA Group.

Together, the Human Services Portfolio and the Human Services agencies work to improve Commonwealth government services to all Australians.

The Portfolio Department

2. The Portfolio Department of Human Services is the central policy and coordination department of the Portfolio. It is responsible for ensuring the Government is able to get the best value for money in service delivery while emphasising continuous improvement and a whole-of-government approach.

The Department adds value through strategic oversight, leadership, innovation and high-level collaboration with the policy departments.

The Department:

- directs, coordinates and brokers improvements to service delivery and provides policy advice on service delivery matters to government;
- through the Child Support Program, ensures that children of separated parents receive financial support from both parents; and
- through CRS Australia, assists people with an injury or a disability to get a job or return to work by providing individualised vocational rehabilitation, and helping employers to keep their workplaces safe.

Centrelink

3. Centrelink is an Australian Government Statutory Agency, assisting people to become self-sufficient and supporting those in need. Centrelink delivers a range of government payments and services to Australians, including retirees, families, carers, parents, people with disabilities, Indigenous people, and people from diverse cultural and linguistic backgrounds, and provides services at times of major change.

Centrelink Indigenous Servicing Strategy

4. The Centrelink Indigenous Servicing Strategy 2006-09 reflects Centrelink's strategic framework for Indigenous service delivery. Centrelink is continuing to enhance and improve the service delivery experience to Indigenous customers by working closely with Australia's Indigenous community to provide culturally responsive Indigenous service options. The strategy is currently being reviewed.

Child Support Program (CSP)¹

5. CSP supports separated parents to transfer payments for the benefit of their children and works with government, community and private organisations.

The CSP has had no direct involvement in measures associated with the Northern Territory Emergency Response. CSP is currently formalising details with Centrelink Northern Territory Operations Group (NTOG), on joint community visits to priority customer and community groups in remote areas of the NT.

¹ Information provided by the Child Support Program 4 February 2006

6. CSP has a range of business as usual activities involving services for Indigenous customers which includes a Regional Service Centre (RSC) in Darwin

CRS Australia

7. CRS Australia has been providing services to job seekers, employers, insurers and other industry partners for many years. Their range of services have been developed over time to meet the needs of our many different customers and include vocational rehabilitation, Job Capacity Assessments, employment services, return to work programs, workplace rehabilitation and injury prevention services. CRS Australia has a vast national footprint with over 170 offices Australia-wide.

CRS has not been involved with NTER policy or implementation and so does not have any information to provide the committee.²

The HSA Group

8. The HSA Group (Health Services Australia Limited) is a leading national provider of occupational and travel health services to government and corporate Australia. They offer a unique mix of services—occupational health, occupational rehabilitation and travel health—throughout their extensive operational network across Australia. Their services are delivered by a multi-disciplinary medical and allied health workforce.

HSA has some “business as usual” activities in the Northern Territory that assist other Commonwealth and Territory agencies meet their policy objectives.

Medicare Australia

9. Medicare Australia is an Australian government agency and plays an integral role in the Australian health sector. Its objective is to assist in improving health outcomes in Australia. Medicare Australia works in partnership with the Department of Health and Ageing to achieve the Australian Government's health policy objectives. Their activities are conducted within the government policy framework set by the Department of Health and Ageing, Department of Veterans' Affairs, Department of Families, Housing, Community Services and Indigenous Affairs and relevant legislation.

Medicare has not been involved with NTER policy or implementation and so does not have any information to provide the committee.³

Australian Hearing

10. Australian Hearing is one of the largest hearing service providers in the world with a reputation for innovation and world-leading practices. Australian Hearing is dedicated to helping people manage their hearing impairment so they have a better quality of life. They provide a full range of hearing services for children and young people up to the age of 21, eligible adults and aged pensioners, and most war veterans.

Australian Hearing has received an increase in referrals of children with long term hearing loss as a result of hearing checks undertaken as part of the NTER.

² Information provided by CRS 3 February 2009

³ Information provided by Medicare 3 February 2009

Summary

11. The Department of Human Services has varying levels of responsibility for or involvement in measures resulting from or related to the Northern Territory Emergency Response. The following points are discussed in more detail in this submission.
- The Northern Territory Emergency Response and the associated policy measures have represented a significant change to the Australian Welfare system. The Human Services Portfolio has been highly responsive to the service delivery requirements of these measures.
 - Centrelink have introduced a number of strategies to best support both Income Management in its varied forms and the NTER generally.
 - Income Management has completed roll-out in the Northern Territory and other measures involving Income Management continue to be implemented in Western Australia and Queensland
 - The School Enrolment and Attendance Measure (SEAM) is in the early stages of implementation in Western Australia and the Northern Territory.
 - One outcome of the NTER is the increased food security for people living in remote Indigenous communities.
 - The BasicsCard is a highly effective strategy in terms of the delivery of Income Managed funds. It offers flexibility for the customer, decreased administrative burden for the merchant and a lower cost, scalable solution for Government.

The Northern Territory Emergency Response (NTER)

12. On 21 June 2007 the Australian Government announced the Northern Territory Emergency Response (NTER) to protect Aboriginal children from abuse and build the basis for a better future.

The immediate nature of the response reflected the first recommendation of the Little Children are Sacred Report from the Northern Territory Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse - which asked that *"Aboriginal child sexual abuse in the Northern Territory be designated as an issue of urgent national significance by both the Australian and Northern Territory governments..."*

13. Implementation of the NTER began soon after its announcement, when the first survey teams of Government officials were sent into communities. Aboriginal communities, numerous community living areas, outstations and town camps in or near major urban centres became part of the Emergency Response and where prescribed under the NTER legislation.

Seventy-three major communities in the Northern Territory are affected by these reforms. In total, some 740 communities, outstations and town camps are within the prescribed areas for these measures.

Income Management (IM)⁴

14. Centrelink has been involved in delivering one of the welfare reform measures namely the implementation and continued management of Income Management. Under Income Management half of a customer's regular fortnightly payments, after deductions such as child support payments and government debt repayments, and all of any advances and lump sum payments, are paid to an Income Management special account.

⁴ Information provided by Centrelink 4 February 2009

Income Management is central to improving the situation of Indigenous families and children in the NT by ensuring people's welfare payments are directed to individual and families' priority needs. It directs income managed funds towards priority needs such as food, clothing, housing, transport and utilities. Income Managed funds cannot be used to purchase alcohol, tobacco, pornography or gambling products. Every community member who receives a relevant welfare payment receives half their payment in the usual way.

15. In response to the Report of the NTER Review Board – October 2008, Cabinet decided on 16 October 2008 to extend current compulsory Income Management arrangements for NTER communities until 30 June 2010.

In parallel with Income Management, better food supply is being supported through the licensing of community stores to improve communities; access to fresh and affordable food.

NTOG Schedule

16. The Northern Territory Operations Group or NTOG (formerly Centrelink Indigenous Response Team) plan and schedule visits using a place based approach, utilising evidence of community needs. Centrelink has worked closely with Major General Chalmers in his operational headquarters from the beginning of the emergency response.

The timetable for Income Management being delivered to various communities was decided by the Department of Families, Housing, Community Services and Indigenous Affairs and Major General Chalmers. Prior to the introduction of Income Management and following Centrelink's experience in the first four communities in late 2007, the rollout schedule was modified to allow six weeks rather than four, for the subsequent communities. This allowed staff adequate lead time for communication and contact with each community.

The initial roll-out is complete and Income Management is continuing in 73 communities and 10 town camps. The visiting schedule is a flexible, robust document designed to meet community needs and Government priorities. The points listed below are factors taken into consideration to update this schedule on a daily basis.

- Income Management (IM) continuation schedule;
- BasicsCard rollout and reissue considerations;
- Specific community requests;
- Operations Centre requests (e.g. community advice, Government Business Manager's advice);
- Response to food security issues. Scenarios include:
 - o store governance concerns potentially placing IM funds at risk;
 - o phone/EFTPOS lines being down requiring contingencies for BasicsCard and store reports to ensure customers continue to have access to their IM funds. This is particularly prevalent in the wet season.
 - o store closures for renovations; and
 - o store closures due to alleged misappropriation of funds placing IM funds at risk
- Place Based Servicing - trip frequency to communities will be evidence based in response to community needs;
- To ensure integrity of program outlays, trip planning includes analysis of community debt, suspended payments, Proof of Identity issues, Family Assistance Office non-lodger debts, School Nutrition Program take-up, Income Managed customer numbers including auto income managed customers, community size/population, existing Agent service, number of out-stations and their accessibility;
- Current Government priorities; and

- Response to new Government policy (e.g. School Enrolment and Attendance Measure (SEAM) and Community Development Employment Projects (CDEP) reform).

Visit Interruptions

17. The NTOG schedule is also impacted by the following factors:

- weather - the wet season can result in communities being inaccessible for extended periods of time;
- cultural and community factors - sorry business, ceremony, violence at a community placing staff at risk; and
- inability to access equipment and resources - this is a critical factor when staff are often unable to source accommodation at a community. Trips are often cancelled due to contractors at a community taking priority.

These factors can result in no trip taking place, cancellation of a scheduled trip, recalling staff from the field or access to communities not being possible or denied.

Additional Assistance for this customer group

Community focus on the ground

18. Teams on the ground liaise regularly with key community stakeholders to ensure a whole-of-government approach and that community protocols and cultural appropriateness is practiced and adhered to.

Key stakeholders include Government Business Managers, Community Employment Brokers, Third Party Organisations, Council/Shires, Centrelink Agents and Remote Access Service Centres, Police, Interpreters and other relevant community agencies on the ground (that is, Aged Services, Drug and Alcohol Services).

Trip plans vary from community to community in terms of customer access, trip purpose and the outcomes to be achieved for that particular community.

Joint Visits with External Stakeholders

19. The NTOG is currently in the process of formalising relationships with key external agencies to coordinate joint visits to prioritised communities. It is envisaged that these joint visits will compliment Government priorities. Centrelink is currently liaising with the following stakeholders:

- NT Money Management Strategy (NTMMS) services - NTOG, in partnership with Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the Operations Centre, are working through the identification of priority communities that would potentially benefit from financial management services to enhance IM understanding, BasicsCard options, general priority household needs spending and any potential 'unintended policy consequences' that may emerge.
- Child Support Program (CSP) - NTOG Social Work services, in partnership with the CSP, are in the preliminary stages of exploring joint community visits to priority customer groups who will benefit from a CSP presence on the ground. For example, a number of maintenance exemptions on a community may be a key driver for prioritising a community.
- Job Network Members (JNM) - NTOG has commenced discussions with various JNMs servicing remote communities in an attempt to develop a coordinated approach in dealing with the participation agenda for this customer group.

Centrelink Agent Program

20. Centrelink is committed to improved services to rural, regional and remote Australia and continues to explore initiatives that will increase both the equity of access and service delivery options for all customers, irrespective of geographic location.

Centrelink has 182 Indigenous Agent sites across Australia. There are sixty-two (62) Agents in the Northern Territory, thirty-eight (38) in Central and Northern Queensland and forty-five (45) in Western Australia. Agents are not Centrelink employees but they are equipped with a phone, fax and a computer to ensure that customers have access to Centrelink Call, Job Seeker sites such as the Job Network and Centrelink Online Services. In response to the NTER the Agents hours were extended to meet the increased demand for their services.

Centrelink is examining a new method of establishing customer demographics in regard to Agent services. This will allow for a closer examination of customer numbers and a more dynamic tool to ensure Centrelink is putting our resources where they are most needed.

Centrelink Agent facilities

21. Agents across Australia will begin to receive new computers that further enhance the ability of customers to access online services. Additionally Centrelink has distributed new printer/fax capability to all our Agents.

Agent Training

22. Training and facilitator packages have been upgraded and delivered to most Agents in Central and Northern Queensland (CNQ), Western Australia (WA) and Area North Australia. CNQ has training scheduled for Agents in Cape York and the Torres Strait Islands. Training packages include information about Centrelink's eServices.

Outbound Desktop Faxing

23. Outbound Desktop Faxing has been implemented in Agent sites within the Northern Territory and all remaining Agent sites are scheduled to be implemented in June this year. This technology allows faxes to be sent from a Centrelink Customer Service Advisor's desktop rather than manually faxing. This provides faster service to Agents and customers.

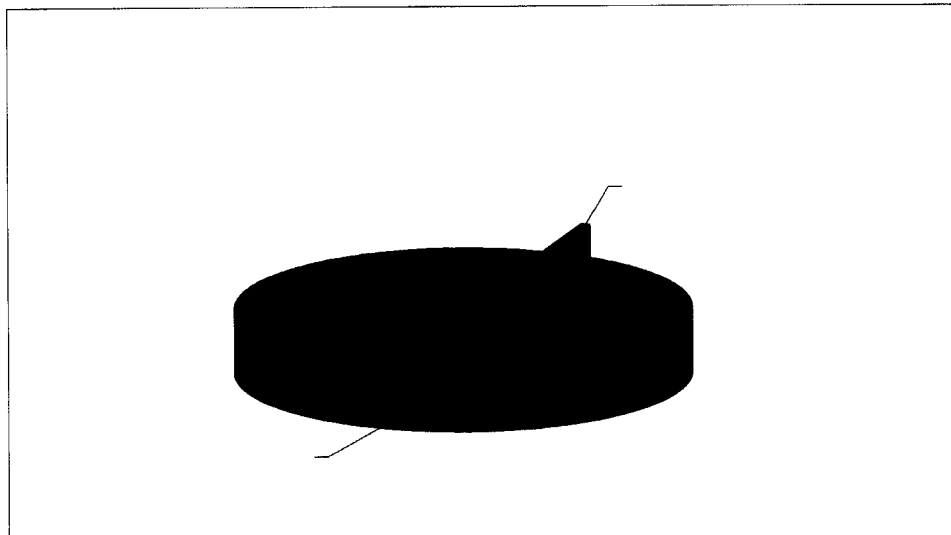
Satellite Communications

24. Centrelink has introduced Broadband Global Area Network technology to enable Centrelink staff to access customer records and provide current information to customers in remote communities at point of service.
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Progress of Income management in the Northern Territory

25. As at 23 January 2009 there were 15,543 customers being income managed. Of this, only 0.5 per cent (74) of all income managed customers were subject to auto income management⁵ (see Figure 1). This compares to six per cent of income managed customers who were auto income managed mid 2008 (6 June 2008), suggesting resolution of some of the initial implementation difficulties related to contacting affected people.

Figure 1 Total number of Income Managed customers as at 23 January 2009: 15,543



Customers by payment type

26. As at 23 January 2009, the majority of income managed customers were on Newstart Allowance, representing 39.5 per cent of the total number of income managed customers, followed by Parenting Partnered payment, representing 14 per cent of income managed customers.

Table 1 Income Managed customers by payment type

PAYMENT TYPE	AUTO	MANUAL	Total	% of Total
Abstudy - Schooling Applicant		15	15	0.10%
Abstudy	2	310	312	2.01%
Age Pension	2	1059	1061	6.83%
Carer Pension	1	294	295	1.90%
Child Disability Allowance		5	5	0.03%
Disability Support Pension	10	2715	2725	17.53%
Family Tax Benefit	2	84	86	0.55%
Newstart Allowance	40	6092	6132	39.45%
Parenting Partnered	2	2184	2186	14.06%
Parenting Single	4	1773	1777	11.43%
Partner Allowance		10	10	0.06%
Widowed Person Allowance		60	60	0.39%
Wife Pension (age)		12	12	0.08%
Wife Pension (DSP)		6	6	0.04%
Youth Allowance	11	849	860	5.53%
Unknown		1	1	0.01%
Total	74	15469	15543	100.00%

⁵ Where a person has not met with Centrelink before Income Management starts, "automatic" Income Management commences (i.e. the income managed amount is deducted from the person's payment and placed in their Income Management account). As Centrelink is unaware of the person's needs, Income Managed funds will not be paid out until the customer makes contact with Centrelink.

Customer by Marital Status

27. As at 23 January 2009, the majority of income managed customers were in de facto relationships, representing 34 per cent of the total number of income managed customers, followed by single and separated income managed customers. In all instances the number of females represented over 55 per cent in their respective marital status.

Table 2 Income managed customers by marital status

MARITAL STATUS	Female	Male	Total	% of Total
Married	1201	974	2175	13.99%
Separated	1859	1010	2869	18.46%
De Facto	3068	2250	5318	34.21%
Divorced	12	6	18	0.12%
Not Required	2	14	16	0.10%
Single	2174	1777	3951	25.42%
Unknown	1	2	3	0.02%
Widowed	968	225	1193	7.68%
Total	9285	6258	15543	100.00%

Customer by age group

28. As at 23 January 2009 the majority of income managed customers fell into two age groups. The largest groups were aged between 20 to 29 years representing just over 29 per cent of all income managed customers. This was closely followed by the group of 30 to 39 years of age, representing almost 24 per cent.

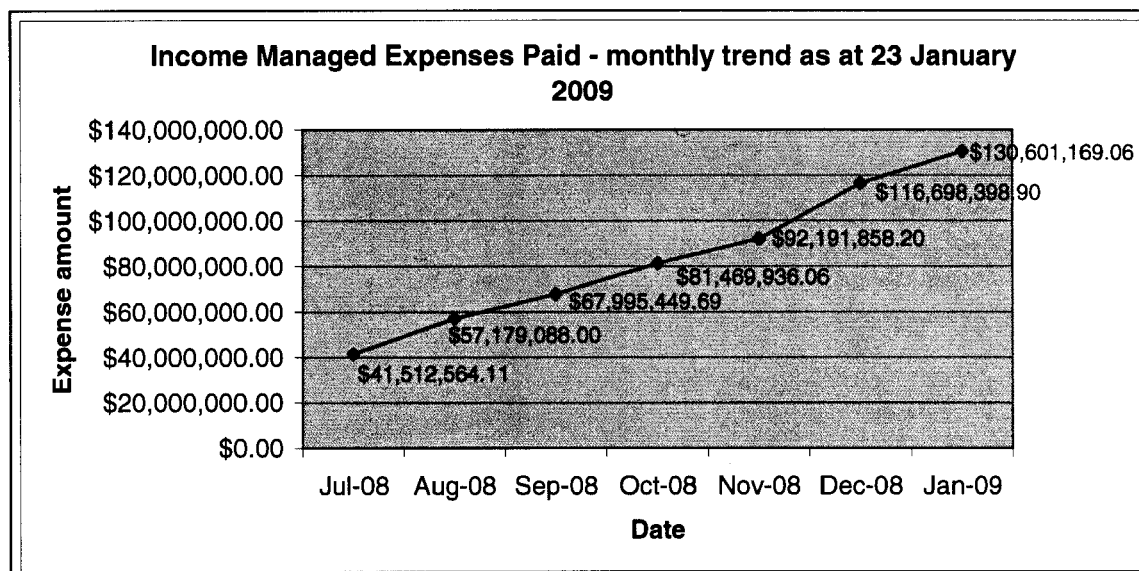
Table 3 Income managed customers by age

AGE GROUP	Female	Male	Total	% of total
0 to 19 Yrs	796	457	1253	8.06%
20 to 29 Yrs	2817	1719	4536	29.18%
30 to 39 Yrs	2158	1568	3726	23.97%
40 to 49 Yrs	1553	1212	2765	17.79%
50 to 59 Yrs	997	675	1672	10.76%
60 to 69 Yrs	551	395	946	6.09%
70 to 79 Yrs	314	180	494	3.18%
80 to 89 Yrs	88	45	133	0.86%
90 to 99 Yrs	11	7	18	0.12%
Total	9285	6258	15543	100.00%

Income Managed Funds

29. Graph 1 shows a monthly increase in the allocation of Income Managed funds to Third Party Organisation for customer's expenses for approved items. The allocation amount in July 2008 was \$41,512,564.11 and increased to \$130,601,169.06 in January 2009. This is in line with increasing customer numbers as communities were turned on for Income Management. This also illustrates that Income Managed customers have continued to access their funds in community stores to purchase approved items.

Graph 1: Total income managed expenses paid to third party organisation for approved expense categories, by month from July 2008 to 23 January 2009

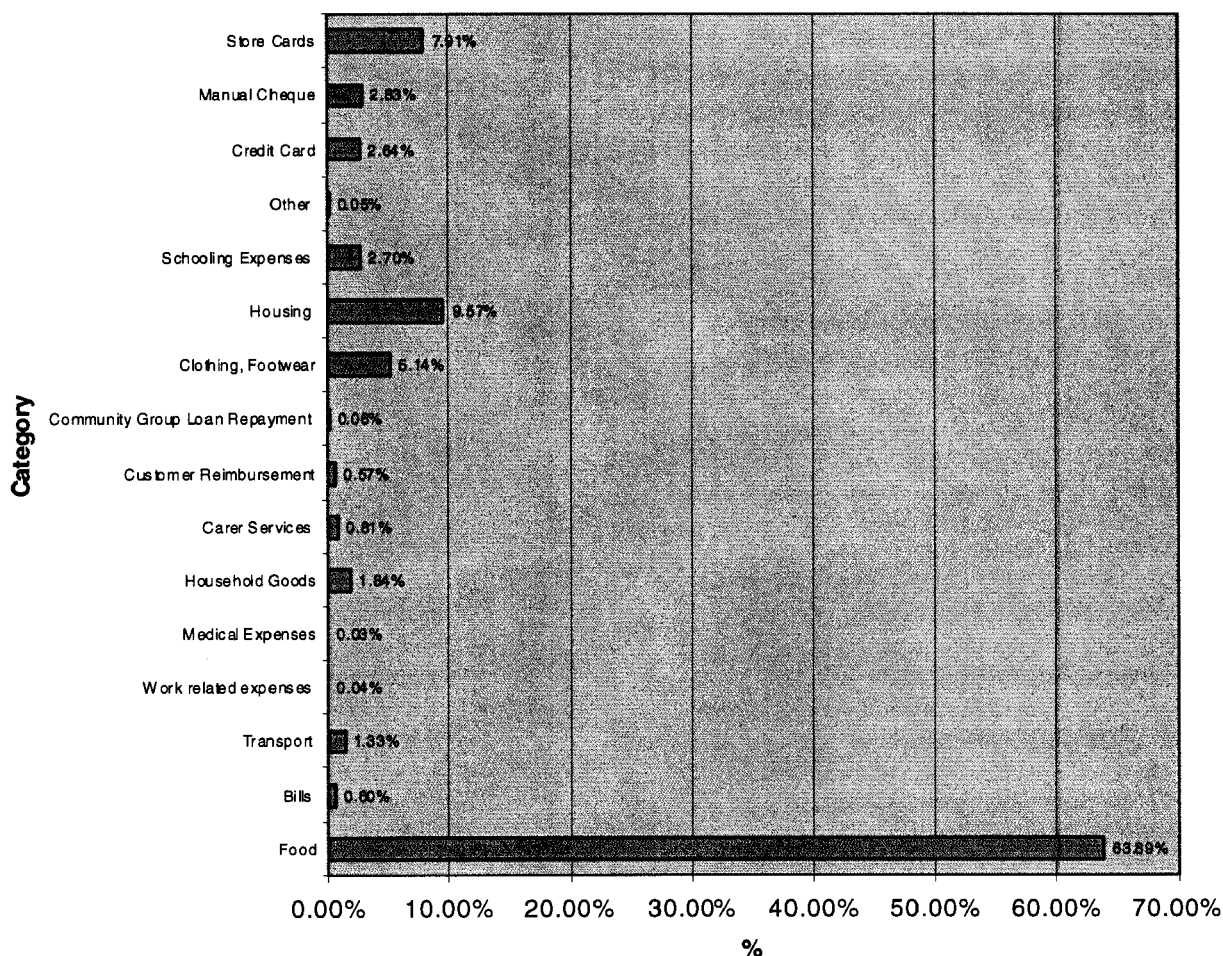


30. As at 23 January 2009, a total of \$133,065,182.70 has been income managed, of which \$130,618.623.34 has been allocated by customers to various priority items. Food is by far the highest expense incurred by income managed customers. Representing just under 64 per cent, followed by housing at 9.5 per cent. This is further supported by anecdotal reports of more money being spent on food, children being well-clothed and fed, houses being furnished and roadworthy vehicles being purchased.

Table 4 Allocated funds by priority items

EXPENSE ITEM	AMOUNT ALLOCATED	% of total
Food	\$83,454,501.64	63.89%
Bills	\$780,512.84	0.60%
Transport	\$1,733,493.86	1.33%
Work related expenses	\$50,154.13	0.04%
Medical Expenses	\$34,173.85	0.03%
Household Goods	\$2,401,025.94	1.84%
Carer Services	\$1,053,768.86	0.81%
Customer Reimbursement	\$741,927.05	0.57%
Community Group Loan Repayment	\$79,331.62	0.06%
Clothing, Footwear	\$6,718,389.21	5.14%
Housing	\$12,498,924.56	9.57%
Schooling Expenses	\$3,525,894.79	2.70%
Other	\$60,835.65	0.05%
Credit Card	\$3,453,514.72	2.64%
Manual Cheque	\$3,700,543.62	2.83%
Store Cards	\$10,331,640.00	7.91%
Total	\$130,618,632.34	

Graph 2 Allocated funds by priority items as at 23 January 2009



Effectiveness

31. Income Management as a tool primarily reduces the level of discretionary cash available in a community and ensures priority needs are met. Evidence of the success of Income Management is still largely qualitative. Anecdotal evidence to Centrelink and advice from staff working on the ground is that Income Management is having a positive impact for Indigenous communities in delivering daily improvements to individuals.

Centrelink staff see clear links between Income Management and targeted community spending on essentials for children and other family members. In general there is a more equitable spread of responsibility within families for such expenses as rent payments and adult family members contributing to food allocations. Many customers report that this is the first time they have been able to save money via the accrual of unallocated Income management funds.

There has been particular acceptance of Income Management amongst women in communities who see it as a positive step in people taking responsibility to manage their finances, and ultimately their lives. The cost of food, utilities and rent is now being shared amongst families and community members. In one of the first four communities, an elderly woman was living in a house with her family and was expected to pay rent and electricity for all members of the family out of her pension even though other adults also received a pension. This customer was very pleased with Income Management because instead of paying \$220 to cover the rent and electricity for the whole family, she now only contributes her share of \$40 per fortnight. The other members of the household now contribute their share equally.

Many communities report that alcohol consumption and associated instances of domestic and family violence have decreased significantly since the introduction of Income Management. Feedback about increased safety levels in communities, in particular for young people, is likely to have impacted positively on mental health and well-being issues. This may be attributable in part to the introduction of Income Management ensuring there is less disposable money available for alcohol and drugs.

Access to payments and services

32. Income Management commencement in communities has increased access to a broad range of payments and services.

During a remote visit to Ngukurr a customer called into the Ngukurr Agency to lodge her *Application for Payment* form. While assisting the customer to complete the form, she advised that she had failed to search for any jobs during the reporting period. She said that while she would like employment and to have extra money, she felt it was a waste of time looking for work as there were no employment opportunities in the community. In the discussion the customer was advised of the requirement to undertake activities as part of her Activity Agreement and the potential impact of any Participation Failure⁶ if she failed to undertake the required Job Search. While acknowledging the limited job opportunities in the community, she was advised that she should search for work with potential employers in the community such as the community store, council, and school and then bring the form back later in the day once she had contacted at least two of the above.

The customer returned later in the day with the *Application for Payment* form and advised that as a result of contacting the school she was successful in gaining part time employment at the school, working in the tuck shop and would be commencing work. The customer was pleased with the prospect of having additional money coming in to the household and was thankful for the advice she was offered during the visit.

Income Management interviews have also identified a number of customers who are eligible for Carer Payment/Allowance. These cases are more easily identified in Income Management interviews because the discussion centres on what the customer is spending their money on. It is often revealed that customers are spending money on caring for ill relatives or friends.

One customer was working part-time and had over \$4000 in unallocated income managed funds. A Centrelink Social Worker made contact with the customer to discuss these funds and following that discussion, the customer used his money to purchase a motor vehicle. His purchase enabled him to take up full-time employment at the local road house.

Community Stores

33. The operation of community stores and the quality of food they provide is critical to the Australian Government's efforts to improve the lives of Indigenous people in remote communities of the Northern Territory. There have been long-standing concerns about the management of stores and the quality of food available in some remote stores. The community stores licensing process has set standards for the quality and quantity of groceries and consumer items, and store governance and practices.

Community stores – Healthier Options

34. Community stores have also reported significant increases in their turnover with many of them extending their refrigeration facilities and most extending their quality, range and level of stock, to cater for increased demand. The reports of more money being spent on food, children being well-clothed and fed, houses being furnished and roadworthy vehicles being purchased are too numerous to simply be termed 'anecdotal'. A further consequence has been that communities are getting brand new stores and infrastructure to promote increased spending on food, e.g.

⁶ Following the lifting of the Remote Area Exemptions, Centrelink customers in remote areas have Activity Test and Participation requirements. Refer to Attachment A Activity Test and Participation Requirements for Job Seekers Factsheet.

Epenarra, Yuendumu. Non Government Organisations like Women's Shelters are reporting increased spending on food and clothing for children.

The arrival of Outback Stores as a way of ensuring food security has made a positive difference in the health and economy of some Indigenous communities.

Phones in Northern Territory Community Stores⁷

35. Centrelink has installed 18 phones in selected community stores throughout the Northern Territory to allow customers to obtain their BasicsCard balance outside normal office hours. It also provides an opportunity for customers to check their account balance prior to shopping.

The BasicsCard

36. Following the passage of legislation underpinning Income Management in August 2007, Income Management was first implemented in several communities in the Northern Territory in September 2007.

Under the original arrangements, the Government Income Managed funds in two major delivery approaches:

- stored value cards on demand -requiring customers to regularly visit Centrelink offices to receive new cards; and
 - direct deduction facilities (referred to as merchant managed accounts) where income managed funds are transferred to specific goods and services providers by regular direct deposit or one-off credit card, internet or cheque payments.
37. The manual arrangements generated significant problems and limitations:
- For Centrelink it was very labour intensive, expensive, error prone, and slow to deploy. For example, the end-to-end stored value card process from ordering through to reconciliation involved approximately forty steps when there no errors or exceptions. These steps were required to ensure appropriate security and audit controls.
 - For customers it lacked flexibility, was time consuming and restricted customers in their choice of where to shop. Stored value cards could only be used at a limited number of merchants. Stored value cards were not reloadable and Centrelink had to reconcile any residual balance on the card against the customer's payments. New stored value cards had to be issued once the card balance got to zero. Some customers were travelling significant distances to a Centrelink office 2-3 times per week to obtain stored value cards before being able to go to a supermarket to shop.
 - For merchants it was an expensive and time consuming administrative burden that was not scalable because of the level of manual book-keeping required.

These existing problems were expected to get worse and the welfare payment reform initiative was therefore at risk of being perceived as failing to meet its objectives.

Subsequently, the newly elected Government made the implementation of improved Income Management arrangements a priority.

38. In response to the limitations of the original Income Management initiative, the Department of Human Services (DHS) was asked to find a more effective solution for Income Management. Working in conjunction with other stakeholders, DHS planned, developed and coordinated the implementation of a card solution, known as the 'BasicsCard'.

The BasicsCard is PIN-protected and allows customers to use their income managed funds to purchase goods/services at approved merchants using existing EFTPOS functionality.

⁷ Information provided by Centrelink 4 February 2009

Objectives of the BasicsCard

39. The overarching objectives of the BasicsCard Income Management initiative were to:
- reduce the costs and risks associated with delivering Income Managed funds to customers;
 - deliver payments in a secure manner that does not increase the management costs to the Government;
 - ensure the solution is as easy to use as possible and allows customers to purchase priority goods and services (explicitly excluding tobacco, alcohol, gambling and pornography) from approved merchants of their choice;
 - reduce the administrative overhead for approved merchants under the current arrangement;
 - be scalable in terms of other Income Management arrangements and geographical distribution of the population; and
 - provide the capability for the Government to introduce new programs that require payments to be restricted to specific merchants, specific locations and/or specific goods and services.
40. These objectives were derived from experiences with the original manual payment delivery mechanisms such as stores value cards and direct payments and the assessment of these mechanisms against the desired policy outcomes.

In addition, the solution was required to support the following:

- no cash out at Automated Tellers or with purchases;
- no customer transfer of funds between accounts;
- reloadable;
- useable only at approved merchants;
- PIN protected; and
- would allow customers to purchase goods or services using the EFTPOS network.

Outcomes for the Government

41. The solution was quickly deployed, delivering significant efficiencies over the existing solution by reducing face-to-face time with Centrelink case officers. Customers are required to undertake a face-to-face interview with Centrelink in order to obtain a BasicsCard, but do not need to go into the office to have their BasicsCard 'reloaded'. As a consequence, the number of stored value cards that Centrelink need to maintain is reducing, and this downward trend is continuing.

The BasicsCard system provides aggregate level information on the broad categories of goods and services purchased (e.g. 66 % spent on food, 24% on clothing). This information was previously unavailable to the Australian Government and is an important input to evidence based policy.

The BasicsCard is PIN protected and if lost/stolen, cannot be used. The card can be quickly deactivated and subsequently activated if the customer urgently requires a new card. It prevents the incidence of customers selling stored value cards and vouchers in secondary markets to purchase prohibited substances.

Another immediate benefit was the ability to use the BasicsCard to support the delivery of payments to Income Managed customers as part of Government's response to the Global Financial Crisis (Economic Stimulus Strategy 1). The broad sign up of merchants in relevant areas has meant that a broader base of businesses benefited from the flow of much needed funds into the local economy.

Outcomes for the Customer

42. The BasicsCard has substantially increased customer convenience, dignity and flexibility. Customers are able to use it at the services/goods outlet of any approved merchant. Unlike stored value cards, which are limited to specific stores and require new cards to be issued when the value of the card has been spent, the BasicsCard is 're-loaded' with the customer's Income Managed funds on a regular basis or as an immediate allocation.

The BasicsCard's popularity with customers is demonstrated by an 85% take up rate in the first three months of implementation. Centrelink staff reported that customers are proactively requesting a BasicsCard having seen their friends and family use them. In addition, control of the money remains with the customer - the owner of the BasicsCard and the account.

Outcomes for the Merchant

43. The introduction of the BasicsCard resulted in a level playing field for smaller merchants who previously believed that they were disadvantaged under the old scheme. Smaller merchants claimed that they were losing customers to the big supermarkets as store cards were store specific and unable to be used by other stores and smaller merchants. Smaller merchants complained that they did not have the resources to undertake the burdensome administration associated with direct deduction facilities.

Conclusion

44. The implementation of the BasicsCard has demonstrated that modern financial products have a significant role to play in the delivery of Government services to even the most disadvantaged, remote and financially illiterate customers. They benefit through greater security, increased choice and increased financial awareness through the ability to monitor their balances and make decisions about expenditure.

Data

45. Approximately ninety four per cent of Income Managed customers in the Northern Territory have been issued with a BasicsCard.

Table 5 BasicsCard data as at 30 January 2009

Total BasicsCards Issued	22,418
Total number of customers with a BasicsCard	14,752
Total number of successful transactions	518,801
Total spent using the BasicsCard	\$31,838,398.29

Table 6 Merchant Update as at 30 January 2009⁸

	NT	WA	QLD	SA	VIC	NSW/ ACT/ TAS	Total
Merchant Applications	361	68	49	6	1	3	473
Merchants Approved	319	64	35	6	0	0	409
Merchants Rejected	30	2	10	0	1	2	45
Merchants Pending	11	2	3	0	0	1	17
Merchants Withdrawn	1	0	0	0	0	0	1
Merchants Activated	288	31	6	4	0	0	328

Table 7 BasicsCard Expenditure by percentage as at 30 January 2009

Food	66.15%
Clothing	24.25%
Fuel	4.16%
Household goods	1.93%
Transport	1.25%
Hardware	1.25%
Utilities	0.40%
White goods	0.33%
Health	0.20%
Education	0.0670%
Motor Vehicle	0.004%
Camping goods	0.001%

School Enrolment and Attendance Measure (SEAM) - DEEWR⁹

46. The School Enrolment and Attendance Measure (SEAM) is designed to encourage all parents or guardians who are income support recipients to ensure that their school-aged children are enrolled in and regularly attending school. It should be noted that SEAM is a measure that applies both to regional and remote Indigenous communities and to metropolitan locations. However, since the measure is being trialled in a number of regional and remote Indigenous communities, the following information may be of interest to the select committee.

Centrelink has worked closely with the Department of Education, Employment and Workplace Relations (DEEWR), Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the Western Australian Department of Education and Training to develop a service delivery framework for this measure.

Trials of the School Enrolment and Attendance Measure commence in six Northern Territory sites and one metropolitan site in Western Australia (WA) from school term one of 2009. The trial sites are Hermannsburg, Katherine, Katherine town camps, Wallace Rockhole, Wadeye and Tiwi Islands and Cannington in WA. An additional metropolitan site to take part in this trial is yet to be announced.

⁸ Applications from the major retailers are counted as one for each State where they exist but as only one in the total figure, nationally. For example, whilst the Coles Group would be counted once in the data provided for each State, they would only be counted once in the Total figure. This means the Total figure provided will vary from the combined State totals.

⁹ Information provided by Centrelink 3 February 2009

The Improving School Enrolment and Attendance Measure introduces conditions on the receipt of income support payments in these selected locations. Parents will be required to ensure their children of compulsory school age are enrolled in school, and to take all reasonable steps to ensure that their children attend school regularly. Parents who do not comply with these requirements, without a reasonable excuse, may have their income support payment suspended. Payment will be restored, with full back pay, if parents then comply with their requirements within a 13 week period.

It is anticipated the evaluation of the School Enrolment and Attendance Measure will be undertaken by DEEWR in mid 2009.

School Nutrition Program (SNP) - DEEWR

47. The School Nutrition Program was set up in the Northern Territory to provide a mechanism for parents and carers to contribute to the cost of food for each child they support. Participation in the SNP is voluntary, though people on Income Management with school-aged children are encouraged to participate.

SNP aims to provide employment opportunities for local Indigenous people. It is doing this by working closely with local Indigenous communities to identify and build local people's skills, and supporting them to take up positions in delivering the program. Based on a telephone survey of available SNP providers at 21 June 2008 69 employment outcomes had been achieved for the SNP; 59 Indigenous workers and 10 non-Indigenous.

A 2008 survey of GBM's responded that in those communities with SNP, 40% of parents were involved in the program.

Child Protection (CP) and Voluntary Income management (VIM) - FaHCSIA¹⁰

48. It should be noted that CP and VIM initiatives apply both to regional and remote Indigenous communities and to urban locations. However, since the measure is being trialled in a number of regional and remote Indigenous communities and contains some similar elements to the NTER, the following information may be of interest to the select committee.

The Australian Government, in partnership with the Western Australian Government is introducing the CP in selected urban, rural and remote Western Australian (WA) communities to help prevent child neglect and to assist individuals to better manage their finances for the wellbeing of themselves and their families.

In addition, individuals in the selected WA locations who meet certain legislative requirements will be able to request VIM. These customers will enter into a VIM Agreement with Centrelink for a 12 month period, but will be able to cease the arrangement at any time.

49. The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), the WA Department for Child Protection (DCP) and Centrelink have agreed on, and commenced, the following implementation schedule:

Stage 1: 24 November 2008 (commenced)
Kununurra and Cannington for CP and VIM;
Wyndham for VIM

Stage 2: 12 January 2009 (commenced)
Hall's Creek and Balgo for CP and VIM

Stage 3a: 27 January 2009 (commenced)
Broome for CP and VIM

Stage 3b: 2 February 2009

¹⁰ Information provided by Centrelink 3 February 2009

Dampier Peninsula for CP and VIM

Stage 4: 9 February 2009

Derby and Fitzroy Crossing for CP and VIM

Stage 5: 23 February 2009

Remainder of the Kimberley region

50. Once implemented, DCP can request Centrelink to income manage an individual's payments in cases of child neglect where they consider that poor financial management has contributed, wholly or partially, to that neglect.

The Western Australian Department of Child Protection will determine if a customer should be referred for income management and will have overall responsibility for the case management of the family. As at 30 January 2009 there were a total of 8 customers on Child Protection income management and 89 customers on Voluntary Income management. The evaluation of the Child Protection and Voluntary Income Management initiatives will be undertaken by FaHCSIA. It will commence in early 2009 and the final report is due in January 2010.

Employment and training

Community Development Employment Project (CDEP)¹¹

51. The objective of the CDEP is to create a range of employment opportunities for Aboriginal and Torres Strait Islander people in locations (remote, rural and urban) where there are no, or limited, alternative employment prospects.

A component of the Northern Territory Emergency Response (NTER) measures included the progressive closure of CDEP in the Northern Territory and replacing them with real jobs, training and mainstream employment programs. CDEP Participants in the Northern Territory will progressively move off CDEP programs into real jobs or onto income support.

52. There are approximately 21,500 CDEP participants: Of this figure:
- 4,500 in regional locations will transfer to income support on 1 July 2009;
 - 2,000 will transfer to jobs under the Jobs Package;
 - 15,000 existing participants in remote locations will be on CDEP wages under grandfathering provisions from 1 July 2009.

Access to CDEP wages will be grandfathered for existing participants as at 30 June 2009 in remote locations. All participants on CDEP as at 30 June 2009 in remote locations will continue to be eligible to receive CDEP wages, subject to not having a break from CDEP for more than two consecutive weeks after 1 July 2009, and they remain eligible for the program.

Remote Area Exemptions (RAE)¹²

53. The introduction of RAEs was part of a range of changes made necessary when newly unemployed Indigenous pastoral workers and their families moved to nearby Indigenous communities where they were eligible for income support.

To support this group because of the limited jobs in these areas, the then Department of Social Security increased its efforts to improve remote Indigenous access to income support payments by developing its service delivery methods and introducing the removal of the exemptions from activity testing (see Attachment A) for income support recipients living in remote Indigenous communities.

¹¹ Information provided by Centrelink 4 February 2009

¹² Information provided by Centrelink 4 February 2009

In line with NTER measures RAEs in the 740 communities and outstations in the Northern Territory were removed by 31 December 2007. As a result, it was necessary to conduct a rigorous education and review process to advise remote customers of their new obligations attached to income support payments. Part of this process involved the assessment of correct payment type and job capacity.

Job Capacity Assessments

54. The Department of Human Services manages the Job Capacity Assessment Program for people with disabilities and other barriers to work. Job Capacity Assessors refer people to appropriate employment services, and their reports inform Centrelink decisions about Disability Support Pension, Partial Capacity to Work and activity test exemptions.

As part of the Northern Territory Emergency Response, 5,830 Job Capacity Assessments were conducted in community affected by removal of Remote Area Exemptions. As a result of these JCAs, 48% of job seekers were referred to Job Network, 7.5% to the Disability Employment Network (DEN), 10.2% to Vocational Rehabilitation Services (VRS), 30.6% to the Personal Support Program (PSP), and 3.5% to Job placement, Employment and Training (JPET) services.

Following work on the Northern Territory Emergency Response, the Department has worked with JCA providers to improve service delivery in remote areas and increase face-to-face assessments.

Enhancement to the diary system allowing JCA bookings to be made in a group format, allowing for providers to maximise their time in the communities and as a result, increase the level of services in those communities.

JCA providers actively involved in the NTER have piloted new initiatives in remote and indigenous communities including;

- pilot programs at Tennant Creek and Kununurra (co-operative service arrangement to maximise face to face assessments);
 - Mornington Island initiative to prepare a place based vocational assessments for customers; and
 - an initiative in Cunnamulla which is a targeted approach to identify customers in the community who require a JCA.
55. A new approach to more flexible services for remote communities is being piloted, commencing in January. Its effectiveness will be evaluated based on the current JCA quality assurance framework and performance measurement frameworks.
56. Health Services Australia (HAS) has some 'business as usual' activities that assist other Commonwealth and Territory agencies meet their policy objectives,¹³ for example they are performing Job Capacity Assessments for:
- Alice Springs
 - Darwin
 - Nhulunbuy
 - Katherine

As part of these assessments they assess Indigenous clientele living in regional and remote Aboriginal communities from their office in Darwin (file assessments). This is business as usual and does not form a specific part of the NTER. They have capacity to provide further services in communities including counselling, assessments, specialist assessments etc, however at this stage there are a number of reasons why this cannot proceed including JCA rules, logistics and cost.

HSA's other involvement has been to provide vaccinations for Commonwealth (DEEWR and Centrelink) and Territory (NT police) personnel working in regional and remote communities.

¹³ Information provided by Health Services Australia 2 February 2009

Hearing checks

57. Australian Hearing, although not directly involved in the NTER, has received an increase in referrals of children with long term hearing loss as a result of hearing checks undertaken as part of the NTER. Australian Hearing has established some additional outreach sites in response to the increase in referrals.¹⁶

Data¹⁷

58. 349 referrals with long term hearing loss as a result of hearing checks undertaken as part of the NTER.

AH has been visiting the following communities as a result of these referrals:

- | | |
|----------------|----------------------------------|
| • Titjkala | • Santa Teresa |
| • Nyirripi | • Yuendumu |
| • Laramba | • Tara |
| • Wilora | • Finke |
| • Kintore | • Angurugu |
| • Bagot | • Bickerton Island (Milyakburra) |
| • Minyerri | • Umbakumba |
| • Timber Creek | • Amanbidgi |

Cape York Welfare Reform¹⁸

59. The Commonwealth Government, the Queensland Government and the Cape York Institute are working in partnership to conduct the Cape York Trial. The Trial commenced on 1 July 2008, with the establishment of the Queensland Government Family Responsibilities Commission. It will continue until 31 December 2011.

Effectiveness

60. Four Cape York communities - Aurukun, Hopevale, Coen and Mossman Gorge - have agreed to participate in the trial. The Family Responsibilities Commission (FRC) is responsible for applying obligations to welfare payments in these communities and will work with individuals referred to them in relation to school attendance, child safety, offences relating to drug, alcohol, gaming or family violence, and housing tenancy matters.

The Family Responsibilities Commissioner and two local Commissioners meet with individuals referred to them in a formal conference and work with them to address issues.

Customers who live in a community participating in the Cape York Welfare Reform Trial can also voluntarily enter into an agreement with the FRC to have their payments income managed. The FRC would enter into such an agreement if they are satisfied it is in the best interests of the person, their child or another member of the person's family.

Centrelink implements IM for individuals when the FRC gives them a written notice to do so. IM ensures that essential needs such as food, clothing, housing, utilities and health needs are met. Income managed funds cannot be used to purchase alcohol, pornography, tobacco products and gambling products.

Customers who live in a community participating in the Cape York Welfare Reform Trial can also voluntarily enter into an agreement with the FRC to have their payments income managed. The FRC would enter into such an agreement if they are satisfied it is in the best interests of the person, their child or another member of the person's family.

¹⁶ Information provided by Australian Hearing 2 February 2009

¹⁷ Information provided by Australian Hearing 4 February 2009

¹⁸ Information provided by Centrelink 4 February 2009

The BasicsCard is available for Cape York customers whose payments are income managed. Community stores in some of the four communities have been licensed and contracted to receive customers' income managed funds. Payment arrangements have also been made with Councils and other providers to receive payments for rent, utilities and other items.

Table 8 Income Management Expenses by Component as at 23 January 2009

Clothing, Footwear	\$1,260
Indigenous Community Housing	\$145
Food	\$3,200
Credit Card	\$305
Government Housing Rent	\$130
Total for Cape York Trial Communities	\$5,040

Attachment A – Activity Test and Participation Requirements for Job Seekers Factsheet