WACOSS analysis of the ORIMA Research *Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia*

Western Australian Council of Social Service Inc

Ways to make a difference

April 2011

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Acknowledgements

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About the Western Australian Council of Social Service (WACOSS)

The Western Australian Council of Social Service (WACOSS), is the leading peak organisation for the community, and represents three hundred member organisations and individuals, and over eight hundred organisations involved in the provision of services to individuals, families and children in the community.

WACOSS is part of a national network consisting of the State and Territory Councils of Social Service and the Australian Council of Social Service (ACOSS). Our national coverage strengthens our capacity to represent the interests of people in WA across the breadth of state and national agendas.

Each year WACOSS member organisations deliver services to hundreds of thousands of Western Australians. The services we provide include health, community services and development, disability, employment and training, aged and community care, family support, children and youth services, mental health and drug and alcohol treatment, indigenous affairs, support for culturally and linguistically diverse people, victims of violence and abuse, housing and advocacy.

We speak with and for West Australians who use community services, to bring their voices and interests to the attention of government, decision makers, media and the wider community.

Background

In November 2008, the Australian Government implemented the trial of two separate measures of income management (IM) in the Kimberley region and metropolitan area of Perth in Western Australia. The two measures of income management being trialled are the Child Protection Scheme of Income Management (CPSIM) and Voluntary Income Management (VIM) [1]

ORIMA Research was commissioned by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to conduct an evaluation of both trials in Western Australia and reported its findings in September 2010 in the *Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia.*[2]

The three overarching research objectives of the evaluation were to:

1. Assess the impact of income management in improving child wellbeing;
2. Assess the impact of income management on financial capability of individuals; and
3. Assess the effectiveness of implementation.

The evaluation drew upon various data sources including:

- Administrative data from Centrelink, the Western Australian Department for Child Protection (DCP) and financial management service[3] providers;
- Quantitative based client surveys with VIM and CPSIM clients (88 of 905 people who took part in the compulsory and voluntary trials in Perth and the Kimberley) and a comparison group of Centrelink clients not on income management;
- Online surveys of Centrelink staff, DCP staff, financial counsellors and money management advisers, and Western Australian peak welfare sector bodies and community organisations with an interest in income management; and
- Focus groups and interviews conducted with community leaders in the Kimberley.

This paper discusses each research objective of the evaluation and ORIMA Research's findings in relation to the objectives. It should therefore be read in conjunction with the evaluation report[4]. A number of overarching comments and issues are also raised such as the need for additional analysis of the trials using longitudinal, quantitative data as well as qualitative and anecdotal information (the lack of these data have severely limited the ability to evaluate the long term effects on clients and the community services sector); and that the overarching focus of income management should be to assist in breaking cycles of

[1] See Appendix 2 for an explanation of the two measures
[2] http://fahcsia.gov.au/sa/families/pubs/cpsim_vim_wa/Pages/default.aspx
[3] The report uses the term *financial management services* to include both financial counsellors and money management advisers
[4] Readers may also wish to consult the following documents for further background information on Income Management: http://www.wacoss.org.au/Libraries/P_A_Children_Vun_Children_Youth_and_Families_Publications/Income_Management_for_Child_Protection_Aug_2008.sflb.ashx

intergenerational poverty and poor financial management and literacy, by being delivered alongside a range of family and individual support services.

The Western Australian Council of Social Service (the Council) has consistently questioned the legitimacy of compulsory income management[5] for a number of reasons, including:

- The curtailment of a client's civil and economic rights;
- The short term effectiveness of the measure as an intervention particularly when used as an isolated and individualised strategy without other community supports and programs;
- The questionable long term benefits compared to possible negative outcomes and unintended consequences;
- The monetary cost/benefit of implementing and managing such programs;
- The potential negative financial, emotional and social impact on the client, their children and extended family and their broader community;
- The increased demands on community service providers due to income management creating other needs and a lack of resourcing to address those needs;
- The direct racial discrimination of previous targeting of Indigenous communities in the Northern Territory regardless of whether individuals within those communities would be considered in need of income management; and
- The possible indirect race discrimination through the now broader application of the policy beyond Indigenous communities still having a disproportionate negative impact on Indigenous communities

The Council does not, however, oppose the implementation of a voluntary income management program, providing entry into the program is not coercive. Such a program should also be delivered in conjunction with complementary support service programs, not as a standalone initiative.

The Council does acknowledge that the researchers were limited by the short length of time that income management has been trialled thus far, and therefore, the longitudinal nature of well-being indicators and outcomes were most likely beyond the scope of the commissioned evaluation.

1. Discussion

1.1 General comments

It should be noted that percentages quoted in the research report are subject to a particularly large sampling error of +/-14% for CPSIM clients and +/-13% for VIM clients. This makes it particularly difficult to gain a reliable measure when extrapolating the report findings to the entire cohort of CPSIM and VIM clients

[5] http://wacoss.org.au/images/assets/Latest%20News/WACOSS_Income_Management_Discussion_Paper_June_2010.pdf

Unintended consequences are a key concern for the Council in regards to income management programs. There is a risk that income management intervention could produce a net worsening of a client's situation. While it has been acknowledged that the program in Western Australia does have some important benefits, these are also associated with strong case management and support services for the families involved. However, the focus on support services may potentially create more demand on associated community services, raising the question of the capacity and resourcing of these services to meet the additional demand.

The Federal Government has implied the report validates the expansion of the Northern Territory income management intervention[6]. The Western Australian Council and the Northern Territory Council of Social Service have previously noted that the narrowly targeted, case-management style program operating in Western Australia bears little resemblance to the blanket roll-out of income management currently underway in the Northern Territory[7]. Anecdotal evidence in the report supports what the Council has argued for some time - limited and carefully targeted voluntary income management applied in conjunction with a range of related support measures works in the short term for some families but not for everyone.

The Federal Government is not using the intensive case management approach taken in Western Australia in the Northern Territory roll-out. The Northern Territory government, in evidence to the Senate Inquiry into Welfare Reform, stated that there were insufficient resources prior to the rollout of income management in the Northern Territory[8]. A lack of investment in support services is also counter to the *Growing them Strong, Together* report into child protection in the Northern Territory released in October 2010.[9] As there is currently a large gap in early intervention and support service infrastructure and provision in the Northern Territory, to add more programs that require support services without providing additional resources would be somewhat irresponsible. This situation should be closely monitored in Western Australia to inform future sector service resource decision making and planning.

Further research in to the short and long term effects and differences between a voluntary and compulsory income management scheme would be helpful for the development of public policy. In particular, research could explore the role that stigma for income management clients plays in take up and compliance; the role of support services and improved, sustainable financial capability when a program is either voluntary or compulsory. Indeed the report's first recommendation is to develop a communications

[6] http://news.smh.com.au/breaking-news-national/welfare-quarantine-working-in-wa-report-20101008-16brg.html

[7] http://wacoss.org.au/images/assets/Media%20April%2008%20onwards/2010_10_08_WACOSS_NTCOSS_MR_IncomeManagement.pdf

[8] Gardiner-Barnes, Clare, Acting Executive Director, NT Families and Children, Department of Health and Families, Northern Government. Committee Hansard. 15 February 2010. See http://www.aph.gov.au/hansard/senate/commttee/S12780.pdf

[9] http://www.childprotectioninquiry.nt.gov.au/__data/assets/pdf_file/0011/49826/101018_inquiry_release_final.pdf

campaign that positively promotes the benefits of voluntary income management as an active choice. It would also be useful to seek clarity on how the voluntary program compares with the Centrepay scheme and if there are possible improvements to be made in the operation or promotion of either.

2. Commentary on Research Objectives

2.1 The impact of income management in improving child wellbeing

The ORIMA report suggests for the most part positive outcomes of income management in improving child wellbeing through the subjective opinions of clients:

> Many IM clients … thought that IM had improved the lives of their children. At least six in ten CPSIM and VIM clients thought that IM had made their children's lives better—49% of CPSIM clients and 59% of VIM clients thought it had made their children's lives a lot better and 12% of CPSIM clients and 8% of VIM clients a bit better. Around one-third of CPSIM (33%) and VIM (30%) clients thought IM had not made much difference to their children's lives, while only 7% of CPSIM and 3% of VIM respondents thought that IM had made their children's lives a bit worse. Current CPSIM and VIM clients were more positive than previous IM clients about the impact that IM had had on their children's life. (pp9-10)

Whilst there is great value in recording client perceptions, the report lacks factual information and evidence of behavioural change. For example while around six in ten (57%) current CPSIM clients reported that they would consider going onto VIM at the conclusion of CPSIM, 'based on Centrelink administrative data at 30 April 2010, only 28 clients had participated in both CPSIM and VIM'. These data do not show whether the client moved from the CPSIM program to VIM or vice versa and 39% of CPSIM clients indicated that they would not consider moving to voluntary income management at the completion of CPSIM. (p58). This illustrates that evaluation based on opinion and perception is not an effective measure of the success or otherwise of the trial.

Opinion and satisfaction surveys do not always provide accurate results and it should be noted that many respondents were mothers at risk of losing care of their children or seeking reunification with children who were already in state care. This could have potentially skewed results as respondents may have felt a need to respond positively and others may have self-selected out of the evaluation process altogether. The report notes:

> 'Feedback from money management providers who assisted with recruiting income managed clients suggested that 'shame' issues associated with the CPSIM program may have impacted on the willingness of CPSIM clients to participate in an interview about the program.'p36

The evaluation report also included a survey of Centrelink staff, DCP staff, financial counsellors, money management advisers and peak welfare and community organisations who also largely reported positive short term outcomes. As with the client survey, subjective opinion can only go so far in providing for an adequate evaluation. For example, financial counsellors and money management providers received additional resourcing for the initiative. The evaluation does not take into account the potential for respondents to have a vested interest in the continuation of income management in Western Australia.

60% of DCP caseworkers reported a positive impact on the wellbeing of clients' children (p115). The remaining respondents suggested a neutral rather than negative impact. This may indicate that the DCP workers had no vested interest in providing favourable responses unnecessarily, or were unable to offer a fully informed opinion at such an early stage of implementation. DCP workers clearly rated an increase in the amount of food eaten as the strongest positive short term impact on children (p118).

14% of Centrelink staff and 12% of DCP staff reported that CPSIM had negative outcomes for children which were derived from a reduction in client engagement with services.

> *"CPSIM took away from the engagement I had with these parents. It also became the point of focus, especially for mum. Every conversation was about how bad it was and how can they get off it. Even when I went to 50/50 there was no improvement in their engagement. Children including a new born are now in care."* [DCP staff member] (p119)

This is very distressing and undermines the principles that this strategy be used as an optional case management tool in which positive, respectful relationships with families are built. Furthermore, it fails to acknowledge the loss of empowerment of families who are being income managed compulsorily, and does nothing to address the potential feelings of failure at their inability to contribute to building/rebuilding family strengths. Assistance must be provided in collaboration with the families that the program intends to help.

It also invites further analysis and exploration of the correlation between income management and families' lack of engagement/disengagement from the child protection and community services systems as unintended consequences of the income management program. Clients disengaging from an income management program /process also miss out on other valuable support services.

There is little detail in the report about the scope and quality of case management and additional support that is offered to income management clients. WACOSS strongly believes that income management should be offered as a suite of support services for families and individuals, which focus on skill development and family relationship building. Further research in this area would serve to inform how income management can complement broader wraparound services. The Social Inclusion Board acknowledges that for families experiencing multiple and complex problems, addressing issues in isolation is unlikely to be successful: 'the greatest success stories are to be found where a holistic, family-centred, long-term approach is taken.'[10] Therefore, services should provide families with the tools and supports to ensure that the intervention is sustainable in the long term.

In terms of VIM clients, there was very little evidence reported about negative impact on children in the survey from Centrelink staff, financial management workers or peak bodies. The absence of DCP staff in the evaluation of VIM clients may have contributed to this outcome.

In light of these inconsistencies, evaluation would be strengthened by the inclusion of objective indicators of child wellbeing such as spending patterns or child health indicators. Child well-being is a multi-faceted concept and generally requires longitudinal and multiple measures. The ORIMA evaluation essentially relies on 'improved child well-being' as measured by the opinion and perceptions of participants and clients with little other data. It does not explore what child-wellbeing might mean in the context of income management

Qualitative information, however, must be evaluated in conjunction with quantitative and longitudinal data, rather than in isolation, in order to gain an accurate understanding of the outcomes of income management and to inform future practice. The Council strongly recommends further research and evaluation be conducted to demonstrate longer term outcomes based on quantitative, evidence based data, prior to any further roll out of income management in Western Australia.

2.2 Assessment of the impact of income management on the financial capability of individuals

Evidence from the client survey in the evaluation report suggested that more people could afford essential items during and after IM:

> 'Around three-quarters of CPSIM clients (74%) reported that that they had been unable to pay for at least one essential item in the 12 months prior to IM—72% of current clients and 76% of previous clients. This compares to 60% of the comparison group who reported that they had been unable to pay for at least one of these items in the last 12 months (see Figure 64). During IM period, the proportion of CPSIM and VIM clients who were unable to pay for such items decreased to just below half (48% and 50% respectively) (p121)

And further:

> Just under half of previous CPSIM clients (48%) reported that they were unable to pay for an essential item since they had been off IM (compared to 76% of this group prior to commencing IM). p121.

It is not clear, however, what is meant by 'essentials' (e.g. if people are forced to spend a higher percentage of income on some essentials they may have to reduce spending on

[10] Australian Social Inclusion Board, *Breaking Cycles of Disadvantage* (2011)pg 16, http://www.socialinclusion.gov.au/Resources/Documents/Breakingcyclesofdisadvantage.pdf, accessed 4 April 2011.

others). More fundamentally, this is not a substitute for a systematic assessment of whether payments were actually adequate to cover typical essential items in the first place.

What may also distort the findings is that the provision of additional emergency relief funds for income management clients above the Centrelink entitlement level would possibly help CPISM and VIM clients disproportionally in paying for essential items.

The ability to pay for essential items is just one aspect of a broader concept of financial capability. Financial capability should also take into account budgeting and money management skills, for example. The evaluation does not address whether paying for essential items could be sustained after exiting the income management program or whether participation contributes to sustainable financial capability once income management ceases. The evaluation again relies on the perceptions of clients and staff.

55% of financial counsellors and money management advisers reported that they believed CPSIM had negative impacts on the financial capabilities of clients (p110). In some cases this may have led to a dependence on the service provided.

> *"As the program sits now the participants do not manage their own finances, someone else does it for them so they are not really learning to do this for themselves."* [Financial counsellor or money management adviser]
>
> *"Using money management services to increase personal awareness and skills is seen as unnecessary, Centrelink does it for them. We are concerned that when they come off income management they will not have improved personal decision making, goal setting or financial literacy at all and will be worse off than before they went on the program due to prolonged dependency on the system."* [Peak welfare or community organisation]

Even for VIM clients only 60% of stakeholders[11] surveyed thought there was at least a moderate improvement in financial management among VIM clients. As a key goal of the program, this is disappointing.

This clearly undermines the program's stated objective of reducing dependence on welfare and increasing personal responsibility, and leads to the question of how income management can increase child wellbeing if there is no or minimal change in the financial capability of clients. It further highlights the need for income management to be utilised in conjunction with other support services designed to increase the capacity of families and individuals to manage their finances and develop skills in financial literacy.

That only a minority of income management clients received financial counselling perhaps partly explains the sense of dependence on income management reported by staff, and gives weight to concerns about clients ability to manage their budgets independently, once their involvement with income management has ceased.

[11] There were 3 Stakeholder groups – Centrelink/DCP staff, financial counsellors/money management advisers and peak welfare and community groups*+

‘The evaluation found relatively low actual referral rates and take-up rates of financial management services among CPSIM clients.

Centrelink administrative data at 30 April 2010, which shows actual referral rates, indicates that 20% of CPSIM clients (or 65 clients) who had ever been on CPSIM had been referred to financial management services.[12] [13]

Referral rates for CPSIM clients were higher than for VIM clients (20% compared with 13% for VIM clients). (p94)

Low referral and take up rates for both CPSIM and VIM clients suggests that the incorporation of financial management services into income management programs needs to be improved. The report recommends an improvement in client communication to improve awareness of access to free financial counselling and an understanding of the benefits of such services.

2.3 Assessment of the effectiveness of implementation

The evaluation report found that after initial implementation delays, take-up of income management places in 2009–10 matched planned levels and the working relationship between DCP and Centrelink in the implementation of CPSIM was effective.

Around eight in ten CPSIM and VIM clients understood why they were commencing income management after their initial interview with a Centrelink officer. Of concern, only two-thirds of CPSIM clients reported that they understood why they were going on income management after their initial interview with their DCP caseworker

Stakeholders believed that there needed to be better communication to promote CPSIM and VIM as positive tools and to reduce stigma associated with income management. Many clients were not aware that they could access free financial counselling. CPSIM clients and community leaders reported lower levels of awareness about the ratio of income managed funds than did VIM clients.

One in five BasicsCard transactions was unsuccessful – mainly due to insufficient funds being available. Anecdotally, this was often compounded by clients being unable to get a balance for the Basics Card except through calling Centrelink. Unsuccessful transactions could potentially lead to the stigmatisation of income managed clients particularly when taking into account the reactions (perceived or otherwise) of the cashier and customers in the queue. A failed transaction can be humiliating for any shopper who reaches the checkout only to realise they do not have enough funds to purchase all of their items and has to

[12] Centrelink did not collect data on whether or not the client actually attended the financial counselling/money management appointment

[13] It was meant to be that all CPSIM clients were to be referred for financial management services although it was voluntary as to whether or not they actually went for financial counselling.

return some to the shelves. Stakeholders and income management clients also believed that the BasicsCard needed to be accepted at a greater number of merchants.

The evaluation of the income management trials in Western Australia would have been strengthened if further information about the program had been gathered and analysed, such as income management entry and exit points; further examination of stakeholder processes and other indirect outcomes of income management:

2.3.1 Income management entry and exit points

20% of clients were not clear about why they were commencing income management after their initial interview with a Centrelink officer. The scope of the evaluation would have benefited from more investigation of the entry processes. This is acknowledged in the report's recommendations in regard to improving the program's implementation.

The lack of understanding by some VIM clients on how income management works - or even why they were entering income management (16%) - raises concerns about informed consent and requires further investigation. Some clients may have perceived the suggestion or invitation to participate in income management by Centrelink staff or other stakeholders as a compliance requirement. Alternatively, participation may be a prerequisite for other services. For example, some housing service providers require participation in VIM in order to secure supported accommodation services.

2.3.2 Stakeholder processes

Further analysis of Centrelink, DCP and financial counsellors/money management advisor processes would be useful in determining the success or otherwise of both CPSIM and VIM programs. It appears that limited evaluation and analysis was conducted in relation to stakeholders and their own level of understanding of income management and the processes undertaken to ensure their clients had an adequate understanding of income management. Such analysis would be useful in order to gain an understanding of the impact of stakeholder awareness and processes in place to assist clients in participating in the income management program.

2.3.3 Measuring outcomes

Attributing perceived and real changes in client behaviour and outcomes to the income management program is problematic when considered in isolation from other environmental factors such as such as other case management supports, benefit rate changes, community health programs or community imposed alcohol restrictions.

A comparison group of non-income managed clients was used but the small sample size inhibited reliable comparisons in many areas beyond measuring the effect of CIM on people's ability to cover essential expenses.

The comparison group sample was stratified based on age and location to match the income management client distribution. It is not clear, however, whether the control group comprised families with children. This is important for the purpose of assessing the impact on CPSIM for child protection purposes, which is one of the main aims in implementing income management in Western Australia.

Conclusion

The positive subjective feedback about the two income management programs should not be dismissed. The tone of the report, however, does tend to minimise some of the more negative responses and focuses on affirming qualitative data to support the programs intended outcomes. The Western Australian Council of Social Services acknowledges that a targeted program has some important benefits, however, these benefits are also associated with strong case management and support services for the families involved. The Council remains concerned about compulsory income management and does not endorse income management as a standalone intervention strategy. The Council acknowledges the potential benefits of income management as one part of a suite of services and skills development for individuals and families on low incomes to assist them to manage independently in the short term, but remains concerned about potential longer term harm. The evaluation has not weighed the short term benefits against the longer term harm of this approach. The Council calls for a commitment to ongoing long term evaluation from all levels of government involved in the application of this program.

Income management programs must seek to empower families and individuals to improve their financial management skills, rather than simply transfer responsibility. Income management programs must also aim to break intergenerational welfare dependencies by assisting those on low incomes to develop the skills, knowledge and confidence to manage their finances and to transfer and model good practices for those around them, including children and other family members.

Whilst this initial evaluation provides focus and initial qualitative data, it fails to answer many questions, and raises further questions about the effectiveness of the government's income management programs in the longer term. Furthermore, there are enough doubts around the rigour of the research, such as sampling error, attribution, and satisfaction survey methodology that the Council cautions very strongly against relying on it as a basis to formulate new, or validate existing, public policy.

Appendix 1 – Summary of Recommendations contained in the ORIMA Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia

Recommendation 1:

Develop a communications campaign that positively promotes the benefits of income management.

Recommendation 2:

Improve communications with income managed clients about how the program operates.

Recommendation 3:

Provide targeted training about income management to DCP and Centrelink staff.

Recommendation 4:

Increase the number and variety of merchants accepting BasicsCard.

Recommendation 5 (CPSIM):

Improve communications with CPSIM clients about why they are going on income management and how it will help them.

Recommendation 6 (CPSIM):

Encourage participation in VIM upon completion of CPSIM.

Recommendation 7 (VIM):

Give VIM clients a choice about the ratio of income managed funds (i.e. 50% or 70%).

Appendix 2 - Entry and exit processes for CPSIM and VIM[14]

CPSIM

Under the CPSIM measure, where DCP case managers assess that poor use of available financial resources is contributing to child neglect, the case manager has the option of referring their client in receipt of income support payments to Centrelink for IM. The case manager can also refer individuals who DCP is seeking to reunite with their children after they have been in out of home care and vulnerable young people as a preventative measure.

The length of time a client is on CPSIM is determined by the case manager, which can be three, six, nine or twelve months. The DCP case manager can also refer CPSIM clients to FMSS, but clients are not obliged to attend.

CPSIM is designed so that clients who are referred to the program must attend an initial IM interview with Centrelink to arrange for the allocation of their income managed funds. If the individual does not attend the initial allocation interview, Centrelink has a policy of attempting to contact the client at least three times to reschedule the appointment. If the client cannot be contacted, or does not attend the rescheduled appointment, Auto Income Management[15] is then applied.[5] If the initial interview is unable to be conducted, Centrelink may decide to undertake the initial interview by phone.

The purpose of the interview is for the client and Centrelink to assess which priority needs should be met from the client's income managed funds (these needs are ranked in order of priority by the case manager). Priority needs include food, housing, utilities and clothing. Under the CPSIM measure, the needs of children are given the highest priority and then should be taken into account by Centrelink when discussing the allocations with the client.

The CPSIM program is designed so that DCP and Centrelink interact throughout the period a client is on IM to ensure joint service delivery and the wellbeing of children. As part of the review process, Centrelink must initiate a mid-point and final review with the DCP case manager for each CPSIM client. The role of the DCP case manager is to assess the ongoing appropriateness of IM.

There are a number of reasons why a person may no longer be subject to CPSIM:

- case management by the DCP has ceased;
- the case manager decides that IM is no longer appropriate or required; or
- because the client stops receiving income support payments.

Under the CPSIM program, CPSIM clients have rights to appeal the decision to be placed on the program and the duration of time on the program. CPSIM clients may apply for review

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[14] Excerpt from the report;pp28-29
http://fahcsia.gov.au/sa/families/pubs/cpsim_vim_wa/Documents/evaluation_of_IM_trials_WA.pdf

[15] Auto IM is when the income managed amount is deducted from the client's income support payment and credited to their income management account.

by the DCP of their decision to refer a person to Centrelink for IM, or for a review of the period that IM is applied.

VIM

Under the VIM program, clients volunteering for IM attend an initial interview with Centrelink—prior to 1 July 2010 clients entered into a written agreement for a period of 12 months; from 1 July 2010 there are no end dates on VIM agreements, however, clients cannot exit the program within the first 13 weeks.

The initial interview is designed for clients arrange the allocation of their income managed funds. At this time, VIM clients should also be referred by Centrelink to FMSS. Under the VIM measure clients are under no obligation to take-up these services.

Exit processes from VIM have changed over the trial period. Clients who entered into a VIM agreement prior to 1 July 2010 could at anytime indicate to Centrelink that they wished to cease participation in VIM. Clients who have entered a VIM agreement from 1 July 2010 onwards can only exit the program after 13 weeks.

The VIM program also has rules that were designed to limit the extent that clients could enter and exit VIM. Once clients have exited VIM they cannot enter into a new VIM agreement until 21 days have elapsed (prior to 1 July 2010 it was 60 days); or if they have been on VIM four times in the last 12 months[6] (once the waiting period has elapsed they may then enter a new VIM agreement—the 12 month waiting period is calculated from the date of the client's first exit from VIM in that 12 month period).

Impact of new income management scheme on VIM

On 21 June 2010, the Australian Parliament passed legislation that introduced a new non-discriminatory scheme of IM. This scheme is designed to be progressively rolled out across NT from 1 July 2010 and is aimed to be the first step in a national roll out. This legislation has made some amendments to CPSIM and VIM arrangements.

The changes to the VIM program were that from 1 July 2010, participants who commence VIM will not be able to withdraw during the first 13 weeks and there will also be an incentive payment ($250 will be paid automatically to the client for every 26 consecutive weeks they remain on VIM). From 1 July 2010, VIM participants also had their income managed payments reduced to 50%, down from 70% on 1 July 2010.

The new IM arrangements from 1 July 2010 also provided for a Matched Savings Payment for CPSIM clients. This is an incentive payment to encourage CPSIM clients to develop a savings pattern and increase their capacity to manage their money. Eligible individuals can receive $1 for every $1 they save, up to a maximum of $500. The Matched Savings Payment would be paid directly into an individual's income management account. To receive the Matched Savings Payment an individual must:

- be on IM (excluding VIM);
- complete an approved money management course;

- maintain a pattern of savings from their discretionary funds for 13 weeks or longer after the commencement of the approved course; and
- not have previously received a Matched Savings Payment.

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