Helping or Harming? Compulsory Income Management in Australia and New Zealand

Summary Report

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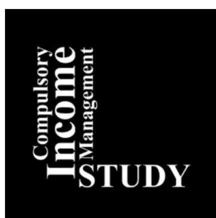

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Compulsory Income Management

Income Management (IM) quarantines a portion of welfare recipients' social security payments, placing these funds in a special account. Quarantined funds cannot be withdrawn as cash and cannot be used to purchase prohibited goods and services such as alcohol, illicit drugs, gambling products or pornography. Compulsory Income Management (CIM) was first introduced to Australia – and, indeed, the world – in 2007 as part of the Northern Territory Emergency Response (NTER) and has been through several incarnations in the decade since. A comparable policy – 'Money Management' – was introduced to New Zealand in 2012.

In Australia, CIM policies varies from location to location, but 50%-80% of affected welfare recipients' income support payments are typically quarantined. Two main cards – the BasicsCard and the Cashless Debit Card (CDC) – are in place. Participants in the BasicsCard scheme can only spend quarantined funds at approved businesses; those on the CDC can (at least in theory) use their payment cards anywhere prohibited items are not sold. Targeted CIM schemes exist, where individual welfare recipients are personally selected for participation in the programme to help address concerns surrounding, for example, child welfare (BasicsCard Child Protection Measure) and alcohol abuse (BasicsCard Supporting People at Risk Measure). In most instances, however, CIM is applied to broad groups of people on the basis of their geographic location, demographic information, and welfare payment, rather than because of any specific concerns about individuals' behaviours. In Hinkler, for instance, all welfare recipients aged 35 and under who receive Newstart, Youth Allowance (Job seeker), Parenting Payment (Partnered) and Parenting Payment (Single) have been placed on CIM.

New Zealand's Money Management policy sees rent and utilities bills paid directly to the provider before benefit recipients see the funds; up to $50 of the remaining payment is then paid in cash while any remaining money is quarantined on a payment card. Money Management is applied to only two groups of people in New Zealand: 16 to 19 year-old parents who receive Young Parent Payment (YPP), and 16 and 17 year-olds who cannot live with their parents or guardians, or be supported by them or anyone else, who receive the Youth Payment (YP).

Australia's CIM programmes exist within it's the country's mainstream social security system – meaning participants retain their connection with Centrelink and must continue to meet any payment-associated mutual obligations or face financial sanction – but it also entails a commercial dimension. By late 2017 the government had spent around $19m trialling the CDC, which equates to over $10,000 per person participating in the trial (Conifer 2017). More than half of the total funding ($9.8m) was paid to Indue, the private company contracted to cover all operational aspects of the CDC. Expanding the card to more communities increases the wealth of private entities like Indue, while increasing the overall costs of social security provision (Bielefeld 2017, 2018).

Although New Zealand's Ministry of Social Development ultimately makes decisions about Money Management in New Zealand, YP and YPP participants work with Youth Services providers – rather than representatives of Work and Income, New Zealand's income support agency – to access their entitlements and receive ongoing support and advice. Youth Service providers are non-government organisations that are contracted to purchase and coordinate budgeting/parenting programmes and refer young people to education, training, work-based training or other developmental opportunities. They are also required to make recommendations to the Youth Service Support Unit (YSSU, which is part of the Ministry of Social Development) as to whether YP/YPP recipients have met their educational, budgeting and (where relevant) parenting obligations sufficiently to attract a $10 per week incentive

payment or, conversely, to be subject to financial sanctions. Despite this monitoring role, the provision of mentoring and support is central to the Youth Services model, providing a stark contrast to both Centrelink and Work and Income which have frequently been critiqued for their punitive and compliance-based cultures.

In both Australia and New Zealand the political discourses surrounding CIM have typically focused on problem behaviour. When CIM was initially introduced to Australia, proponents emphasised that the policy was designed to protect children from abuse and neglect and women from financial and physical violence by limiting access to addictive substances. In both countries, combatting addiction and anti-social behaviour, increasing employment participation and helping young people to break free from the 'cycle' of 'welfare dependency' have also been cited as key policy goals (Humpage 2016).

While numerous government evaluations of income management have been undertaken in Australia, their findings have been inconsistent. No previous evaluations have been conducted into Money Management in New Zealand. This incomplete and inconclusive evidence-base for CIM suggests that more research into social security recipients' lived experiences of CIM is needed, as the voices of those directly impacted by these policies have frequently been lost or ignored in the debate about the costs and benefits of the policy. This was the aim of this project, which is the first large independent study of CIM in Australia and New Zealand.

The Study

This research sought to address an important gap in our understanding of CIM through a mixed-methods study of the lived experiences of income managed welfare recipients and their communities. Our team sought to understand more than just whether the policy of CIM is achieving its stated objectives. We explored the effects of the policy on social identity, agency and autonomy. We also investigated legal, ethical and moral questions about the policy paradigm.

Key guiding questions for the study included:

- What are the lived experiences of CIM in Australia and New Zealand, and how to they compare?
- How do experiences of CIM 'spill-over' into other areas of people's lives, impacting their identities, social and economic engagement, and wellbeing?
- How have front-line community workers and other stakeholders responded to the CIM policy agenda?

As part of the study, we conducted in-depth qualitative interviews in five locations:

- Greater Shepparton, Victoria;
- Playford, South Australia;
- Ceduna, South Australia;
- Federal Division of Hinkler, Queensland; and
- New Zealand.

Shepparton and Playford are longstanding CIM sites where the BasicsCard was introduced in 2012. Ceduna and Hinkler are trial sites for the introduction of the CDC in 2016 and 2019 respectively. We chose these four Australian sites because they reflect both the evolution of IM in Australia and its recent broadening to target not only predominantly Indigenous

communities (as was the case in original NTER) but also sites that have comparatively few Indigenous residents. As the only other country who has adopted CIM, New Zealand was chosen as the fifth site. Given New Zealand's small size and population, experiences of CIM were gathered from six cities/regional areas across the country rather than one specific location.

In total, we conducted 176 interviews across the five sites. This included interviews with 75 IM participants in Australia and 20 IM participants in New Zealand. Another 39 interviews were conducted with local stakeholders in Australia, including social workers, financial counsellors, drug and alcohol workers, advocates, programme managers and local politicians. Twelve Federal Australian politicians, policymakers and community activists were also interviewed. In New Zealand, interviews and focus groups were completed with 16 Youth Service employees from nine different providers, and eight welfare advocates or social service organisation representatives who assist cardholders. Six Ministry of Social Development staff and political figures also contributed to the New Zealand research.

A national survey – incorporating the perspectives of an additional 199 IM participants (n=94) and community members (n=105) – was also conducted in Australia.

Key findings from the study are summarised below, concentrating on the perspectives and experiences of welfare recipients directed impacted by the policy. More comprehensive findings can be found in our national reports *Hidden Costs: An Independent Study into Income Management in Australia*, and *Youth Services and Money Management in New Zealand: Preliminary Research Findings.*

Key Findings

1. Poor Policy Targeting

In both Australia and New Zealand, CIM is being applied to many individuals who have no history of the substance abuse, financial mismanagement or behavioural problems that the policy purports to address. This is because simply being on a particular type of benefit often triggers involvement in CIM, rather than evidence of any behaviour by the benefit recipient.

> *"I understand why but I just think it's not really fair. I feel like everyone's looking at someone on a benefit as [if] they're just going to go spend all their money on cigarettes and alcohol and not feed their kids, but that's actually not the case."* (New Zealand Money Management Participant)

The broad-based nature of CIM was a source of anger and distress for many Australian participants, who believed that they were being unfairly punished for the actions of the minority of benefit recipients who did not behave responsibly. Most participants were adults with previous experience of receiving non-quarantined social security payments, so the loss of control over their payment was particularly noticeable. Although New Zealand participants were generally more accepting of their inclusion in the programme, possibly because all were young people who had little prior experience of the benefit system, many

> *"[The system] should go [on a] case by case basis; so for me, I'm real good at managing my money and I always buy my groceries - like, always do my bills first and stuff, but then I can see how other young parents might just go out and blow it all"* (New Zealand Money Management Participant).

similarly felt it was unfair to apply IM widely rather than targeting those with a history of poor financial management.

> *"You hear things in the community like, well, they're just Aboriginals, they need to have their money managed like that because they don't know to spend it, which goes back into the racist element of the community"* (Shepparton Welfare Professional)

In Australia, CIM began as a policy that specifically targeted Indigenous communities, although it has since been extended to non-Indigenous communities and peoples. Nonetheless, in both countries Indigenous peoples are more likely to be on a benefit and to receive the payments subject to CIM. In New Zealand, in particular, single parents (who are mostly women) are also disproportionately affected. This raises important question about the discriminatory nature of the policy's targeting and its potential to compound existing inequalities.

2. Financial Management and Security

The day-to-day experience of managing funds while subject to CIM differed across locations and was influenced by the specific version of CIM in place. Individuals' personal circumstances – their income, employment status, financial commitments, material circumstances, geographic location and family supports – also had a significant impact on their ability to make ends meet.

Despite these differences, five key themes emerged across the study and suggest significant restrictions on the ability of CIM participants to purchase basic goods and services. In this sense, CIM not only made them vulnerable to poverty and exploitation, but it also impinged on their consumer rights.

(a) Cash Payments

One of CIM's main interventions is to limit the amount of cash available to benefit recipients. This is achieved by quarantining a significant portion of the benefit payment on a card that can only be used at a limited number of outlets.

> *"The difficulty I found was that only certain places took [the card] – and I couldn't make budget choices, I couldn't make decisions about saving money [...] See, because I used to – my wife and I would catch the train, go into the Adelaide markets and there were bulk places there, but they couldn't [take the BasicsCard]"* (Playford BasicsCard Participant)

Participants in both Australia and New Zealand indicated that having to use a payment card made it hard for them to participate in the cash economy, which frequently increased their expenses. For example, participants faced difficulties buying second-hand items, purchasing produce at local markets and from 'farm gate' sellers, and accessing discounted 'mate's rates' that were contingent on paying in cash.

> *"You only get $50 in your bank and if you use it all on petrol then it's like nothing after that."* (New Zealand Money Management Participant)

While all participants had access to a proportion of their income as cash, these amounts were often extremely small, and many individuals had budgeted these funds elsewhere. This was particularly the case for Youth

Payment recipients in New Zealand, since high board/rent costs and the low level of payment meant very little of their benefit – sometimes only a few dollars – was left for discretionary spending.

In both countries, participants reported being unable to make existing car and personal loan repayments because quarantining meant they lacked the control needed to make sure that sufficient funds were available in their accounts, and that repayments went out on time. These included loans for items such as furniture, whitegoods and cars which had a significant impact on their quality of live and (in the case of vehicles particularly) influenced their capacity to participate in education, training, paid employment and/or cultural obligations.

In New Zealand, one of the major concerns was that cards were not accepted at any petrol stations, meaning participants had to buy petrol for even essential travel using their cash portion. But YPP recipients also reported difficulties buying clothes and other essential items given the limited number of outlets that accept their card. Unquarantined funds were often spent quickly, on basic goods and services.

> *"I do buy a lot of stuff off Facebook. My car I bought off Facebook, $500. It was a bargain. Four years on and I'm still driving it. But if I was on the card […] I would have to say to Indue, I want to buy this car. They say, get the bank account details and a statement from the person selling it. Give it to us, then we'll decide whether you can have it or not. This person who wants to sell this car wants to sell this car, not wait however many days for Indue to get their act together and say yes or no […] They just want cash in hand right then, right there, no worry about it."* (Hinkler CDC Participant)

Both the Australian and New Zealand systems allow cardholders to apply to have a greater portion of their income made available in cash, either permanently or on a one-off basis. Interviewees in both countries, however, described the respective approval processes as prohibitively complicated and slow. Notably, the complex approval process prevented participants from acting decisively when needed items (for example, cheap second-hand whitegoods) became available. It also prevented some from meeting (often unforeseen) cultural obligations such as attending funerals, as they had insufficient cash to purchase petrol or contribute food for the gathering.

(b) EFTPOS Payments

Using the payment cards themselves presented challenges for some participants. Most notably, as described above, participants observed that official restrictions on where the cards could be used presented serious difficulties. Cardholders often struggled to make basic purchases because of these constraints.

> *"I moved to my house in Clearview and IGA [supermarket]'s my closest shop and they don't take the BasicsCard. That's when I started to get annoyed. I couldn't even do shopping down the road so I'd have to catch the bus for shopping or meals"* (Playford BasicsCard Participant)

In addition, however, many Australian cardholders – particularly those at CDC trial sites – found their payment cards unreliable. Cards regularly failed at businesses that did not sell prohibited items, despite the presence of adequate funds in their accounts. This created stress as affected individuals had to choose between the inconvenience and embarrassment of abandoning their purchases, and the budget disruption caused by dipping into their limited cash – if, indeed, such cash was available.

> *"It's scary using a card because you don't know when it's going to decline. You haven't got that back up there where you can go and withdraw cash if the EFTPOS goes down or the card declines but there's money available for you. The card's unreliable basically."* (Hinkler CDC Participant)

Participants in both countries noted that not all businesses accepted CIM cards even if they were supposed to, and that not all businesses were equipped to accept EFTPOS payments more broadly. Interviewees also noted that when EFTPOS systems 'went down' other shoppers could access funds via ATM, but they could not. This reduced consumer choice and presented particular difficulties for people in remote areas where shopping options were already limited.

(c) Electronic Transfers and Bill Payments

The Australian and New Zealand systems operate differently in terms of how welfare recipients are able to pay bills. In Australia, cardholders have the option of using 'Centrepay', which involves approved bills being paid by Centrelink before the cardholder receives their income support payment. Alternatively, they can manage bill payments themselves by manually transferring funds from their CIM account to the approved payees. In New Zealand, all CIM participants are required to use My MSD, which is the online banking system used for benefit recipients, and it is the Youth Service providers who ensure that rent and utilities are paid automatically.

> *"It took […] two-and-a-half weeks for them to put the [rent] in his account. I reckon that's the only thing I'd have to say. If someone's on income management and they have to pay their rent, usually it's got to be on that day. I figure it was pretty pathetic"* (Playford BasicsCard Participant)

For a minority of Australia interviewees, CIM and the Centrepay system offered welcome support. These interviewees had not typically been financially competent prior to being placed on CIM. In some cases, they had struggled with addictions which compromised their ability to pay bills. In others, health issues or insufficient knowledge had meant they relied on family members to oversee their finances. These interviewees considered the card to be was a valuable tool in a broader system of social and financial supports. Having bills paid automatically, before they had access to their funds, helped them to pay their rent and utility bills, where they had not always been able to do so previously. For the vast majority of Australian interviewees, however, CIM made it harder, not easier, to stay on top of bills.

> *"I have my rent and everything that I've got to pay, I have it coming out automatically through Centrepay. Because that's how I prefer to have it, otherwise I just won't pay it. I'll rather spend the money or put the money towards something else than paying rent or something else. […] Before I was on the card I was reminded every week or every fortnight to go pay it by my mum. I've got a short-term memory I don't remember some things so if rent [wasn't automatically] come out, I probably wouldn't remember it."* (Hinkler CDC Participant)

Many Australian participants who elected not to use Centrepay faced challenges paying their bills online. This was particularly common among those on the CDC, many of whom described payments to approved payees such as real estate agents and electricity companies 'bouncing back' or taking days to clear. These payment problems were beyond the cardholders' control, but had implications for their budgeting, credit ratings and housing security. They also impacted upon

their ability to participate in other activities as significant blocks of time were spent calling customer service hotlines, checking CIM accounts and worrying about the implications if their payments failed.

These issues were less evident in New Zealand, since the government administered MyMSD was generally reliable, although participants often could not access balances and other information without their Youth Service mentors' assistance. Participants of various types in New Zealand typically agreed that CIM helped improve many welfare recipients' financial and material stability by ensuring rent was paid on time and thus keeping a roof over their heads. But they also observed that benefit redirections to landlords and utility companies prioritised the financial stability of these *payees* more than that of the young people themselves, who were often left with extremely small amounts of money to use at their discretion. There were also reports of landlords who did not provide the meals for which they were paid, suggesting that a lack of control over their own income made some young people vulnerable to poverty and exploitation.

> *"[T]hese youth that are vulnerable, it's not always the right type of people that choose to take them on [in boarding situations]. They take advantage of their vulnerability."* (New Zealand Welfare Professional)

(d) Fees and Charges

In Australia, the payment problems described above not only made it difficult for some cardholders to purchase goods and services and pay their bills on time but also resulted in new fees and charges. Numerous Australian participants had incurred fees from businesses because of payment system failures. For example, several interviewees had spent days trying to pay bills online and been charged late fees when these attempts failed. Other participants observed that some retailors charged a surcharge for EFTPOS payments, or required the purchase of additional items to reach a prescribed minimum spend. In all instances, these participants incurred costs that they could have avoided were they not on CIM. This was not something commonly mentioned by New Zealand participants; in part, this is because the Australian card is built upon the commercial VISA system, which incurs numerous fees and penalties, while the government-run MyMSD in New Zealand avoids these issues as long as the benefit itself is paid on time.

> *"The other day, I went to the Caltex and it got declined, then I tried again and each time I declined, I log on later that night and we got 39 cents off each fee, for each time. I'm like that's unfair on us."* (Hinkler CDC Participant)

(e) Financial (In)dependence

In both countries, these challenging payment experiences had a corrosive impact on many participants' independence. Australian participants who had previously managed tight budgets effectively now spent considerable time and energy juggling their different accounts, ensuring bill payments were successful, and otherwise trying to survive on CIM. When payment issues

> *"I had to ring a family member to bring money [when my card declined] [...] My family only live around the corner. But imagine if [they didn't]. Imagine, I'd be calling my Mum in Brisbane, being 27 years old. Mum, I need $12."* (Hinkler CDC Participant)

occurred, many also found themselves turning to parents and other family members for financial help despite their previous financial independence.

> *"[W]e've got to do the six-month of school plus the budgeting course and then the parenting course to jump off [Money Management] [... I] lasted like a couple of days [off Money Management] [...] I was like, 'nah I can't do this' – because I'm a smoker"* (New Zealand Money Management Participant)

In New Zealand, many providers and a small number of young people reported that Money Management was beneficial, but the reasons given did not suggest that financial capability had been enhanced. Some participants suggested that the budgeting course and mentoring they had undertaken enabled them to better distinguish between 'needs' and 'wants', but they would still give into their wants if they got the chance. Some participants appreciated not having to think or worry about paying bills because redirections were in place. While this may have increased their financial stability, it also entrenched dependence.

Further, many New Zealand participants came to depend on their Youth Service mentors for assistance monitoring their quarantined funds. Card balances could not be checked via ATM and internet access was often unavailable or unaffordable for these young people. This lack of easy access to up-to-day account details made it difficult for many to manage their money independently and saw some regularly calling their mentors for basic account balance information. Some mentors also spent a considerable amount of time ensuring young people subject to CIM met their obligations to avoid financial sanctions and to gain the financial incentives available in the New Zealand system.

> *"[S]uddenly they're put into this category where, yeah, they're not able to have autonomy. [...] The society doesn't trust them enough to have autonomy through perhaps no fault of their own. So I guess that sort of feeling of that society doesn't trust me to spend my money is, yeah, [it] pervades."* (Ceduna CDC Participant)

There were also complaints about delays of some weeks or months before payments started, and about some New Zealand participants not being told about other forms of financial assistance they could apply for. The latter concern, in particular, was blamed on Youth Service providers not being aware of all the forms of assistance available, meaning YP and YPP recipients could miss out where adult benefit recipients dealing with Work and Income did not. The New Zealand research also identified considerable inconsistency across the country as to whether young people were told about how and when they could exit from Money Management. New Zealand participants depended on Youth Services, but did not always receive the comprehensive assistance they required.

3. Socio-Emotional Wellbeing

These practical difficulties managing finances under CIM were not the only similarity between the Australian and New Zealand findings. A prominent theme across all research sites concerned the negative impacts of CIM on participants' social and emotional wellbeing.

(a) Stigma and Shame

Policy justifications for CIM in Australia and New Zealand have rested on a number of assumptions – arguably stereotypes – regarding the people these policies target. As noted, CIM participants have been portrayed as people who cannot manage their money, who abuse drugs and alcohol, who do not wish to participate in paid work, and who model anti-social behaviours to their children. In Australia, where CIM was initial introduced as part of the NTER, it has also been suggested that welfare recipients pose a more immediate risk to their children in the form of substance-fuelled abuse and neglect.

> *"I got called a junkie and I said I'm not a junkie. Do you see any marks or anything? They were like, no, but you have a BasicsCard. I said, what's that got to do with it? Centrelink gave it to me. I can't do nothing. They're like, they're only giving it to junkies. I was like, no, they're not."* (Shepparton BasicsCard Participant)

In light of these representations, it is perhaps unsurprising that the majority of participants described stigma and shame regarding their status as cardholders. They observed that the CIM cards were easily recognisable and thus marked them as problem citizens when they used them in public. Several participants in Australia had been called 'junkies' or other names when shopping for basic items, while participants in New Zealand explained that the payment card's distinctive colour and signing procedure meant they were easily identifiable as benefit recipients, with single parents being particularly subject to withering looks or discouraging comments. The aforementioned problems with payment failures – which saw some people unable to finalise transactions, prompting questions from retailers and onlookers – compounded feelings of embarrassment and humiliation. There were also reports that some checkout operators tried to enforce their own rules about what was appropriate or not appropriate to buy using the card.

> *"If I'm being really honest it actually makes me feel like absolute rubbish. Makes me feel really self-conscious and scared to do it again."* (New Zealand Money Management Participant)

In both Australia and New Zealand, the process by which participants could apply to receive a larger portion of their benefit in cash added to feelings of stigma and shame. Australian participants described the humiliation and infantilization of being required to justify purchases that it was within their means to pay for. In New Zealand, CIM participants had to explain to their mentor and YSSU why they needed new clothing and why they had not saved for it. This was the case even for basic items, such as new underwear to accommodate body changes after a pregnancy. Providers concurred that the level of justification required by YSSU for such simple purchase was often inappropriate.

> *"[I feel] like a child and like I'm embarrassed every time I have to use it at the supermarket, which is about the only place I do use it. I sort of look around and see who's behind me in the queue. I don't want anybody to see me using it because my family have lived here forever. […] I have to be treated like, not a second-class citizen, I don't know, like a fourth-class citizen"* (Ceduna CDC Participant)

(b) Emotional Wellbeing

Many Australian participants reported a decline in their mental health and wellbeing as a result of CIM. Feelings of stress, anxiety, powerlessness and overwhelm were common. Several participants explained that the lack of control associated with CIM had also triggered panic attacks or aggravated pre-existing mental health conditions such as Obsessive-Compulsive Disorder or Clinical Depression. These problems combined with the experiences of stigmatisation and shame described above, as well as with a lack of accessible spending money, to induce some participants to withdraw from their communities and social networks.

> *"Within that first week of being on the card, I lost three-and-a-half kilos just because I could not stop throwing up; just the anxiety of using the card and trying to switch payments over, worrying about which payments were going to get paid, is my landlord going to kick me out, what's going to happen. Am I going to get a blacklist on my name? It's like, this will affect my credit rating and everything in the future."* (Hinkler CDC Participant)

While CIM participants in New Zealand were less likely to describe such negative outcomes themselves, welfare advocates offered examples where young people had taken their own lives or chosen to live on the streets rather than being subject to CIM.

> *"It [the Payment Card] is restricting in every way. […] If you want to take your children out and you need five more dollars, but that five more dollars is on your Payment Card then you can't do that. So you've got to find something that's either free or extremely cheap."* (New Zealand Money Management Participant)

In both countries, participants with children expressed particular concern and, at times, distress regarding the way CIM had impacted their parenting. In limiting their access to cash, participants explained, the policy had made it harder for them to provide for their children and to fund their participation in leisure and community activities. Parents whose mental health had deteriorated as a result of the card grappled with additional guilt as they worried that their reduced wellbeing and, in some cases, functioning would negatively impact their families.

4. Circumvention Strategies

Participants in both countries provided examples where circumstances required that cardholders circumvent the consumer restrictions associated with CIM. While specific circumvention methods differed from location to location, in Australia it was widely recognised that individuals with addictions were particularly motivated to employ such strategies, a reality that undermined the policy's intensions vis-à-vis substance abuse.

> *"That's not going to stop a drug addict from getting drugs. It's not going to stop an alcoholic from getting alcohol. It's not going to stop whatever. They'll find loopholes no matter what."* (Ceduna CDC Participant)

Common circumvention strategies included: purchasing and reselling permitted items for cash; borrowing money from other people; allowing others to use their payment card in exchange for goods, services or cash; and – in a small minority of cases – theft. In New Zealand, where boarding was common, a small number of participants paid board through a redirection but then the landlord (usually a family member) gave them the cash. Buying vouchers with the card and using them as cash was also mentioned, while some small business owners were reported as facilitating elicit cash withdrawals while pocketing a 'commission' for doing so

> *"I used to do it with my sister; like, when she needed something from the PAK'nSAVE [supermarket] she would be like, oh, can you get me like these things – they're like $20 – and she was like, I'll give you the cash back because I was paying for them with my Payment Card and I would be, like, "sure", that sort of thing, you know."* (New Zealand Money Management Participant)

These strategies not only undermined the policy's intentions but also increased CIM participants' dependence. Indeed, many of these strategies made participants vulnerable to exploitation, and were less safely available to people without trusted friends or close family ties.

Conclusion: Helping or Harming?

The predominant finding from this comparative study is that CIM policies are making life harder for many Australian and New Zealand benefit recipients. Notwithstanding some individual success stories, our research has found that CIM has fallen dramatically short of its stated objectives. Indeed, its effects in a number of important areas have been largely counterproductive.

- ***Financial (In)stability:*** Proponents of CIM champion its potential to stabilise the lives and finances of those it targets. While some participants in both Australia and New Zealand did experience these benefits, many reported the opposite. Practical difficulties making purchasing and paying bills introduced new instability into some people's lives. Equally, many found their expenses increasing as they were blocked from participating in the cash economy and burdened with new fees and charges.

- ***Financial (In)dependence:*** In both Australia and New Zealand, CIM has been consistently framed as an intervention to strengthen benefit recipients' independence, build responsibility and help transition individuals away from 'welfare dependency' and into work. Our research suggests that CIM has, in fact, weakened the financial capabilities and autonomy of many participants, who have become reliant on family members, service providers and/or automatic payment systems to manage their finances.

- ***Social (Dis)integration:*** Policy supporters have suggested that CIM has a 'normalising' potential, bringing people on the margins of society back into their communities by encouraging pro-social behaviour and economic contribution. Our study indicates that CIM frequently has the opposite effect, excluding welfare recipients from participation in their communities by reducing their accessible income and consumer choices, reinforcing damaging stereotypes that shape their social interactions, and corroding their mental health and emotion wellbeing. Further, the frequency with which participants acknowledged strategies for circumventing restrictions would suggest that people with addiction-related issues would be better served by a different policy approach.

We thus conclude that the social, emotional and economic costs of continuing with CIM outweigh the benefits. This does not mean that a genuinely *voluntary* IM scheme could not be tenable. Our research attests that IM is a helpful tool for some individuals. It does suggest, however, that such a policy would need to sit alongside other measures to tackle poverty. As numerous advocates – as well as participants in this study – have argued, a policy approach focused on providing decent employment and training opportunities and ensuring accessible social services and affordable housing would be a better starting point for creating healthy, economically secure and socially inclusive communities.

National Reports

- Australian Report – *Hidden Costs: An Independent Study of Compulsory Income Management in Australia*
- New Zealand Report – *Youth Services and Money Management in New Zealand: Preliminary Research Findings*

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