



Australian Government  
Department of Social Services



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# Income Management Deductions Schedule 5: for the provision of priority needs goods

Policy Framework

## Definitions

Term	Definition
Approval Letter	means a letter from the Department of Human Services (Human Services) to the Applicant notifying them that Human Services accepts their Business Application.
Business Application	means a request by the Applicant for Human Services to provide particular services to the Applicant, made in accordance with the form and procedure for completing that Business Application, published by Human Services at <a href="http://www.humanservices.gov.au">www.humanservices.gov.au</a> from time to time.
Declared Customer	means a mutual customer of the Participant and Human Services who receives a payment and is subject to the Income Management regime under the Social Security (Administration) Act 1999 (Cth).
Department of Human Services Business Terms and Conditions	set out the basis by which the Participant agrees with Human Services to participate in Income Management via a Schedule 4 or 5 Income Management contract.
IM Deduction Contract	<p>the relationship between the Parties as constituted by the following documents, as varied from time to time in accordance with the T&amp;Cs and the relevant Schedules:</p> <p>the Department of Human Services Business Terms and Conditions (T&amp;Cs);</p> <p>Schedule 4 or Schedule 5 (as applicable) and any other Schedules referred to in the Approval Letter;</p> <p>any agreed Special Conditions;</p> <p>any further terms set out in the Approval Letter; and</p> <p>any representations, warranties and other information contained in a Business Application.</p>
Excluded Goods	means alcoholic beverages, home-brew kits, home-brew concentrate, tobacco products, pornographic material, gambling products, and any other goods which are specified in a legislative instrument made by the responsible Minister for the purposes of section 123T(1)(d) of the Social Security (Administration) Act 1999 (Cth).

Term	Definition
Food Security Area	Has the same meaning as given by section 5 of the SFNT Act 2012.
Priority Goods	has the same meaning as “priority needs” in section 123TH of the Social Security (Administration) Act 1999 or as defined by legislative amendment made by the responsible Minister. A list of Priority Goods for the purposes of a Schedules 5 IM Contract can be found in Glossary 1.
Participant	means the Applicant described in the Business Application that has been accepted by Human Services through the issue of an Approval Letter.
Schedule 5 IM Deduction Contract	means a contract set up to allow a Participant to receive and hold funds in an account held at the store for an income managed person to expend on priority needs at the store, in accordance with section 123YI of the Social Security (Administration) Act 1999 (Cth)
SFNT Act 2012	Means the <i>Stronger Futures in the Northern Territory Act 2012</i> .
Special Conditions	means any additional terms, conditions or requirements agreed by Human Services and a Participant, other than in the Department of Human Services Business Terms and Conditions and/or Schedule 5, which will (to the extent of any inconsistency) override any other provision of the Contract.
Store Account	means an account held by the Participant for the benefit of an income managed customer for the purpose of providing goods and services.

# 1 Purpose of this Framework

The Income Management Deductions Schedule 5 Policy Framework (Framework) outlines the policy framework for organisations wishing to enter into a Schedule 5 IM Deduction Contract.

The purpose of the Framework is to provide information to Applicants about the objectives of Income Management and the Schedule 5 IM Deduction Contract.

The Framework does not form part of the Schedule 5 IM Deduction Contract. To the extent of any inconsistency between a provision of this Framework and a provision of the Schedule 5 IM Deduction Contract, the provision of the Schedule 5 IM Deduction Contract takes precedence.

Information about the service delivery and compliance aspects of a Schedule 5 IM Deduction Contract is contained in the Income Management Deductions Service Delivery and Compliance Guidelines. These guidelines are administered by the Australian Government Department of Human Services (Human Services).

## 2 Payment of income managed funds to Participants

Legislation governing methods of payment to Participants is outlined in section 123YI of the *Social Security (Administration) Act 1999* (SSAA).

Section 123YI allows Human Services to make payments to a Participant on condition that the Participant credits that amount to an account held at the store by a person on Income Management. The person's income management account is debited by an amount equal to the payment made to the Participant.

The person (known as the Declared Customer in the Schedule 5 IM Deduction Contract) will advise Human Services, as part of their allocation interview, to deduct an amount from their income management account to be paid to the Participant on the person's next available Payment date. The Participant must credit the full amount of the payment to the person's 'Declared Customer Store Account'.

The Participant must allow the person to draw down on their store account to pay for goods available in the store. The goods supplied to the person must not be Excluded Goods as listed in Glossary (2).

## 3 Objectives of Income Management and Schedule 5 IM Deduction Contracts

The objectives of Income Management are:

- to reduce immediate hardship and deprivation by ensuring that the whole or part of certain welfare payments is directed to meeting the priority needs of welfare payment recipients and their children, partners and any other dependents.
- to ensure that recipients of certain welfare payments are given support in budgeting to meet priority needs.
- to reduce the amount of certain welfare payments available to be spent on alcoholic beverages, home-brew kits, home-brew concentrate gambling, tobacco products and pornographic material.
- to reduce the likelihood that recipients of welfare payments will be subject to harassment and abuse in relation to their welfare payments.

- to encourage socially responsible behaviour, including in relation to the care and education of children.
- to improve the level of protection afforded to welfare recipients and their families

Schedule 5 IM Deduction Contracts support both Declared Customers and Participants in the application of Income Management by providing access to income managed funds.

The primary outcome is to:

- provide people who are on income management with a simple mechanism to pay for Priority Goods that they wish to purchase using their income managed funds. (See Glossary (1) for Priority Goods)

The secondary outcome is to:

- ensure that Participants receive payment for the provision of their goods from people on Income Management.

## 4. Participation in Income Management Schedule 5

For a Participant to be eligible to become a Schedule 5 IM Participant, the requirements are:

1. The main business of the Participant is the sale of priority goods and services; and
2. The Participant has the ability to prevent the sale of excluded goods and services.

The type of organisations that DHS may approve to enter into a Schedule 5 IM Deduction Contract includes:

- Food stores like bakeries, supermarkets, delicatessens, fruit and vegetables etc;
- Bookstore / art supplies;
- Chemist / Pharmacy;
- Clothes store / shoe store;
- Community store;
- Station store;
- Airlines, travel agents;
- Educational outlet;
- Furniture store; second hand, whitegoods and hardware stores.

## 5. Community Store Licence Requirements

Specific conditions apply to Participants in the Northern Territory Food Security Area.

The Food Security Area is all the Northern Territory, except for areas specified by the legislative instrument under section 74 *SFNT Act 2012*, specifically the *Stronger Futures in the Northern Territory (Food Security Areas) Rule 2012*.

If it has been determined that a Participant in the Food Security Area requires a community store license, these Participants:

- must at all times comply with all terms and conditions of the community store licence, including any terms and conditions applicable to income management; and
- must promptly notify Human Services if its community store licence is revoked, terminated or otherwise not renewed.

# Glossary

## (1) Schedule 5 Priority Goods

Following is the list of Priority Goods for the purposes of approval for registered third party organisations to enter into a Schedule 5 IM Deduction Contract. The list is derived from section 123TH of the SSAA which sets out the priority needs for person subject to income management.

- food;
- non-alcoholic beverages;
- clothing;
- footwear;
- basic personal hygiene items;
- basic household items;
- health; including:
  - pharmacy items;
- education and training;
- items required for the purpose of the person's employment, including:
  - a uniform or other occupational clothing;
  - protective footwear;
  - tools of trade; and
- public transport, where the public transport is used wholly or partly for purposes in connection with any of the above needs;
- the acquisition, repair, maintenance or operation of:
  - a motor vehicle;
  - a motor cycle; or
  - a bicycle;

that is used wholly or partly for purposes in connection with any of the above needs.

## (2) Schedule 5 Excluded Goods

The following goods and services are Excluded Goods for the purposes of Schedule 5:

### Excluded Goods

Each of the following are excluded goods for this purpose:

- 1) alcoholic beverages;
- 2) tobacco products;
- 3) pornographic material;
- 4) gambling products; and
- 5) home-brew kits and home-brew concentrate;
- 6) goods specified in a legislative instrument by the Minister for the purposes of paragraph 123TI(1)(d) of the SSAA.