

Submission to the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020

October 2020

Submission:

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The Centre for Excellence in Child and Family Welfare (the Centre) welcomes the opportunity to provide a submission on the *Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020* for consideration by the Senate Community Affairs Legislation Committee.

The Centre is the peak body for child and family services in Victoria. For over 100 years we have advocated for the rights of children and young people to be heard, to be safe, to access education and to remain connected to family, community and culture. We represent over 150 community service organisations, students and individuals throughout Victoria working across the continuum of child and family services, from prevention and early intervention to the provision of out-of-home care.

In March and October 2019, the Centre prepared submissions for this Committee on the *Social Security (Administration) Amendment (Income Management and Cashless Welfare) Bill 2019* and the *Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019* respectively. As the Bill currently before the Committee is similar in intent to the *Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019*, we have attached our submission on this Bill which outlines our key concerns.

The Centre opposes all forms of compulsory income management. Our position is based on:

- Our review and analysis of the best available evidence, including government commissioned evaluations and other independent research¹
- Feedback from our members working directly with children, young people and families experiencing hardship and vulnerability, some of whom are subject to income management
- The views of Aboriginal organisations and representatives, including Aboriginal Peak Organisations of the Northern Territory (APO NT) and the Aboriginal and Torres Strait Islander Social Justice Commissioner²
- Extensive media reporting detailing the lived experience of people subject to the Cashless Debit Card.³

¹ See, for example: [Review of the Cashless Debit Card Trial in Ceduna and East Kimberley](#), [The implementation and performance of the Cashless Debit Card Trial](#) and [Helping or Harming? Compulsory Income Management in Australia and New Zealand](#)

² See, for example: [Why we are calling on all MP's to oppose the Cashless Debit Card Expansion Bill](#) and [Commission submission on Cashless Debit Card Bill](#)

³ See, for example: [Australians on cashless welfare card express 'hopelessness' after Coalition's plan to cement scheme, Cashless welfare card causing 'horrible' financial stress, more dependence, participants say, 'The card declined and I broke down': Life on the cashless welfare card](#) and ["We've lost our vision. A card cannot give vision to the community" How does welfare quarantining feel to the people on the receiving end?](#)

The Centre does not support this Bill and urges the Committee to recommend it be opposed.

This Bill will remove the trial status of the Cashless Debit Card (CDC) and establish it as an ongoing program. It will also transition income management in the Northern Territory and Cape York to the Cashless Debit Card. Our reasons for opposing this Bill primarily relate to our opposition to compulsory income management which, at worst, has been discredited in research studies and at best been shown to be deeply problematic. We have summarised our concerns, based on research, on page 1 of the attached submission.

The Explanatory Memorandum for the Bill states:

The CDC program aims to support communities where high levels of welfare dependence coexist with high levels of social harm by limiting the amount of welfare payment available as cash in a community. It does not affect people according to race, religion, ethnicity or any other factor. It is not a punitive measure, nor is it designed to stigmatise people.⁴

The evidence does not support these claims. The Cashless Debit Card discriminates on the basis of race, income status, and geographic region. In relation to the *Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019*, the Parliamentary Joint Committee on Human Rights found that the Cashless Debit Card places limitations on human rights to equality and non-discrimination, and 'appears to have a disproportionate impact on Indigenous Australians'.⁵

The 2014 final evaluation of income management in the Northern Territory found that for some participants, income management made life more difficult without resulting in any benefit.⁶ A more recent independent study on income management called *Hidden Costs* found that while the CDC intends to address social harm, income management itself is harmful for many participants.⁷

The lived experience and testimony of people subject to the card has highlighted its stigmatising effect. The *Hidden Costs* study found that 84 per cent of respondents experienced shame or humiliation when using a BasicsCard or Cashless Debit Card, and a strong theme in the survey results was the adverse impact of income management on mental health and socio-emotional wellbeing.⁸

The *Hidden Costs* study found that the majority of participants surveyed (67 per cent) reported that, prior to being subjected to income management, they had no trouble managing their own money, 87 per cent reported having no problem with alcohol, 95 per cent reported no problems with drugs and 91 per cent reported no problem with gambling.⁹ We question how beneficial a compulsory

⁴ Explanatory Memorandum, p. 30.

⁵ Parliamentary Joint Committee on Human Rights 2020, *Human rights scrutiny report*, Report 1 of 2020, Parliament House, Canberra, p. 141.

⁶ Bray, J, Gray, M, Hand, K, & Katz, I 2014, [Evaluating New Income Management in the Northern Territory: final evaluation report](#), Social Policy Research Centre, UNSW Australia, Sydney.

⁷ Marston, G, Mendes, P, Bielefeld, S, Peterie, M, Staines, Z & Roche, S 2020, [Hidden costs: an independent study into income management in Australia](#), The University of Queensland, Brisbane.

⁸ Marston, et al. 2020.

⁹ Marston, et al. 2020.

income management model can be when the majority of participants have not experienced the problems this model is intended to address. We also question the implicit assumption that receipt of social security payments and living in a particular geographic area are synonymous with harmful or socially irresponsible behaviour. Drawing on the evidence available, we believe it is not justifiable to subject people to a program that seriously limits their personal agency, is likely to provide no demonstrable benefit and even leads to greater harm for those who have reported feeling demeaned and shamed by the model.

In addition to the original objective of discouraging welfare dependence, the government now states that 'the CDC is designed as a budgeting tool to support welfare recipients in managing their financial affairs'.¹⁰ This is despite the Northern Territory evaluation finding no evidence of improved financial management skills, and concluding that income management 'appears to have encouraged increasing dependence upon the welfare system'.¹¹ The CDC contains no major differences from the income management used at the time of the evaluation that would indicate the likelihood of a different outcome. Placing restrictions on how a person can use their income is disempowering because it undermines that person's capacity to make their own informed decisions. It is also paternalistic because it assumes the person cannot make these decisions for themselves and that an external authority needs to decide what is in the person's best interests, similar to our colonial history of removing Aboriginal children from their families.

The Explanatory Memorandum states that 'The restricted bank account functions like a standard, mainstream bank account'.¹² A spokeswoman for Minister Anne Ruston has indicated that the government is 'committed to making sure that it is no different to that provided to any other banking customers'.¹³ While the CDC may now have similar functionality to other bank accounts after significant technological upgrades, this misses the point. The defining feature of a mainstream bank account is the ability to choose an account and a banking institution that meets your personal needs as a consumer and to change this according to changed circumstances and needs. The withdrawal of this consumer choice, albeit for a small proportion of income, constitutes an unjust and disproportionate restriction of agency and financial rights and sets a dangerous precedent that allows government to decide which consumer markets people may engage in and on what terms.

The first evaluation of the CDC commissioned by the government lacked rigour and has been heavily criticised.¹⁴ While the government subsequently commissioned a second independent evaluation to be conducted by the University of Adelaide, the delivery of this evaluation report has been delayed by around 12 months, which means decisions about the CDC are being made ahead of further evidence being provided. The Statement of Compatibility with Human Rights for this Bill has not

¹⁰ Explanatory Memorandum, p. 29.

¹¹ Bray et al. 2014, p. xxii.

¹² Explanatory Memorandum, p. 32.

¹³ Henriques-Gomez, L 2020, 'Australians on cashless welfare card express "hopelessness" after Coalition's plan to cement scheme', *The Guardian*, 15 October, <<https://www.theguardian.com/australia-news/2020/oct/15/australians-on-cashless-welfare-card-express-hopelessness-after-coalitions-plan-to-cement-scheme>>.

¹⁴ See, for example: [The Cashless Debit Card evaluation: does it really prove success?](#), [Review of the Cashless Debit Card Trial and Evaluation](#) and [Much of the data used to justify the welfare card is flawed](#).

been updated to reflect the delay and states that the findings will be published from late 2019.¹⁵ In 2019, the government sought to extend the trial period for the CDC pending the findings of this evaluation, and yet the introduction of this Bill does not take into consideration the evidence that might be contained in the delayed report.

While we are concerned that this long-awaited evaluation may also have methodological flaws due to the previously released baseline report, it is important to note that the government no longer considers the evidence contained in the evaluation to be relevant to policy decisions regarding the continuation of the program. This is despite accepting an ANAO recommendation to 'undertake a cost-benefit analysis and a post-implementation review of the trial to inform the extension and further roll-out of the CDC.'¹⁶ Parliament should not be put in the position of voting for a Bill before further evidence is made available and time has been allowed for independent analysis and informed decision making.

We are deeply concerned that this Bill will remove the independent evaluation provision by repealing subsection 124PS(3). In the government's words, this 'removes the requirement on independent experts to consult program participants which, in turn, will avoid the ethical implications of unnecessary repeat contact with vulnerable individuals'.¹⁷ Removing opportunities for the voices of participants to be heard by government on the basis of their vulnerability is effectively silencing people subject to the CDC. The opportunity to describe the impacts of the CDC on their lives and to inform the policy process is a form of empowerment that should not be ignored. It also makes little sense in the context of a program that aims to reduce vulnerability. It also flies in the face of the mounting body of international research highlighting the critical importance of client-led feedback in achieving positive outcomes for participants in programs.

The Centre's position is that compulsory income management is not consistent with or informed by the best available research. We believe that funds committed to income management should be reinvested in voluntary services that are supported by strong evidence of outcomes in the areas of child and family wellbeing, financial capability, reduction in alcohol and substance-related harm and reductions in family violence.

Recommendation

That the Committee recommend that the Bill be opposed.

¹⁵ Explanatory Memorandum, p. 30.

¹⁶ Australian National Audit Office (ANAO) 2018, [The implementation and performance of the Cashless Debit Card Trial](#), ANAO, Canberra.

¹⁷ Explanatory Memorandum, p. 27.