

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

Community Affairs Legislative Committee

October 2020

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Summary

ACOSS strongly condemns the government's plan to permanently install compulsory cashless debit cards (CDC) in the Australian income support system. In doing so, the government has ignored its own assessment that voluntary income management is more effective than compulsory income management. It ignores every credible evaluation since 2007 that concludes that this policy fails to improve the lives of people subjected to it, and causes harm in communities.

The compulsory cashless debit card blatantly discriminates against Aboriginal and Torres Strait Islander people, and is being locked in without sufficient consultation with communities affected. This is contrary to the government's assurances that communities would be consulted.¹ As Aboriginal and Torres

¹ Jamal Ben Haddou (2020), 'Federal Government holds back planned rollout of cashless debit card in the

Strait Islander Social Justice Commissioner June Oscar said about a previous iteration of this bill, the Commission “is particularly concerned with the lack of community consultation in rural and remote areas”. We condemn this process, in the strongest terms, as one that ignores the wishes of communities, and community-led approaches, a key feature of Closing the Gap.

We are also deeply concerned about the lack of funding for Aboriginal legal services to support people subjected to CDC. The data show that overwhelmingly Aboriginal and Torres Strait Islander People are less likely to receive an exemption from the CDC, despite being overrepresented among participants. This Bill gives the Secretary powers to overturn exemptions from the CDC, which we fear will see even fewer Aboriginal people permanently exited from CDC. Aboriginal and Torres Strait Islander people are already at great risk of their social security rights not being upheld, and this Bill imposes more hoops for people to jump through to be treated with basic dignity under our income support system.

Successive governments have been unable to reliably demonstrate that cashless debit or income management deliver better outcomes for individuals or their communities. This Bill directs further public spending to a discriminatory policy that at best, delivers no improvement, and at worst harms people.

We strongly urge the parliament to reject this Bill and instead support communities to deliver community-led approaches, such as APO NT’s Fair Work and Strong Communities Remote Jobs proposal.²

Recommendations

1. The Bill be opposed.
2. The government abolish mandatory CDC and income management
3. The funding saved by abolishing CDC and income management be redirected to supporting community-led initiatives to address high priority community needs (for example, funding for Aboriginal and Torres Strait Islander community-controlled initiatives).
4. Should cashless debit and income management continue, they continue on a voluntary basis only.
5. Funding for community legal services specialising in social security law be increased to meet demand in rural and remote areas, including specific funding for Aboriginal and Torres Strait Islander legal services.

NT’, NT News, 28 Jan 2020

² APO NT (2017) ‘Fair Work and Strong Communities: A proposal for a remote development and employment scheme’ http://www.amsant.org.au/apont/wp-content/uploads/2017/07/RDES-Report_Online.pdf

ACOSS's key concerns about the CDC Bill

Government pursuing CDC without credible evidence

ACOSS, along with many others, have analysed the evaluations being used by the Federal Government to justify extension of the Cashless Debit Card. We enclose the ACOSS analysis of key CDC and income management evaluations as a part of this submission.

The completed evaluations used by government to justify CDC provide no credible evidence that it is a measure which effectively pursues a legitimate purpose. On the contrary, the evidence shows that:

- Very few people engaged in 'risky' behaviours
- The Orima evaluation could not conclude that CDC reduces social harm
- Voluntary approaches are much more effective.³

The latest evaluation of the existing trial sites commissioned by the government has not been completed. As a result, the Federal Government is making CDC permanent in the trial sites as well as the NT without the outcome of this evaluation. It begs the question why the Federal Government is funding evaluations that it does not intend to consider, as well as ignoring the results of the credible evaluations that have been completed. ACOSS reiterates that it is totally unacceptable that the government is making CDC permanent without sufficient evidence to show that it helps people or benefits their communities.

Power of Minister to increase restricted amount to 80%

Under income management, generally 50% of income support payments is quarantined. The Bill would allow the Minister to increase this percentage up to a maximum of 80%. This broad power could be put into effect by the Minister at the recommendation of one individual or agency in the NT, and could apply to a whole cohort of people. There also seems to be no minimum threshold to reach for such a recommendation to be made.

We hold concerns that this could result in the Minister increasing the restricted amount to 80% for everyone receiving a working-age payment in the NT.

This power contradicts the government's initial proposal to transfer people from income management to CDC. Former Minister for Social Services Paul

³ Please refer to the enclosed ACOSS analysis of the evidence for further detail

Fletcher said that “(f)or existing participants on the Income Management and BasicsCard program, there will be no change to the operating principles, including the percentage to be quarantined, which will remain at 50 per cent, unless the community requests a higher percentage through consultations.”⁴

It is unclear if people on income management in the NT are aware of the Minister’s power in relation to the percentage of income quarantined, given this is a change to what was originally announced.

Lack of consultation and self-determination for Aboriginal and Torres Strait Islander People

Trial-site communities and those under income management have not been adequately consulted about this bill, and it appears no serious consultation was conducted with people directly affected to determine if CDC is something they want to continue indefinitely.

While the government claims it engaged with communities about the transition to the CDC in the Northern Territory, these information sessions seemingly told people about what the government planned to do, as opposed to consulting with communities about whether they want CDC. These information sessions took place at the beginning of the year, well before the current bill was drafted. They therefore covered the previous bill, which differs in its content to the current one, not least in making CDC permanent.

The lack of genuine consultation with communities contradicts the advice of Aboriginal and Torres Strait Islander Social Justice Commissioner June Oscar that affected communities have “participation in decision-making, based on free, prior and informed consent and good faith”.⁵ It also flies in the face of self-determination for Aboriginal and Torres Strait Islander People. As APO NT make clear, the bill “directly contradict(s) the recent National Agreement on Closing the Gap that was supported by all levels of government including the Commonwealth. It is not in keeping with the spirit of the agreement and its emphasis on Aboriginal and Torres Strait Islander self-determination.”⁶

⁴ Minister Paul Fletcher (2019) ‘Morrison Government Extends Successful Cashless Debit Card’ <https://www.paulfletcher.com.au/sites/default/files/attachments/Minister%20for%20Families%20and%20Social%20Services%20-%20Cashless%20Debit%20Card%20extended%20across%20all%20sites%20and%20to%20replace%20Income%20Management.pdf>

⁵ Human Rights Commission (2018) Senate inquiry into Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018

⁶ APO NT (2020) ‘Why we are calling on all MPs to oppose the cashless debit card’ 8 Oct <http://www.amsant.org.au/apont/wp-content/uploads/2020/10/20201008-Why-we-oppose-the-Cashless-Debit-Card-Expansion-Bill.pdf>

ACOSS strongly opposes the government's continued top-down approach in decision making with this bill.

More people likely to be subjected to the CDC than under income management in the NT

This bill removes the Disengaged Youth and Long-Term Payment Recipient criteria for income management in the Northern Territory. At the moment, people aged 15 to 24 are placed onto income management if they have received income support for more than three out of the past six months under the Disengaged Youth measure. People aged 25 to Age Pension age are placed onto income management under the Long-Term Welfare Recipient measure if they have received income support for more than 12 of the last 24 months.

Removing these criteria means that people under Age Pension age receiving income support for any length of time will be subjected to CDC, including people who lost their jobs as a result of the pandemic and subsequent economic shutdown.

As such, this bill would increase the number of people subjected to income quarantining in the NT compared with current number of people on income management. The government estimates that 25,000 people in the NT will be on CDC should this legislation pass.

Power to place people back under CDC after they receive an exemption

The Bill gives the Secretary the power to place someone back under CDC after they have received an exemption, including a health and wellbeing exemption. This means that the few people who have secured an exemption will live in constant fear of having their income restricted again should the Secretary decide that they are not managing their 'affairs' reasonably or responsibly (whatever this means).

It is unclear what would constitute unreasonable or irresponsible management of one's affairs: for example, could paying rent one day late on one occasion constitute poor management? Or having a transaction denied because there is not enough money in the account thanks to being on a very low income (which is very common under CDC)? Could receiving a payment suspension under jobactive or the Community Development Programme constitute poor management, despite this compliance framework being widely recognised as unfair (and in the case of CDP, discriminatory)?

The bill is silent on what would form the basis for irresponsible management of affairs. Not knowing what could trigger the reapplication of CDC only serves to increase anxiety among people affected and exaggerates the sense of powerlessness in communities.

ACOSS is concerned that an inadequate income could be used to argue that people cannot manage their money. One of the biggest risks to living in poverty is to receive an income support payment, with most single rates of income support being below the poverty line.⁷ ACOSS fears that not having enough money because of poverty-level income support could see people moved back onto cashless debit under this power because they do not have enough money to cover the basics. This is also more likely when the Department has been using declined transaction data against people when they apply to exit CDC.⁸

We are also concerned that this power will see even fewer Aboriginal and Torres Strait Islander people permanently exit CDC. Data on the current exemption process show that Aboriginal and Torres Strait Islander people are far less likely than non-Indigenous people to have their request for an exemption approved. They are also much less likely to apply for an exemption in the first place, despite being grossly overrepresented under CDC.

ACOSS calls for additional funding for community legal services specialising in social security law, including Aboriginal and Torres Strait Islander legal services to support people with social security issues so that their rights are upheld. There must also be a particular focus on ensuring people in remote and rural communities have sufficient access to these services.

ACOSS's previous submissions and position on alternatives approaches

ACOSS refers the Committee to our previous submissions about CDC, as well as a briefing note outlining key evaluations on CDC and income management (enclosed).

- Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018.
- Submission on Social Services Legislation Amendment (Cashless Debit Card) Bill 2017 (which includes alternative approaches to compulsarily quarantining income).
- Cashless Debit Cards and Income Management: a briefing note on the evidence.

⁷ ACOSS (2020) Poverty in Australia <http://povertyandinequality.acoss.org.au/poverty/>

⁸ Gabriella Marchant (2020) 'Cashless welfare card recipients denied exit from trial claim unfair treatment' <https://www.abc.net.au/news/2020-08-21/queensland-cashless-welfare-card-exit-applications-exit/12579856>

Contact

Charmaine Crowe
Senior Advisor, Social Security
charmaine@acoss.org.au // 0431 432 620