

# Submission to the Community Affairs Inquiry into Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022

10 August 2022

## 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 4,000 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 puts forward this brief submission to outline our initial response to the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022. Please note that the short timeframe to provide a submission has limited our capacity to respond to the legislation in detail.

ACOSS welcomes this legislation to abolish the cashless debit card and commends the government for making this a priority area for reform. ACOSS has long argued for the abolition of mandatory forms of income quarantining, being income management and cashless debit. Both policies discriminate against First Nations people as well as people who are unemployed, single parents and people with a disability.<sup>1</sup> There is no credible or conclusive evidence that these policies have delivered better outcomes for individuals or their communities. Instead, cashless debit and income management are paternalistic policies that restrict basic human rights.

While we welcome the abolition of cashless debit, we highlight our strong concern that compulsory income management continues under this bill. Indeed, this bill would increase the number of people subjected to compulsory income

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<sup>1</sup> For example, see previous submissions we have made regarding cashless debit and income management: <https://www.acoss.org.au/wp-content/uploads/2020/11/Cashless-Debit-Card-submission-final.pdf> & <https://www.aph.gov.au/DocumentStore.ashx?id=d52647cb-cea1-46fe-8453-28276fa1d8bc&subId=671537>

management by transferring those on cashless debit in income management sites back to income management. There are almost 4,000 people in the Northern Territory under cashless debit, 78% of whom are Indigenous.<sup>2</sup> As we understand it, all may be transferred back to income management.

Prior to the election, the Australian Labor Party made clear that it opposed mandatory cashless debit *and* income management. The then Shadow Minister for Families and Social Services and Indigenous Australians, Linda Burney, stated “our fundamental principle on the basics card and the cashless debit card, it should be on a voluntary basis. If people want to be on those sorts of income management, then that’s their decision. It’s not up to Labor or anyone else to tell them what to do. At the moment, it’s compulsion and that’s not Labor’s position.”<sup>3</sup>

We congratulate the government on this first step of abolishing the cashless debit card and urge them to take the next step to ensure that income management be voluntary only. We understand that the government will consult with communities subjected to income management about the future of the policy.

## Recommendations

**Recommendation 1:** The Committee recommends this bill be passed, but that the parliament work towards abolishing compulsory income management as soon as possible.

**Recommendation 2:** The Committee recommends that government adequately fund services to support communities, with a focus on community-led services. Funding must also be provided to Aboriginal and social security legal centres to ensure social security rights are upheld.

**Recommendation 3:** The Committee recommends that the government ensure Centrepay arrangements are transferred seamlessly from cashless debit to alternative bank accounts once people are taken off cashless debit. The Committee should also recommend that the government reform Centrepay so it operates as a tool to support people to pay for essentials and does not expose people on low incomes to predatory lending.

**Recommendation 4:** To support communities in need, the Committee calls on the parliament to support:

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<sup>2</sup> Don Arthur ‘Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022’ Bills Digest 1 August 2022 [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/bd/bd2223a/23bd001](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd2223a/23bd001)

<sup>3</sup> Luke Henriques-Gomes ‘Cashless welfare: Labor vows to end compulsory use of basics card’ The Guardian, 19 April 2022 <https://www.theguardian.com/australia-news/2022/apr/19/cashless-welfare-labor-vows-to-end-compulsory-use-of-basics-card>

- lifting income support payments including JobSeeker, Youth Allowance and Parenting Payment to at least \$70 a day and index these payments twice per year to wages as well as prices
- increasing Commonwealth Rent by 50%
- establishing a Disability and Illness Supplement of \$50 a week, and,
- establishing a Single Parent Supplement recognising the additional costs of single parenthood.

## No conclusive evidence cashless debit or income management meet their objectives

Successive governments have spent an estimated \$1.5 billion<sup>4</sup> on income quarantining since 2007, and there is still no conclusive evidence that compulsory income management or cashless debit have met their objectives.

There is no reliable evidence that quarantining income support payments on its own addresses addiction, helps children, or results in long-term positive change. Dr Rob Bray, one of the authors of the evaluation of income management in the Northern Territory, has reviewed a number of evaluations of income quarantining, and concluded that “although questions about perceptions of change are frequently, although not universally, answered in the positive, these findings are not supported in studies using objective, and repeated, measures of outcomes and change.”<sup>5</sup> In other words, the positive effects identified by some evaluations are opinion-based, and not supported by relevant data measuring health and wellbeing outcomes related to the policy’s objectives.

For further analysis of various evaluations of income management and cashless debit, see our briefing note ‘Cashless debit cards & income management: a briefing note on the evidence’.<sup>6</sup>

## Cashless debit and income management are incompatible with Australia’s human rights obligations

The Parliamentary Joint Committee on Human Rights (PJCHR) has repeatedly found that compulsory cashless debit and income management engages and

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<sup>4</sup> Australian National Audit Office (2013) Administration of New Income Management in the Northern Territory, p.17 & Australian Treasury budget papers (no 2) 2013/14 -2019/20).

<sup>5</sup> Bray, R. J. (2016) ‘Seven years of evaluating income management – what have we learnt? Placing the findings of the New Income Management in the Northern Territory evaluation in context’, Australian Journal of Social Issues Vol.51 No.4, p. 464

<sup>6</sup> ACOSS ‘Cashless debit cards & income management: a briefing note on the evidence’ October 2020 <https://www.acoss.org.au/wp-content/uploads/2020/10/Cashless-debit-cards-1.pdf>

limits the right to social security, the right to privacy and the right to equality and non-discrimination.<sup>7</sup> The PJCHR argued that cashless debit is a disproportionate response to the issues it claims to address, questioning whether this policy is 'rationally connected' and 'effective to achieve' its objectives.

A key issue the PJCHR has with cashless debit and income management is its compulsory nature. In 2016, the PJCHR said that while income management 'may be of some benefit to those who voluntarily enter the program, it has limited effectiveness for the vast majority of people who are compelled to be part of it'.<sup>8</sup>

This analysis by the PJCHR is endorsed by the Aboriginal and Torres Strait Islander Social Justice Commissioner June Oscar AO in the Australian Human Rights Commission's submission on the Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018.<sup>9</sup> The Commission views compulsory cashless debit as incompatible with Australia's international human rights obligations.<sup>10</sup>

In 2018, the Australian Government acknowledged that voluntary income management is more effective in meeting the policy's objectives. In its evidence to the United Nations Committee on Economic Social and Cultural Rights, it argued that voluntary income management delivers more positive results than its compulsory counterpart.<sup>11</sup>

## It's time to abolish mandatory, blanket income quarantining

The lack of evidence for the policy's effectiveness as well as its incompatibility with Australia's human rights obligations form a strong basis for abolishing income quarantining. We commend the government for abolishing cashless debit, but stress that the same should apply to blanket, mandatory income management.

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<sup>7</sup> Parliamentary Joint Committee on Human Rights (2018) 'Report 6 of 2018' 26 June [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Human\\_Rights/Scrutiny\\_reports/2018/Report\\_6\\_of\\_2018](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/Scrutiny_reports/2018/Report_6_of_2018) p.38

<sup>8</sup> Parliamentary Joint Committee on Human Rights (2016) '2016 Review of Stronger Futures measures' 16 March, [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Human\\_Rights/Committee\\_Inquiries/strongerfutures2/Final\\_report](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/Committee_Inquiries/strongerfutures2/Final_report) p.52

<sup>9</sup> June Oscar AO, Aboriginal and Torres Strait Islander Social Justice Commissioner (2018), Submission to the Senate Inquiry into the Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018, 20 July

<sup>10</sup> Ibid. p.3

<sup>11</sup> The Australian Government (2018) 'Concluding observations on the fifth periodic report of Australia: Information received from Australia on follow-up to the concluding observations' Committee on Economic, Social and Cultural Rights 21 December [https://tbinternet.ohchr.org/\\_layouts/treatybodyexternal/Download.aspx?symbolno=E%2fC.12%2fAUS%2fC.O%2f5%2fAdd.1&Lang=en](https://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=E%2fC.12%2fAUS%2fC.O%2f5%2fAdd.1&Lang=en) p.3

**Recommendation 1:** The Committee recommends this bill be passed, but that the parliament work towards abolishing compulsory income management as soon as possible.

## Ensure community legal centres and other services can support communities

With the abolition of cashless debit and continuation of income management under this bill, ACOSS recommends that the Federal Government adequately fund services to support communities, with a focus on community-led services. The Federal Government should listen to and work with communities to determine how to best support them to progress their solutions to the issues they face. There must be genuine partnership between government and communities to advance local programs, services and ideas for reform.

ACOSS also calls for adequate funding for community legal centres working with affected communities, particularly Aboriginal and social security legal centres. This will be especially important for communities in the Northern Territory where compulsory income management will continue for the time being.

The other important role for community legal services is to help people get income support payments. We and many others have long held concerns that there is poor take-up of income support in many areas subject to income quarantining, increasing rates of severe poverty and destitution. We have also been concerned that many receive an incorrect income support payment (for example, JobSeeker Payment when they would be entitled to the higher-paid Disability Support Pension) because they do not have access to support from community legal centres. We encourage the government to properly fund these services to support communities transitioning off cashless debit as well as communities who will still be subjected to income management.

**Recommendation 2:** The Committee recommends that government adequately fund services to support communities, with a focus on community-led services. Funding must also be provided to Aboriginal and social security legal centres to ensure social security rights are upheld.

## Reform Centrepay

With the closure of cashless debit, the government must ensure Centrepay is available to people transitioning from cashless debit and that it operates in the best interests of people receiving income support.

The government will have two roles: the first is to transfer existing Centrepay arrangements in people's cashless debit accounts to their regular bank (or income management) account once they transition off cashless debit. The second is to ensure Centrepay is not open to predatory lenders or other businesses that exploit

people on income support as we saw with funeral insurer Youpla.<sup>12</sup> Many businesses have targeted people on income support and signed them up to multi-year leases for whitegoods and appliances via Centrepay, resulting in the person paying triple what the good would have cost had it been bought outright. Centrepay should support people to manage finite and generally inadequate budgets as opposed to supporting businesses to profit off income support.

**Recommendation 3:** The Committee recommends that the government ensure Centrepay arrangements are transferred seamlessly from cashless debit to alternative bank accounts once people are taken off cashless debit. The Committee should also recommend that the government reform Centrepay to ensure it operates as a tool to support people to pay for essential expenses and does not expose people on low incomes to predatory lending.

## Increase income support to help people cover the cost of essentials

Most people subjected to income quarantining receive the lowest income support payments, namely Youth Allowance, JobSeeker and parenting payment. This is because cashless debit and income management target these payments over others (for example, the age pension).

ACOSS and many others call for JobSeeker, Youth Allowance, Parenting Payment and related income support to be increased so that they cover the cost of basic goods and services. At a bare minimum, JobSeeker, currently \$46 a day, and other payments paid below the pension should be increased to at least \$70 a day. In addition, they should be indexed to wages as well as prices twice per year. Commonwealth Rent Assistance should be increased by 50% to better support people on income support cover private rent. Finally, people with disability or an illness should receive a supplement of at least \$50 a week and single parents should also receive a Single Parent Supplement.

These payment reforms would reduce the level of poverty in our community and go a long way to helping people on the lowest incomes rebuild their lives. We know this because we saw the effect of higher income support during 2020 with the \$550 per fortnight Coronavirus Supplement. People were able to buy fresh fruit and vegetables, warm clothing as well as cover the cost of their rent. Women were able to leave an abusive partner. Others were able to retrain to get into a profession they cared about. As we saw in 2020, lifting income support so that everyone can cover the essentials would be one of the best ways to support communities across Australia.

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<sup>12</sup> Amy Bainbridge 'Funeral insurer Youpla 'grew and grew' off welfare payments, then collapsed' ABC, 16 June 2022 <https://www.abc.net.au/news/2022-06-16/centrepay-centrelink-payments-behind-acbf-youpla-growth/101109642>

**Recommendation 4:** ACOSS recommends the Committee urge the parliament to support:

- lifting income support payments including JobSeeker, Youth Allowance and Parenting Payment to at least \$70 a day and index these payments twice per year to wages as well as prices
- increasing Commonwealth Rent by 50%
- establishing a Disability and Illness Supplement of \$50 a week, and,
- establishing a Single Parent Supplement recognising the additional costs of single parenthood.

## Acknowledgements

ACOSS acknowledges the work of the individuals and organisations that have long called for the abolition of compulsory income management and cashless debit.

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