

# Submission to the inquiry into the Income Management Reform Bill

April 2023

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## 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.

## Key recommendations

1. Amend the Income Management Reform Bill to remove provisions enabling mandatory income management areas to be extended by legislative instrument.
2. Include a sunset clause for Enhanced Income Management.
3. The Federal Government must outline its plan for transitioning to a voluntary form of income management, including timelines.

## Summary of the Bill

The bill introduces Enhanced Income Management (EIM) to replace the BasicsCard, should people already on the BasicsCard choose to adopt. For people who are income managed from now on, they will be placed on EIM.

EIM provides a card like the cashless debit card to people under income management. The card operates like an eftpos card, except it cannot be used to

withdraw cash or purchase prohibited goods like alcohol, tobacco, and pornography.

The bill also expressly excludes people receiving the Age Pension or a Veteran Affairs pension from being compulsorily income managed under the Vulnerable Welfare Recipient measure.

There will be cost savings, calculated at \$21.5 million over 10 years, in moving to the new technology.

## ACOSS's position

### **This bill sends mixed messages about the government's intent regarding income quarantining**

ACOSS is confused by the content of this bill because it is at odds with the Federal Government's assertions about the future of mandatory income quarantining (the umbrella term for cashless debit and income management).

We welcomed the government's abolition of mandatory cashless debit because it removed a discriminatory policy that served no benefit to the people it targeted. Mandatory income management, for all intents and purposes, is the same policy, restricting how people on income support payments spend their payments. However, this bill maintains mandatory income management, providing the minister with the power to expand the policy outside of existing areas without an Act of Parliament. The justification to retain powers to expand mandatory income management without an Act of Parliament is unclear.

ACOSS opposes compulsory income management. Since its inception in 2007, it has failed meet its objectives as a policy, and instead serves to discriminate against Aboriginal and Torres Strait Islander people and people on low incomes. The lack of conclusive evidence that mandatory income management supports communities is referred to in the explanatory memorandum for this bill.<sup>1</sup>

ACOSS is not opposed to improving the technology of the card used under income management. However, we are very concerned that this bill could lead to an expansion of EIM. With the BasicsCard, expansion was difficult because of the cost involved and having to get merchants to sign up to accept the card. With updated technology, expansion will be much easier because the cost of doing so is substantially less as the SmartCard is not as cumbersome to roll out as the BasicCard.

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<sup>1</sup> Explanatory memorandum, p.62

### **Recommendation 1.**

ACOSS recommends that if the bill be amended to remove the possibility of expansion of mandatory EIM without an Act of Parliament.

### **No sunset clause**

Despite the government's previous commitment to make income management voluntary only, there is no sunset clause in this bill or outline of a plan to move away from mandatory EIM. Unlike income management legislation, cashless debit card legislation always included an end date, after which new legislation would be required to extend the policy. Considering that this bill essentially establishes cashless debit (with the introduction of the SmartCard) we strongly urge the Federal Government to include a sunset clause for mandatory EIM.

### **Recommendation 2.**

ACOSS recommends that there be a sunset clause for mandatory EIM.

### **Exclusion of people receiving and Age Pension or Veteran Affairs pension**

This bill excludes people receiving an age or veteran affairs pension from compulsory income management under the vulnerable welfare trigger.

If the government recognises that there is no evidence for mandatory income management and deems it inappropriate for people receiving an age or veteran affairs pension, then it is unclear why it supports it to continue for people receiving other types of income support. This approach is arbitrary and discriminates against people who are unemployed, single parents, carers and people with disability.

### **Compliance with human rights**

In the government's statement of compliance with human rights, it argues that this bill is compatible with Australia's human rights obligations because it provides people with "appropriate choice" over how they receive their income support payments. This implies that the government believes it is necessary to restrict how people in the NT and other areas with mandatory income management spend their income support payments. It does so without outlining why mandatory income management is still required in affected communities or why the minister needs to retain powers to expand the policy via legislative instrument.

Clearly, mandatory income management restricts choice in how one receives their income support payments. The only choice that people currently subjected

to mandatory income management will have is whether to stay with the BasicsCard or move to the SmartCard under EIM. People who are new to the system will be placed on the SmartCard as the BasicsCard will be closed to new entrants.

The Parliamentary Joint Committee on Human Rights has raised concerns about this bill engaging and limiting the right to social security, privacy, and possibly the right to an adequate standard of living (where someone is unable to use their card at a store because there is no electronic method of payment available). The Committee also highlighted that the bill engages and limits the right to equality and non-discrimination and the rights of the child because of the disproportionate impact mandatory EIM has on First Nations communities.<sup>2</sup>

Given the PJCHR has consistently raised concerns about mandatory income quarantining engaging and limiting these rights without there being evidence that it is the best and least restrictive way to achieve its objectives, it is critical that the Federal Government take these concerns seriously and outline its plan to abolish mandatory income management.

We also draw this inquiry's attention to the government's previous commitment to the PJCHR to make income management voluntary "in the near future".<sup>3</sup> The government made this commitment in response to concerns raised by the Committee about mandatory income management continuing under the bill to abolish cashless debit.

## **Future of income management**

The Government acknowledges that there is no evidence that mandatory income management is meeting its objectives.

While we understand that a process of community and stakeholder consultation about the future of income management is under way, we do not see there being a need to keep provisions in the Social Security Act that enable expansion of mandatory income management if there is no intention to continue the program beyond the transition period. In addition, we strongly urge the Federal Government to outline its plans and timeline for moving to a voluntary model of income management, as per its previous commitments.

### **Recommendation 3.**

ACOSS recommends that the Federal Government outline its plan for transitioning to a voluntary form of income management, including timelines.

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<sup>2</sup> Parliamentary Joint Committee on Human Rights, Report 4 of 2023, p.24

<sup>3</sup> Parliamentary Joint Committee on Human Rights Report 5 of 2022 p.48

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