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

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
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Dear Senators

Thank you for the opportunity to make a submission to the Inquiry into the Social Security (Administration) Amendment (Continuation of Cashless Welfare Bill 2020 (the Bill).

Catholic Social Services Australia (CSSA) is the Catholic Church's peak national body for social services. Our vision is for a fairer, more inclusive Australian society that reflects and supports the dignity, equality and participation of all people. Our 50 member agencies are frontline service providers caring for and directly assisting over 500,000 people across more than 650 communities in every state and territory.

We refer the Committee to our previous submissions regarding the Cashless Debit Card (CDC) in 2017 and 2018. These submissions have articulated our ongoing concerns about the negative impacts of the Cashless Welfare Program[1]

This Bill seeks to make multiple amendments to the Social Security (Administration) Act 1999in order to expand the Cashless Debit Card (CDC) trial to the entirety of the Northern Territory and the Cape York region, replacing current Income Management programs operating in these areas.

As described in the Explanatory Memorandum, this Bill:

- Extends the end date for existing CDC trial areas from 30 June 2020 to 30 June 2021
- and establishes an end date for the CDC trial in the Cape York area of 31 December
- 2021;
- Removes the cap on the number of CDC trial participants;
- Removes the exclusion to allow people in the Bundaberg and Hervey Bay trial area to be able to voluntarily participate in the CDC trial;
- Establishes the Northern Territory (NT) and Cape York area as CDC trial areas and
- transitions IM participants in these sites onto the CDC trial in 2020;
- Enables the Secretary to advise a community body when a person has exited the CDC trial; and
- Improves the workability of the evaluation process.

The Explanatory Memorandum further notes that the financial impact of the Bill is calculated at $17.8 million for 'support services to assist the transition in the NT and Cape York area.'[2]

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[1] Catholic Social Services Australia (2017). *The Cashless Debit Card: Learnings from Trial Site communities and Recommendations.* At https://www.cssa.org.au/storage/cssa/-report-cashless-debit-card-trial-nov17-final.pdf.

[2] Explanatory Memorandum for the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019, p. 1.

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

CSSA is concerned that there is a disproportionate impact on Indigenous people in this Bill.

The Explanatory Memorandum states that the CDC trial 'does not affect people according to race, religion, ethnicity or any other factor'17 and that 'the rights to equality and non - discrimination are not directly limited by the Cashless Debit Card.'[3]

CSSA suggests that replacing one racialised welfare quarantining program with another constitutes a disproportionate and racially targeted intervention. One third of current CDC trial participants across all sites identify as Indigenous- over 10 times the proportion of Indigenous people in the Australian population, while 78 per cent of Indigenous participants are affected by Income Management programs across Australia.

The Productivity Commission has previously critiqued suggestions about the positive potential of the Northern Territory Emergency Response due to its top-down imposition, ignoring the importance of sustained consultation and co-design of social policy interventions with Indigenous communities

CSSA does not support the provisions of the bill that allow the Cashless Debit Card to continue as an ongoing measure in all existing sites.

CSSA's position on income management is that it is not a substitute for measures that promote self-reliance. Our position has always been that the concept of compulsory income management has been developed on the false premise that poverty and social disadvantage are caused by poor financial skills and lack of self-control.

CSSA believes that income management could be justified if it is a community led initiative or a voluntary measure. Otherwise it should be contemplated only on a case by case basis. The overall aim of any form of income management should be to enable individuals and families to take control of their own lives including with assistance from trusted, local services that can provide "wrap around" support. Blanket application of income management to recipients who do not need it can be both wasteful and counterproductive.

We acknowledge the submission from the Cape York Institute, which outlines the benefits of the FRC that have flowed to the Cape York communities while emphasising that this model of early intervention is based on restorative justice principles and intensive case management. The Cape York communities opted into the reforms, co-designed with the communities over a long period of time. This is why there is overwhelming support for community-controlled welfare reform. "Cape Yok communities do not want government deciding their futures for them".

The CDC program is problematic

Our network of services supporting service users report numerous issues with the CDC, which prevent people from actively participate in the market economy and to make savings. Some of the incidents

[3] Explanatory Memorandum for the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019, p. 23.

reported from our network include the difficulty of accessing informal accommodation options such as share housing because landlords need to be registered to receive funds from the CDC. Because of the restrictions imposed through CDC, limited access to cash prevents participants from buying from farmers markets, community stalls or other second-hand items that are part of the informal economy.

Our financial counsellors report that cardholders have experienced difficulties buying large items including white goods, and furniture, because it takes so long to have large transactions to be approved. This has resulted in some seeking financial assistance from 'pay day lenders' at high interest rates and penalties or missing out on the purchase of important items.

The stigmatising impact of the CDC has been well documented in a series of reports to government with impacts on the mental health and wellbeing of participants in the compulsory income management sites.

COVID-19 has disproportionately impacted the most vulnerable.

The economic impact of COVID-19 restrictions in the community and particularly on the service users of the CDC should be an important consideration in the government's approach to addressing poverty. This includes maintaining the current rate of Jobseeker and adequate income support payments, as well as providing accessible services and affordable housing.

Proposed changes have specific impacts in the Northern Territory

The Government's proposal to expand the CDC and transition income management participants to CDC is of concern to our Northern Territory services. They report that for people subject to income management in the NT 50% of the payment is available for a cash withdrawal unless income management falls under a child protection measure or supporting people at risk measure.[4] Transfer to CDC will decrease the amount of cash allowed to be withdrawn to 20% of the overall payment.

If passed, this Bill will capture more people than are already subject to Income Management in the Northern Territory under the CDC. While the Explanatory Memorandum advises that 'the Bill does not introduce a new area to welfare quarantining arrangements',[5] this does not necessarily equate to the same number of participants being subject to welfare quarantining under the proposed CDC trial. Instead, the Bill includes the potential for every person living in the NT receiving Youth Allowance, Newstart Allowance, Parenting Payment or Special Payment (who are not studying full time) to be subject to the CDC, with a default base quarantining rate of 50 per cent of one's payments. We note that the Bill will move people who are currently child protection or vulnerable income management participants onto the CDC, with 70 and 50 per cent of payments restricted by default, respectively.

It also appears that people currently receiving the Age Pension in the Northern Territory will become subject to the CDC as part of their inclusion in the vulnerable income management category.22[6] The Bill also collapses the 'long term welfare recipient' and 'disengaged youth' Income Management categories and removes the limited safeguards that the current Income Management laws offer. Rather than a person's length of time on social security being a key trigger, it will simply be a question of which category of social security payment they are receiving.

[4] https://www.dss.gov.au/our-responsibilities/families-and-children/programmes-services/family-finance/income-management

[5] Explanatory Memorandum for the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019, p. 21.

[6] https://guides.dss.gov.au/guide-social-security-law/11/1/1/50

Research demonstrates that compulsory income management does not achieve the government's stated policy objectives

The University of Queensland research released early in 2020 reported on the experiences of people subject to compulsory income managements in Australia and New Zealand and found that the hidden costs outweigh the benefits.[7] The findings add to what is now an extensive body of evidence, including the government's own reports, that there is no empirical evidence that compulsory income management has achieved its stated objectives.

As highlighted by the St Vincent De Paul National Council submission, the Explanatory Memorandum disregards the extensive evidence base developed by Professor Gray and Dr Rob Bray PSM from the ANU Centre for Social Research and Methods.

For instance, a comparison of 2014 evaluation findings using contemporary data on child health and wellbeing, education, crime and alcohol consumption was recently completed for the Northern Territory, where income management has been in place for over one third of the Indigenous population for a decade. It found that:

- The rate of infant mortality, the incidence of low weight births and child deaths by injury have increased over the period
- School attendance rates have fallen and educational outcomes have not improved
- Imprisonment rates have increased
- There has been no change in assaults, and
- Alcohol consumption has fallen but this trend pre-dates the introduction of income management, with research identifying a range of policies, including pricing and supply limitations, as the drivers. There has been no reduction in the extent of risky alcohol consumption.[8]

The Federal Government's evaluation report of the CDC found that participants were more likely to indicate that the CDC has made their lives worse than better.[9]

The Australian National Audit Office has also examined the evaluation report, and identified severe limitations, including:

- administrative data limitations, participant recall bias, participant response bias, issues with self-reporting, observation bias, and a range of methodological flaws;[10]
- lack of appropriate baseline data with which to compare data gathered at both the mid-point and end of the evaluation period;[11]
- subsequent misreporting of the indicators of gambling and alcohol/drug consumption—the evaluation and the use of its findings by proponents of the CDC has implied that there has been a decrease in alcohol, drug use and gambling amongst CDC participants, even though most cardholders were not over-consumers of alcohol, drugs or gambling in the first place.
- the lack of rigorous data gathering or analysis on purported changes in domestic violence and crime rates—for example, police data indicating an increase in these factors in the East Kimberley since the introduction of the CDC is not included in the evaluation data sets.[12]

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[7] Marston, G., Mendes, P., Bielefeld, S., Peterie, M., Staines, Z. and Roche, S. (2020) Hidden Costs: An Independent Study into Income Management in Australia. School of Social Science, The University of Queensland: Brisbane, Australia. https://www.incomemanagementstudy.com/.

[8]Bray, J.R (2020) Measuring the social impact of income management in the Northern Territory : An updated analysis, Working Paper no 136/2020. Centre for Aboriginal Economic Policy Research, Australian National University . Accessed at https://doi.org.au/10.25911/5ed0e50bd56dc

[9] Orima Research, Cashless Debit Card Trial Evaluation, Final Evaluation Report p 82

[10] See http://caepr.cass.anu.edua.u/default/files/CAEPR_Topical Issues.1.2017.pdf

[11] . Australian National Audit Office, 2018, The Implementation and Performance of the Chashless Debit Card Trial p 39

[12] See http://www.theguradian.com/australia-news/2018/jan/12/family-violence-rates-rise-in-kimberley-towns-with-cashless-welfare

Some research has noted benefits associated with compulsory income management, but there is no significant evidence to support the case for continuing the CDC program, because of its impact on vulnerable individuals and community wellbeing. The Federal Government's evaluation report of the CDC found that participants were more likely to indicate that the CDC has made their lives worse than better.

The proposed changes will have unintended consequences.

Several submissions to the Committee have highlighted specific concerns about the difficulties that victims of family and domestic violence will have in seeking safety. Indigenous communities have criticised the proposed expansion, which relies on regular and reliable access to the internet and mobile phone coverage. The Parliamentary Joint Committee on Human Rights has found that the CDC program limits human rights, specifically, the right to social security and the right to a private life. While the Committee contends that these limits have been addressed through community consultation and independent evaluations, there is little evidence available to demonstrate that genuine consultation has occurred in the affected communities.

The Bill provides new powers to the Minister without defining the criteria and decision-making principles

The Bill provides the Minister with new powers to determine the decision-making principles for exit criteria through a legislative instrument, without Parliamentary scrutiny, and removes the mechanism for an internal review by the Administrative Appeals Tribunal (AAT). The Secretary will be bound to consider these criteria before determining whether a person can reasonably manage their affairs and therefore exit the CDC program.

Under the current legislation, the Secretary can exempt a person from the CDC program if the Secretary is satisfied that being on the program poses a serious risk to their mental, physical or emotional wellbeing; and this decision cannot be revoked. The Bill enables any government agent or agency to request the Secretary to review and to revoke an exemption previously made based on a person's wellbeing. The Secretary has complete discretion as the Secretary simply needs to be no longer concerned that being on the program poses a significant risk to the person. Criteria and decision-making principles should also be specified for all decisions concerning whether or not a person is exempt from the CDC program, based on their wellbeing.

While this is fine in principle, there is little evidence that this is happening in practice. The latest figures from Services Australia indicate that of there are currently 12,194 people on the CDC Program. Of these numbers, 2.3 percent applied for a wellbeing exemption but 1.6 percent were approved. About 1280 have applied to exist the program, and of these only 2.6 percent (some 34 people) were approved. The processing time for exit applications is unreasonably lengthy at five months, and hugely resource intensive for Services Australia staff.

The Senate Standing Committee for the Scrutiny of Bills has noted its concern about this provision as follows:

> '…the committee remains concerned that proposed subsections 124PJ(2A) and (2B) would confer on the minister a broad power to determine, in relation to classes of trial participants, the portion of restrictable payments that are restricted, with little or no guidance on the face of the bill as to how this power is to be exercised. It is

> also unclear how the secretary's power under subsection 124PJ(3) would be effective to ensure that the minister's powers are exercised appropriately, noting that the minister's powers apply to classes of participants while the secretary's powers apply to individuals.[13]

There has been inadequate consultation with the affected communities about the proposed changes.

In its submission to the Committee's considerations of this Bill in 2019, CatholicCareNT quotes a local NT Elder whose comment about consultation was:

"You can't just come in like a fly and take-off".

The Elder was referring to the transient 'engagement' practices of government agencies and community organisations. A practice he had seen again and again. The Elder made it clear that doing good work comes from spending time with the community; this helps build trust and understanding. It is only then, when investment has been made in the capacity to learn from and work with community that efforts can be made to build capacity within community.[14]

Our South Australian members have also emphasised the importance of the co-design process before implementing these changes. Using the example of the HWC in SA, they urge stronger consultation processes and ongoing community engagement.

CatholicCare Country SA advised:

> *The Community Leaders were vital to the establishment in Ceduna which suited the needs of the community (in terms of the split of funds and the process to apply for a reduction). In addition, any implementation of the card needs to be supported by the offer of one-to-one budget sessions which was our experience.*
>
> *This request was made by a Community Leader and during the implementation phase over 400 were provided to people who were transitioning to the card. It is best described as similar to moving to salary sacrificing – for example it takes a while to understand what money is going to which account and help is often needed to understand it. In Ceduna we were had 12 templates for our one -on -one sessions. The first was the person's budget as they were prior to the welfare card and the second, was how this would be on the Welfare card. This provided the opportunity to identify what payments/direct debts etc needed to be changed to ensure people were ready before the card was implemented. Not dissimilar to how the salary sacrifice process works with Meal/Entertainment cards, payments etc.*
>
> *The learning for us was the importance of pre-implementation work with individuals. This allowed for issues to be resolved prior to the change in payment structures for people in the communities."*[15]

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13 Senate Standing Committee for the Scrutiny of Bills, Scrutiny Digest 6 of 2019 (18 September 2019), p. 18. Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019

[9]. Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 Submission 34 - Attachment 2

10. CatholicCare Country SA (2020) private correspondence

Conclusion

CSSA recommends that the Committee strongly oppose both the current Bill and the application of compulsory income management in Australia.

CSSA does not support the changes proposed in this legislation. The continuation of the Cashless Debit Card system is both discriminatory and stigmatising. Instead of a policy response that seeks to restrict and control the behaviour of individuals, CSSA calls on the government to consider the robust evidence that has been presented in its own evaluation, and instead develop a policy framework that is both enabling and addresses the systemic and structural causes of social issues and challenges in our communities.

Yours sincerely,

Ursula Stephens

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