

# Information Sheet and Key Concerns

## ***Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018***

Prepared by the Accountable Income Management Network, August 2018

The Accountable Income Management Network (AIMN) has prepared this information sheet to highlight key concerns about the inherent problems of compulsory income management. We focus in particular on the Cashless Debit Card (CDC) and the ways in which it is being implemented and evaluated. This information is provided in the context of the upcoming Senate vote on the *Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill, 2018*.

The AIMN is a body of researchers, community sector organisations, trial participants, and other interested parties who are working to push back against compulsory income management regimes in Australia due to their lack of sound evidence and because of the social harms they perpetuate.

In summary, the AIMN's concerns with the Cashless Debit Card include the following issues<sup>1</sup>:

- The cost of the scheme and the lack of financial account options.
- Insufficient evidence to support the claims of 'success' or justify the expansion of the CDC.
- Discriminatory nature of the CDC against First Nations Peoples and the violation of human rights.
- The top-down imposition and lack of community consultation and/or support for the CDC.

### **Cost of the Scheme and Financial Account Options**

- For the first 12 months of the Cashless Debit Card trial in Ceduna and Kununurra, the estimated maximum cost of the trial was \$18.9 million<sup>2</sup>: this equates to approximately \$10,000 per person<sup>3</sup>.
- The cost for the scheme in the Goldfields region has not been publicly released despite the trial having commenced in the area in May 2018.
- For the Bundaberg and Hervey Bay region in Queensland, there has been no independently verified costing released for the proposed new trial sites/period. The Senate is being asked to vote on the expansion of the trial in the absence of financial costings.
- The partial and flawed evaluation conducted by ORIMA Research cost the Department of Social Services a total of \$1.6 million<sup>4</sup>.
- The above costs are in addition to the current expenditure on income management in Australia which is in excess of \$1 billion.<sup>5</sup>

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<sup>1</sup> For further information, please refer to the AIMN's submission to the Senate Community Affairs Committee Inquiry into the Bill:

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/CDCTrialExpansion/Submissions](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CDCTrialExpansion/Submissions).

<sup>2</sup> [https://www.dss.gov.au/sites/default/files/documents/11\\_2017/foi\\_request\\_no.\\_17\\_18-032\\_-\\_attachment\\_a.pdf](https://www.dss.gov.au/sites/default/files/documents/11_2017/foi_request_no._17_18-032_-_attachment_a.pdf)

<sup>3</sup> [https://www.acoss.org.au/wp-content/uploads/2018/02/010218-Cashless-Debit-Card-Briefing-Note\\_ACOSS.pdf](https://www.acoss.org.au/wp-content/uploads/2018/02/010218-Cashless-Debit-Card-Briefing-Note_ACOSS.pdf)

<sup>4</sup> Australian National Audit Office 2018, *The Implementation and Performance of the Cashless Debit Card Trial*, Australian National Audit Office, Commonwealth of Australia.

Australian National Audit Office 2018, *The Implementation and Performance of the Cashless Debit Card Trial*, Australian National Audit Office, Commonwealth of Australia.

<sup>5</sup> From Buckmaster, Ey and Klapdor's 2012 analysis of income management: "An examination of all the federal budget measures relating to income management ... indicates the development and implementation

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- Affected communities and analysts of the CDC have proposed more cost-effective measures to tackle the issues that compulsory income management purports to address. These measures include the provision of a more comprehensive package of social support services, rather than the punitive targeting of individuals, many of whom do not have challenges relating to drugs, alcohol or gambling<sup>6,7</sup>.
- There has been no weighing up of the potential damage to market incentives aimed at increasing access to appropriate savings account options for low income people. The CDC, at scale, would require a very large number of Australians to use a product designed, prescribed and supervised by government, without any consideration of the circumstances or needs of the individuals required to participate.

### Insufficient Evidence to Support Expansion

- The ORIMA Research evaluations of the Cashless Debit Card Trials have resulted in numerous concerns being raised<sup>8</sup>, including: administrative data limitations, participant recall bias, participant response bias, issues with self-reporting, observation bias, and a range of methodological flaws<sup>9</sup>.
- A significant concern with the final ORIMA report was the lack of appropriate baseline data<sup>10</sup> with which to compare data gathered at both the mid-point and end of the evaluation period. As a result, there has been misreporting of the indicators of gambling and alcohol/drug consumption. The evaluation and the use of its findings by proponents of the Card 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<sup>11</sup>.
- The ORIMA report lacks 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 ORIMA data sets<sup>12</sup>.
- Key wrap-around services in trial sites that related directly to participant wellbeing were not adequately monitored and evaluated to determine their effectiveness by ORIMA Research or the Department of Social Services<sup>13</sup>.
- Despite its flaws, even ORIMA's final evaluation report notes that the majority of participants identified that the CDC made no positive change in their lives and that almost half of participants stated that the CDC had actually made their lives worse<sup>14</sup>.

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of income management measures around the country from the period 2005–06 to 2014–15 will cost the Commonwealth in the range of \$1 billion” as cited in

[http://parlinfo.aph.gov.au/parlInfo/download/library/prspub/1727168/upload\\_binary/1727168.pdf;fileType=application%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/library/prspub/1727168/upload_binary/1727168.pdf;fileType=application%2Fpdf).

<sup>6</sup> [http://www.acoss.org.au/images/uploads/Income\\_management\\_policy\\_analysis\\_September\\_2014.pdf](http://www.acoss.org.au/images/uploads/Income_management_policy_analysis_September_2014.pdf).

<sup>7</sup> [https://www.aboriginalaffairs.nsw.gov.au/pdfs/research-and-evaluation/TAB-A-Alternatives-to-IM-Report\\_FINAL.pdf](https://www.aboriginalaffairs.nsw.gov.au/pdfs/research-and-evaluation/TAB-A-Alternatives-to-IM-Report_FINAL.pdf).

<sup>8</sup> An issue identified both by the Parliamentary Joint Committee on Human Rights and the Australian National Audit Office.

<sup>9</sup> [http://caep.cass.anu.edu.au/sites/default/files/docs/CAEPR\\_Topical\\_Issues\\_1\\_2017\\_0.pdf](http://caep.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issues_1_2017_0.pdf)

<sup>10</sup> Australian National Audit Office 2018, *The Implementation and Performance of the Cashless Debit Card Trial*, Australian National Audit Office, Commonwealth of Australia, page 39.

<sup>11</sup> In the ORIMA Interim report, 57% evaluation participants on the card reported that before the card, they did not have more than 6 drinks of alcohol at one time (page A33); 90% reported that they did not use illegal drugs (4% reported doing so), 80% reported that they did not gamble (3% more than once a week) (pg A41). In the final ORIMA report released on 1/9/2017, it is claimed that 48% of people were doing one of the three behaviours (alcohol/ drug consumption or gambling) less. However, there is does no accounting for the people who were not doing the behaviours in the first place, who may have said yes to ‘consuming less’, to reflect not doing the behaviours at all (summary based on research by Dr Else Klein).

<sup>12</sup> <https://www.theguardian.com/australia-news/2018/jan/12/family-violence-rates-rise-in-kimberley-towns-with-cashless-welfare>

<sup>13</sup> Australian National Audit Office 2018, *The Implementation and Performance of the Cashless Debit Card Trial*, Australian National Audit Office, Commonwealth of Australia, page 59.

<sup>14</sup> <https://www.theguardian.com/australia-news/2017/sep/18/cashless-welfare-card-report-does-not-support-ministers-claims-researcher-says>

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- Income management more broadly has failed to meet its purported objectives, as demonstrated by Bray's 2016 paper<sup>15</sup> highlighting the mixed, if not outright detrimental, effects of New Income Management in the Northern Territory.
- The Life Course Centre has produced several studies demonstrating the negative impact of income management on children, noting effects such as reductions in both child weight<sup>16</sup> and school attendance<sup>17</sup> in the Northern Territory under *Stronger Futures*. In addition to this, the ORIMA evaluation of the CDC found that 48% of persons in trial sites with caring responsibilities reported that the CDC *did not* support them to better care for their children<sup>18</sup>.
- Notwithstanding the lack of evidence or financial costings to support an expansion of the CDC and mounting evidence of the harmful nature of income management, the Bill proposes that while current trials at all sites will end on 30 June 2019, they should continue in the Bundaberg and Hervey Bay area for an extra year, until 30 June 2020.
- In the absence of a rigorous and valid evaluation of the existing trials, there is currently no reliable evidence base to inform the Senate or decision-makers about whether to support the expansion of the CDC to new trial sites and/or for an extended timeframe.

## Discrimination against First Nations People and Violation of Rights

- The CDC disproportionately targets First Nation peoples in all current trial sites, a point which has even been acknowledged within the current Bill proposing further expansion<sup>19</sup>.
- Expansion to the Hinkler electorate both frames First Nation populations who are subject to the CDC in current trial sites as a 'test case' for non-Indigenous income support recipients and sets a precedent for the national rollout of the scheme. The ANAO Report states that the trial '...was not designed to test the scalability of the CDC ... Many findings from the trial were specific to the cohort (predominantly Indigenous) and remote location, and there was no plan in place to continue to evaluate the CDC to test its roll-out in other settings' (p. 8, 10).
- NACCHO has recently condemned<sup>20</sup> the Prime Minister and Minister for Social Services' suggestion that the CDC should be extended to First Nation income support recipients in the Tennant Creek community (already subject to the Basics Card).
- According to the Expansion Bill's *Explanatory Memorandum*, the CDC engages and limits three human rights – the right to social security, the right to a private life and the right to equality and non-discrimination (*Statement of Compatibility with Human Rights*, p. 1). The Statement of Compatibility, however, fails to include a consideration of a number of other human rights which are being eroded by the imposition of the CDC, more specifically in relation to Aboriginal and Torres Strait Islander peoples subjected to the CDC.
- The lack of community consultation about the design and implementation of the CDC is a breach of the right of Aboriginal peoples to self-determination and flies in the face of Article One of the *International Covenants on Human Rights*, and the *United Nations Declaration of the Rights of Indigenous Peoples*, which require meaningful consultation with and the informed consent of Aboriginal peoples during the development and implementation of policies and laws that affect them. This is evidenced by key groups from the Bundaberg region, such as the Gidarjil Development Corporation, one of the largest Aboriginal organisations in Bundaberg, not having been consulted or approached by the Government about its views on the CDC<sup>21</sup>.

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<sup>15</sup> [http://caep.cass.anu.edu.au/sites/default/files/docs/Income\\_Management\\_Evaluations\\_WP111\\_2016\\_0.pdf](http://caep.cass.anu.edu.au/sites/default/files/docs/Income_Management_Evaluations_WP111_2016_0.pdf).

<sup>16</sup> <https://www.lifecoursecentre.org.au/research/journal-articles/working-paper-series/do-welfare-restrictions-improve-child-health-estimating-the-causal-impact-of-income-management-in-the-northern-territory/>.

<sup>17</sup> <https://www.lifecoursecentre.org.au/research/journal-articles/working-paper-series/the-effect-of-quarantining-welfare-on-school-attendance-in-indigenous-communities/>.

<sup>18</sup> ORIMA

<sup>19</sup> Explanatory Memorandum, Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018 (Cth), page 4.

<sup>20</sup> <https://www.theguardian.com/australia-news/2018/jul/25/no-evidence-cashless-welfare-card-will-help-tennant-creek-senators-told>

<sup>21</sup> Cth. Parliamentary Debates. House of Representatives. 21 June 2018 (Proof), page 21.

## Top-Down Intervention Lacking Community Support

- Community support, a central requirement for the application of any welfare measure, has been demonstrably lacking in the proposed trial area<sup>22</sup> (along with other trial areas<sup>23</sup>). Without adequate consultation and with negligible community support, this Bill subjects a further 6,700 people to compulsory income management via the CDC (noting that the Bill raises the total trial participant cap from 10,000 to 15,000).
- The mayors of both Local Government Areas in the proposed trial area in Queensland - Bundaberg and the Fraser Coast Shire - oppose the card<sup>24</sup>, and yet the Hon Keith Pitt, member for Hinkler, continues to claim community support for the card<sup>25</sup>.
- While the government claims to have consulted extensively in the region to solicit support for expansion, no Aboriginal corporations in the Bundaberg and Hervey Bay area have been directly approached by the federal government with respect to the proposed expansion<sup>26</sup>.
- Despite the intention to target 'vulnerable' individuals and families for income management, eligibility is determined by catchment-area and a blanket mandatory approach, rather than on a case-by-case basis<sup>27</sup>.
- Many people who have never struggled with alcohol and/or other drug use or gambling are subject to the same restrictions regarding how they use their income support payments - something which has received push-back from many community members<sup>28</sup>.

## Broader Concerns with Compulsory Income Management

- Compulsory income management is premised on a deficit model and is contrary to a strengths-based approach to the provision of social security, which would enable a sense of agency, self-determination and choice. The current approach serves to undermine the human rights and consumer rights of participants.
- The CDC operates on the assumption that participants engage in 'harmful' or 'socially undesirable' activities purely because they lack financial management skills. It does not take into account the vast range of contributing factors that feed into gambling or substance use.
- Compulsory income management creates emotional and financial stress in people's lives, and makes it more challenging for some to escape pre-existing hardship. For example, one Ceduna resident has spoken about how, if she had been on the CDC while in a former abusive relationship, she would not have been able to escape<sup>29</sup>.

The AIMN proposes that, rather than a punitive and mandatory scheme, where there is community support for income management, it should be voluntary and extensive support services- including financial management supports- should be made available. Irrespective of community attitudes to income management, all communities should automatically have access to a comprehensive suite of support services in order to tackle social issues in a way that does not further marginalise vulnerable people.

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<sup>22</sup> <https://www.news-mail.com.au/news/armed-police-show-up-to-cashless-card-rally/3187131/>;

<https://www.whitsundaycoastguardian.com.au/news/cashless-welfare-not-in-bundy-please/3188062/#/0>

<sup>23</sup> [http://caep.cass.anu.edu.au/sites/default/files/docs/Working\\_Paper\\_121\\_2017.pdf](http://caep.cass.anu.edu.au/sites/default/files/docs/Working_Paper_121_2017.pdf)

<sup>24</sup> <https://www.theguardian.com/australia-news/2018/may/21/bundaberg-mayor-turns-against-high-cost-of-cashless-welfare-trial>

<sup>25</sup> Cth. Parliamentary Debates. House of Representatives. 21 June 2018 (Proof), page 16

<sup>26</sup> Cth. Parliamentary Debates. House of Representatives. 21 June 2018 (Proof), page 21.

[https://www.aph.gov.au/Parliamentary\\_Business/Hansard?wc=21/06/2018](https://www.aph.gov.au/Parliamentary_Business/Hansard?wc=21/06/2018).

<sup>27</sup> <http://guides.dss.gov.au/guide-social-security-law/8/7/4/10>.

<sup>28</sup> <https://www.theguardian.com/australia-news/2017/nov/02/bundaberg-indigenous-group-resist-unfair-cashless-welfare-card>.

<sup>29</sup> <https://www.theguardian.com/australia-news/2018/feb/01/domestic-violence-survivor-could-not-have-escaped-abuse-on-cashless-debit-card>.