

10<sup>th</sup> August 2022

Dear the Standing Committee on Community Affairs,

**RE: Inquiry into the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022**

1. Thank you for the invitation to make a submission to your inquiry. I do so drawing on over 8 years of research experience examining Compulsory Income Management in Australia and twenty years experience working on development issues in Australia and internationally. I have also led a research project examining the Cashless Debit Card in the East Kimberley.
1. I welcome the government's commitment to end the Cashless Debit Card (CDC) as outlined in the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill (the Bill). The decision to end the Cashless Debit Card is in line with the peer reviewed evidence base that has continually shown that the measure causes more harm than good. This body of peer-reviewed research demonstrates numerous and in-built issues with Compulsory Income Management including the exacerbation of financial hardship, experiences of stigma and discrimination and evidence of disproportionate targeting of Indigenous communities<sup>1</sup>.
2. However, I am concerned that the Bill will continue other forms of Compulsory Income Management such as the BasicsCard.
3. This is concerning because peer reviewed research has also shown that Compulsory Income Management also causes more harm than good. For example, research published by the ARC Centre of Excellence; the Life Course Centre, examined compulsory income management in the Northern Territory, and showed a correlation with negative impacts on children, including a reduction in birth weight<sup>2</sup> and school attendance<sup>3</sup>. The research implications are significant and draws attention to several possible explanations for the reduction of birth weight, including how income management increased stress on mothers, disrupted existing financial arrangements within the household, and created confusion as to how to access funds.

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<sup>1</sup> See [Contemporary Tools of Dispossession](#) by Klein and Razi (2018), [‘Hidden Costs: An Independent Study into Income Management in Australia’](#) by Marston, G, Mendes, P, Bielefeld, S, Peterie, M, Staines, Z and Roche, S (2020), [‘Income management of government payments on welfare: the Australian cashless debit card’](#) by Greenacre, L, Akbar, S, Brimblecombe, J and McMahon E (2020), [University of Adelaide Future of Employment and Skills research centre’s impact evaluation](#) (2021).

<sup>2</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>3</sup> <https://www.lifecoursecentre.org.au/research/journal-articles/working-paper-series/the-effect-of-quarantining-welfare-on-school-attendance-in-indigenous-communities/>

4. Moreover, an independent evaluation carried out by researchers at the Australian National University and UNSW in 2014 found NIM in the Northern Territory failed to meet their stated objectives<sup>4</sup>. Their research highlighted that:
  - a. “The evaluation could not find any substantive evidence of compulsory income management achieving significant change relative to its key policy objectives, including changing peoples’ behaviour.
  - b. There was no evidence of changes in spending patterns, including food and alcohol sales, other than a slight improvement in the incidence of running out of money for food by those on Voluntary Income Management, but no change for those on Compulsory Income Management. The data shows that spending on BasicsCard on fruit and vegetables is very low.
  - c. There was no evidence of any overall improvements in financial wellbeing, including reductions in financial harassment or improved financial management skills. To the extent some people reported less financial harassment at the individual level, they also tended to ask others for money more, and there was no decrease in harassment at the community level.
  - d. More general measures of wellbeing at the community level show no improvement including for children. While people reported a reduction at a personal level of having some problems due to alcohol, drugs and gambling, they also reported no improvement – and potentially a worsening of severe problems from these causes.
  - e. The evaluation found that, rather than building capacity and independence, for many the program has acted to make people more dependent on the welfare system”<sup>5</sup>.
5. The Productivity Commission has also 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<sup>6</sup>.
6. The Bill keeps Compulsory Income Management going under the guise of future consultation. The promise of consultation does not mean CIM will be voluntary. In her second reading speech, Minister Rishworth said that the Bill, “Allows for me to determine, following further consultation with First Nations people and my colleagues, how the Northern Territory participants on the CDC will transition, and the income management arrangements that will exist... Extensive community consultation will continue on the broader question of income management, to explore the future of this and other supports that are needed in communities in line with our core principles.”
7. We have seen how government claims that communities can decide about who goes on and off income management are often used to legitimise the continuation of compulsory income management. Both the CDC and BasicsCard are ideas that were developed and lobbied for by the Australian political and business elite. They never came from the ‘community’. The Northern Territory Emergency Responses was a

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<sup>4</sup> <https://caepr.cass.anu.edu.au/highlights/evaluating-new-income-management-northern-territory-final-evaluation-report-and-summary>

<sup>5</sup> <https://caepr.cass.anu.edu.au/highlights/evaluating-new-income-management-northern-territory-final-evaluation-report-and-summary>

<sup>6</sup> Steering Committee for the Review of Government Service Provision 2009, *Overcoming Indigenous Disadvantage: Key Indicators 2009*, Productivity Commission, Canberra, p. 11.23.

heavy handed government intervention which included the suspension of the Racial Discrimination Act and the use of the Australian Defence Force to implement. The Cashless Debit Card came about as a key recommendation in mining billionaire Andrew Forrest's 2014 National Indigenous Jobs and Training Review<sup>7</sup> –he and his Minderoo Foundation have advocated for the continuation and extension of the CDC since. In the case of the Cashless Debit Card, the government also used sweeteners of much needed funding for government starved community services to get 'community' agreement<sup>8</sup>. This is despite communities long presenting proposals to support their flourishing including providing appropriate community and Aboriginal-controlled services – both of which have been overlooked.

8. Government also uses the term consultation to signal broad based support, yet these are often run more like information sessions where alternatives are not on the table. In the case of the Cashless Debit Card where there was little possibility of the program being aborted or changed dramatically if people expressed this as their desire. Also, there was no consultation for those put on the BasicsCard as part of the Intervention, and now despite wanting out of compulsory income management in the Northern Territory, the government again has failed to embrace their views and opted for a path of more consultation.
9. It is hard to see that the government has learnt anything from the CDC if it continues with forcing people to stay on the BasicsCard. The government has spent over \$1 billion on compulsory income management, and it seeks to spend more. Imagine what else this money could be going towards.

## **Recommendation**

10. The government commits to ending Compulsory Income Management in Australia.

Sincerely,

**Associate Professor Elise Klein (OAM)**  
Crawford School of Public Policy  
Australian National University

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<sup>7</sup> <https://www.niaa.gov.au/resource-centre/indigenous-affairs/forrest-review>

<sup>8</sup> [https://caepr.cass.anu.edu.au/sites/default/files/docs/Working\\_Paper\\_121\\_2017.pdf](https://caepr.cass.anu.edu.au/sites/default/files/docs/Working_Paper_121_2017.pdf)