

I'm Claudia Ienco, Co-Coordinator of Anti-Poverty Network South Australia. One of our members, Amy, helped me to prepare for this submission.

Anti-Poverty Network SA is an Adelaide-based community group fighting for the dignity, needs, and rights of low-income people, particularly those surviving on welfare payments.

We thank you, Senators, for the opportunity to talk to you today about the lived experience of Australians budgeting below the poverty line, and how that relates to plans to extend the current trials of the Cashless Welfare Card and other income management schemes for an additional 12 months.

As a community group made up of people experiencing poverty and working to fight poverty, we talk to each other every day about the way people can fall through the cracks of our welfare system. There are many blanket solutions for people in need of welfare. From the Jobactive Deed, to the low rates of Newstart and Youth Allowance, and to compulsory income management for entire regions, rather than just the individuals with a proven need for it: measures that are applied to everyone in a particular demographic can leave people vulnerable to sinking further into poverty and debt. It is very difficult to anticipate all the ways that a solution for many can affect each one, unless you have lived in the same conditions.

The main thing we want to speak about today is something that too often gets lost in the rhetoric around Cashless Welfare and the supposed irresponsibility of the poor: what fantastically skilled money managers and budgeters, most people who live in poverty really are. And we have to be.

I'll begin with some of my own experience in poverty:

- I grew up around people with drug addiction and severe mental illness. I went through many abusive and traumatic situations as a result, and lived in a very poor household, in a low socio-economic area.
- I moved out of home a month or two before my 16th birthday. I began by paying board to the family who I lived with, before I could look for places to rent.
- I lived on Youth Allowance (initially Living Away from Home Allowance for me), from when I turned 16, throughout my schooling and full-time study, until I finished university.

I remember hearing when other young people on the same allowance, in the same area as me, who weren't studying full-time, could be forced onto the BasicsCard. I remember thinking firstly, if I was on compulsory income management while going through all of that... I might not have made it out of my situation. Examples to support this are included later.

When discussing compulsory income management, a notion we hear often is that it will help people recover from addiction. The people close to me with addictions, had years of experience in working around obstacles to cater to them. They know how to work around cash restrictions. And it costs them money to work around those restrictions.

For those who rely on Centrelink income support payments — like those forced onto the Card — budgeting is often a high-tension high-stakes undertaking that requires a carefully judged combination of flexibility and precision.

Cashless Welfare and other involuntary income management schemes don't just infantilise the recipients of income support payments and rob them of dignity, agency, and privacy. They also actively damage their ability to manage their money rationally and to budget frugally.

We're going to provide 2 important examples based on the experiences of our members: how poor people use cash to save money and to stretch their limited resources; and how people living in poverty juggle bills to make sure they get paid... eventually. But they get paid, and everyone still gets to eat. That's important.

Often cash is just the wisest, most frugal choice.

You need cash to buy cheap vegetables at the end of the day at produce markets.

You need cash to buy fresh fruit and veg from roadside stalls.

You need cash to buy foods from church-run organizations that deliver cheaper supermarket items to low income earners.

You need cash for secondhand school uniforms for the kids.

You need cash to buy interview clothes, baby clothes, and toys secondhand.

You need cash to buy basic kitchen and household items secondhand.

You need cash to buy furniture secondhand.

You need cash to buy from op shops, and garage sales.

You need cash to buy from Gumtree and Facebook marketplace.

You *absolutely* need cash to buy a secondhand fridge or a cheap car listed online if yours dies — and no, the seller is not going to just wait a few days while you ring around and try to get special permission to make that purchase.

Ironically, if you're on the Card you need cash to take advantage of online-only sales and discounts — for example, buy a prepaid credit card or top up an account connected to PayPal. To give just one example: Woolworths Online is a "blocked merchant" because they sell alcohol, but there are always hundreds of half-price grocery deals that Woolworths... only offer online.

And sometimes you just need cash.

You need cash to pay for your kids' swimming lessons, soccer fees, and dance classes.

You need cash to buy a bus ticket.

You need cash for your kids' bus tickets.

You need cash so your kids can buy their lunch now and then, and not feel so left out.

You need cash quickly to pay board to someone housing you for a short period of time, when you can't live at your current home any more.

You need cash to make small purchases under the EFTPOS minimum, like bread or milk.

You might need cash to make a change float, if you try to work for yourself. This may be the case if you sell art, as the very talented artists in remote communities do.

You will likely need cash so you can pay back the friend who loaned you \$10, the last time you ran out of cash.

Buying things with cash means that you get coins as change — and honestly, no matter how good you are at budgeting, sometimes realising that there's something, anything, in the change jar when you're waiting for your next payment and your accounts are empty, that means... so much more than it should have to.

Having cash on hand in rural areas means that if the system is down and there's fire or a flood, you can still get fuel to leave.

Cash really matters.

That is, we hope, relatively straightforward.

And you can see how vital it is for people to be able to have the flexibility and the autonomy to not only seize opportunities to make savings when they arise, but also to make hard decisions and necessary compromises based on their current circumstances.

This is even clearer as we come to the second thing we need to talk about: paying bills, and juggling bills.

Paying utility bills and rent leaves income support recipients with very little money for other expenses — like food — so they are budgeted and managed very very carefully and very strategically.

Ask people surviving on a very low income or below the poverty line how they pay these bills, and most will tell you they only use direct debit if they have no other choice — because the timing is inflexible, and for utilities the amount is often unpredictable.

Some companies are willing to bill clients on a preferred day — but many stick to their own schedule, which can mean the date of a direct debit falls, say, 2 days before you get paid, when you're already struggling just to buy food.

And then what happens when multiple bills come due at the same time?

Being able to make pragmatic and sensible financial decisions quickly, based on an informed consideration of your own personal circumstances and needs is vital.

Some utility suppliers offer pay on time discounts, and some don't.

Some accounts departments have better policies on payment plans and extensions than others do.

Some landlords are more understanding than others.

Not all bills are equally urgent, and if multiple bills come due simultaneously or in quick succession, strategic decisions need to be made about which bills are paid immediately and which are delayed.

This requires judgement, autonomy, negotiation skills, and control over your own money.

Paying the *right* bills late, so that you can spread the expense more evenly, and not go weeks without any money left for food or medicine or toilet paper or other very basic human necessities? That takes enormous skill and very careful money management, and it's incredibly stressful.

Bill smoothing is a strategy that people use a lot to reduce how often this happens, and they do this both formally and informally.

By making regular smaller payments to the company in anticipation of bills, people can budget around it as a more predictable expense, don't get surprise bills, and can sometimes even get a little bit ahead if the bill ends up being lower than expected.

This could be done via B-Pay, which Indue offers, but another way people put money aside regularly for bills is by transferring money between multiple bank accounts. I do this myself as well.

Setting bill money aside in a separate account has the advantage of leaving it available to be withdrawn as cash for emergencies or unanticipated expenses that might arise before the bill comes due.

Because life is unpredictable: things crop up, like a child's school excursion or a medical expense, maybe a sudden car or house repair.

This way, people find they can borrow money from themselves — certainly a better deal than payday lenders, and faster and more certain than applying for a Centrelink loan — and usually catch up again. If not in this bill cycle, then... eventually.

It's always a juggling act.

Senators, for people on a very low income or below the poverty line, like Centrelink income support recipients, being able to budget and manage what little finances we have in a way that suits us and our needs is vital.

Taking that away from people through programs such as Cashless Welfare and other involuntary income management initiatives significantly increases the already considerable stress that they are experiencing just surviving day to day.

It also materially harms our capacity to make practical frugal choices in our spending.

Knowing this, we recommend: a) that the trials for the Cashless Welfare Card be discontinued; b) that income management remain voluntary or by court order, and; c) that alternative measures be included when surveying communities on their preferences for compulsory income management.

Thank you for your time.