

17<sup>th</sup> April 2023

Dear the Community Affairs Legislation Committee,

**RE: Inquiry into the provisions of the Social Security (Administration) Amendment (Income Management Reform) Bill 2023**

1. Thank you for the invitation to make a submission to your inquiry. I do so drawing on over 9 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 and I am a member of the Accountable Income Management Network.
2. I do not support the current Bill as it makes Compulsory Income Management a permanent fixture in the Australian Social Security landscape. There is no sunset clause in the legislation, and the Bill gives the Minister power to extend the use of Compulsory Income Management to other locations beyond those already subject to the measure. Further, peer reviewed research has also shown that Compulsory Income Management causes more harm than good. I outline these concerns in more details below.
3. I also note that the Explanatory Memorandum talks up the Bill as providing choice to those already on CIM. However, there is no choice to get off CIM for people already on it – the only choice is to move from one form of CIM to another form of CIM. Locking people into CIM is a serious breach of human rights. We now have a situation where some people in the Northern Territory who were put on BasicsCard as part of the Intervention may still find themselves still on CIM 16 years later. In some cases, their whole adult life has been lived under government controlled CIM regimes.

**There is a severe lack of an evidence base to support ongoing compulsory income management in Australia**

4. The government and its agencies have never been able to show a credible evidence base to support compulsory income management. Indeed, the peer reviewed evidence base has continually shown that Compulsory Income Management (CIM) causes more harm than good. Regardless of peer reviewed research showing the harms associated with CIM, the government continues to implement CIM regimes (Current Bill included) based on ideology.
5. This body of peer-reviewed research demonstrates numerous and in-built issues with CIM including the exacerbation of financial hardship, experiences of stigma and discrimination and evidence of disproportionate targeting of Indigenous

communities<sup>1</sup>. One example of research published includes research from the ARC Centre of Excellence; the Life Course Centre which examined compulsory income management in the Northern Territory. This research 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. The current Bill continues these measures in the Northern Territory and continues to subject people to the harms of compulsory income management.

### **Giving the Minister overarching powers to expand CIM to new locations**

6. The Bill allows the Minister to extend compulsory income management measures to new locations. Whilst the Explanatory Memorandum notes that there is no intention to expand the 'Long-term welfare payment' and 'Disengaged youth' measures, it does little to guarantee what will happen in the future, including if the whims of government change, or there is a change in government. Giving such indiscriminate power to the Minister over the lives of people who are already structurally marginalised, without recourse, raises concerns for human rights, as well as accountability and transparency.
7. DSS, in their Regulation Impact Statement, stated that their "preferred option for welfare quarantining going forward is a voluntary IM program based on consultation with communities alongside culturally suitable support services co-designed with affected communities" (p.46)<sup>4</sup>. However, the government and its social service agencies have not been able to demonstrate that they know how to consult with communities, let alone work with communities to develop programs and services that actually support them. Instead, the government and its agencies have created division with their community consultation and programs. I am concerned that the Federal departments linked to social services do not have the skills and capabilities to make this happen.
8. We have also seen how government claims that communities can decide about who goes on and off income management are actually moves used to legitimise the

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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/>

<sup>4</sup> <https://oia.pmc.gov.au/sites/default/files/posts/2022/11/Regulation%20Impact%20Statement.PDF>

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 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>5</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>6</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. Regarding the current Bill, the government talks about extensive consultation in the roll out of this proposal, however there is very little evidence presented that this is actually the case.

9. We have seen time and time again how government 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. For example, 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 so called consultation.
10. It is hard to see that the government has learnt anything from the past 16 dismal years of experimenting with Compulsory Income Management. The government has spent over \$1 billion on compulsory income management with very little to show, and it seeks to spend more. Imagine what else this money could be going towards.

## Recommendation

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

Sincerely,

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<sup>5</sup> <https://www.niaa.gov.au/resource-centre/indigenous-affairs/forrest-review>

<sup>6</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)