

**Senate: Community Affairs Legislation Committee:**  
**Inquiry: Social Security (Administration) Amendment (Income Management and Cashless Welfare) Bill 2019**  
**Submission:**

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Thank you for the opportunity to make a submission to the Community Affairs Legislation Committee Inquiry into the Social Security (Administration) Amendment (Income Management and Cashless Welfare) Bill 2019. The Bill seeks to extend the operation of the cashless welfare trial and income management in all locations to 30 June 2020. In making this submission we primarily draw upon the work we have undertaken over a number of years including the evaluation of New Income Management in the Northern Territory (Bray et al 2014), on the comparative analysis of this evaluation and other evaluations of income management (Bray 2016a, 2016b) and of conditionality (Taylor, Gray and Stanton 2016) and submissions we have provided to this Committee in 2017 and 2018 (Gray and Bray 2017, 2018)

We submit that the committee should recommend:

- The extension of the Cape York trial, pending the further development of the Cape York Welfare Reform policy, subject to the support of this proposal by the communities affected.
- Reject the extension of the cashless debit card trial.

Our differentiation between these two elements of the bill reflects the quite different natures of the two programs. While the Cape York trial only applies income management, for a finite period, to individuals subject to a decision by the Family Responsibilities Commission following a specific notification and as part of a holistic approach to addressing the person's problems, the cashless debit card trial is an indiscriminate approach subjecting a wide class of income support recipients to the measure with no assessment of the value of it to the individual and without the wrap around of individual specific services and support.

#### **Evidence Base**

Reflecting the above approach this submission considers the evidence base for these two measures separately.

#### **Cape York**

The Cape York Welfare Reform trial is an initiative being undertaken within the Indigenous communities in Aurukun, Coen, Hope Vale, and Mossman Gorge.

The Queensland University of Technology 2018 Strategic Review of this trial concludes: “The greatest benefit of CYIM [Cape York Income Management] appears to come from the structure of the FRC [Family Responsibilities Commission] itself, as well as the roles played by Local Commissioners, rather than solely from CYIM” (Scott et al 2018, 90). The report further indicates in its executive summary “CYIM is unique and, thus, conclusions arising from this review may not be able to be transferred to IM in other contexts. In fact, many of the conclusions depend on the unique IM delivery system that is peculiar to the CYIM model, rather than simply IM alone” (p.x). This is a conclusion we would concur with and aligns with the evidence we have seen on this initiative which points to the process of individuals who have had an identified negative outcome (court conviction, problems of child school attendance or child welfare, etc) appearing before the commission and only being placed on income management where this was seen as appropriate for their needs – something which occurs in around 10 per cent of cases only. More broadly the FYC model focuses on a package of responses including support from health clinics, parenting programs and financial literacy tailored for the individual and determined in a conference with that individual.

At the same time we do note that the overall outcomes from the trial are relatively modest, and are perhaps more in the field of community empowerment. More generally we note that the review identifies both inconsistent findings about impact in the different locations, suggesting that factors other than the actual operation of income management is responsible, and a disjuncture between the qualitative evidence of improvement and actual change as identified in quantitative analysis of outcomes:

In sum, evidence concerning the outcomes and impact of CYIM is mixed. In some cases there is evidence that the FRC and CYIM have contributed to a reduction in alcohol, drugs, violence and crime. There is also evidence that outcomes have improved in terms of children’s overall health and wellbeing, and engagement with school. However, these are not always supported by the quantitative data. Results of the community-level quantitative analyses are mixed. (p.89)

### Cashless Debit Card

As clearly indicated above to the extent the Cape York initiative can be seen as having some positive outcomes all research has identified this as being linked to the specific model and not income management per se, and for this reason this cannot be seen as providing a rationale for the extension of the cashless debit card trial. Turning to the specific studies of this program, and of income management more generally we consider the evidence base is largely negative about the effectiveness of the policy approach, and that on this basis the program cannot be considered to be cost effective or provide value for money.

In the case of this proposal we note that the Explanatory Memorandum appears to draw heavily upon the ORIMA report as a rationale for the expansion (Fletcher 2019, 6-7), we find this surprising. This study is seriously flawed<sup>1</sup> as has been identified by a wide range of researchers (including Hunt 2017a,

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<sup>1</sup> In our previous comments we have noted limitations in this study including: a) the absence of any baseline data; b) the extent to which the survey methodology, including requiring the presentation of government identification documents was likely to bias results; c) the lack of any longitudinal analysis (or more so the absence of the results of longitudinal analysis in the final report); d) excessive reliance upon self-reported change in lieu of the use of more objective measures; e) the inconsistent and apparently selective use of administrative data,

2017b) and the Australian National Audit Office (ANAO) (Auditor General 2018). The Auditor General in addition to identifying faults in the evaluation approach also provided the results of their own analysis drawing upon independent administrative data from a number of sources. This indicated that a number of the claims from this evaluation and in departmental advice were not robust: falls in alcohol related pickups were part of a longer term trend and not a program specific outcome, ambulance pick-ups had actually increased rather than decreasing and school attendance by Indigenous children had fallen rather than increasing (p.45)

The more recently published report on the cashless debit card in the Goldfields region (Mavromaras et al 2019) is limited and simply comprised of qualitative responses to interview questions around the perceptions of impact and provides no substantive data upon which the effectiveness of the program can be measured.<sup>2</sup>

In contrast to these studies these types of programs have been evaluated using more robust methodologies and which utilised more comprehensive data sources (Bray et al 2014, Deloitte Access Economics 2015).

The key findings of the evaluation of income management in the Northern Territory included:

- Strongly positive perceptions were reported by those on Voluntary Income Management where there is some, but not wholly consistent, evidence of improvement in some aspects of household outcomes for this group. This is not the case for those on compulsory measures where the balance of evidence clearly points to no improvement.
- Taken as a whole, there is no evidence to indicate that income management has any effects at the community level, nor that income management, in itself, facilitates long-term behavioural change.
- Rather than promoting independence and the building of skills and capabilities, New Income Management in the Northern Territory appears to have encouraged increasing dependence upon the welfare system, and the tools which were envisaged as providing people with the skills to manage have rather become instruments that relieve them of the burden of management.

More generally we consider that there is a marked lack of evidence of any impact of income management improving outcomes in the Northern Territory notwithstanding the operation of the program there since its initial introduction in September 2007.

The evaluation of Place Based Income Management (PBIM) undertaken by Deloitte Access Economics broadly echoed these findings and subsequently proposed that the automatic placement of people on

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including the omission of some data which suggested worsening outcomes; f) the failure to take account of apparent outmigration of some income support recipients prior to the trial; and g) the absence of any cost-effectiveness analysis.

<sup>2</sup> More generally we note a number of serious issues with this study which involved qualitative interviews with just 64 of the 2,700 people on the measure with no attempt to obtain a representative sample of respondents, rather relying upon recruitment “via stakeholder organisations” (Mavromaras et al 2019, 13). The actual interview guide was based on the flawed ORIMA study. We further note that notwithstanding the fact that 64 per cent of the respondents were Indigenous the researchers do not appear to have sought ethics approval through any Indigenous specific ethics committee.

the program should be terminated and that the measure should be implemented on a voluntary basis along with tight targeting where there are “exceptional circumstances at play” (Deloitte 2015, 66).

Of note in these evaluations has been the absence of any cost benefit analysis of the policies despite the massive expenditures on their operation.<sup>3</sup> This we believe is critical not simply in terms of determining whether the funding spent on this program could be better applied to improve outcomes for participants and their families, but also that such analysis would require any possible positive outcomes (where these are in fact able to be identified) to be balanced also against the costs<sup>4</sup>, both direct and indirect, of these measures which are imposed on the individuals subject to the policy

## Exit strategies

A key concern which we have identified in the evaluation work we have undertaken and in reviewing other initiatives including the cashless debit card, is that of a lack of any coherent exit strategy, other than in the Cape York initiative where people are placed on income management for a defined period. As identified above these programs have a tendency to promote dependence and lock in. We further note that notwithstanding initial claims of these policies being introduced as short term measures, usually with a one or two year duration that they have rather been continually extended, most notably in the Northern Territory where the “initial period of twelve months” announced in 2007 (Brough 2007), is now into its eleventh year.

This, as we have pointed out in early submissions, is we fear is evidence of the program being simply one of social control, or a device to make receipt of income support less convenient, notwithstanding individual needs for this support, rather than enabling individual development and capacity building.

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<sup>3</sup> Buckmaster Ey and Klapdor (2012, 34) estimated from an analysis of budget documents “the development and implementation 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”.

<sup>4</sup> These costs as variously identified in our previous submissions and in various research into these policies include both direct costs through being unable to purchase items more cheaply, including at community and farmers’ markets, in the informal economy, or at particular stores and the impact of credit card surcharges and minimum spending rules on some purchases. Indirect costs include time costs and the impact of stigmatisation and feelings of shame and powerlessness as well as the consequences of loss of financial and budgetary skills if they exit income support.

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