



05 May 2024

Committee Secretary
Parliamentary Joint Committee on Human Rights
PO Box 6100
Parliament House
Canberra ACT 2600

RE: Inquiry into compulsory income management

The Accountable Income Management Network (AIMN) welcomes the opportunity to contribute to the Parliamentary Joint Committee on Human Rights' inquiry into compulsory income management (hereafter referred to as 'CIM').

Key Recommendations

The AIMN recommends:

1. All existing CIM regimes transition to Voluntary "opt in" Income Management regimes to ensure that the core principles of choice and self-determination are central to any reforms.
2. It is acknowledged that all forms of CIM are not compatible with human rights.
3. The Social Security Act is amended to include a statement of objects which briefly outline the purposes of the Act and recite the relevant human rights obligations.

While we applaud the Labor government for ending the Cashless Debit Card (CDC) regime in 2022 we remain deeply concerned about the continuation of any form of CIM regime.

In addition to the submission below, we direct the Committee to our more substantive consideration of the process of ending all forms of CIM in the attached [Policy Paper](#).

About Accountable Income Management Network (AIMN)

The [AIMN](#) is a nation-wide group of community members, grassroots advocates, representatives of national, state and local non-government organisations and community bodies, academics, social researchers and public policy experts. Our members have a strong commitment to social justice and human rights and are concerned about the provision of equitable and appropriate social security support to economically marginalised Australians. The AIMN has been researching, consulting and advocating on issues impacting communities and population groups subjected to compulsory forms of income management for well over 12 years.

The AIMN is particularly concerned with issues raised by compulsory income management (CIM).

Introduction

CIM was initially introduced Australia in 2007 to specifically target remote Aboriginal communities as part of the Northern Territory Emergency Response (the NTER Intervention). This decision garnered significant concern regarding its impacts on human rights and due to its initial implementation via the suspension of the *Racial Discrimination Act 1975*.



In an addendum to a 2010 report to the Human Rights Council, then-Special Rapporteur on the situation of human rights and fundamental freedoms of Indigenous People James Anaya made specific mention of Australia’s Northern Territory Emergency Response.

At the time of Anaya’s visit to Australia in August 2009, some four months after Australia’s formal adoption of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), he noted: “Aspects of the NTER as currently configured are racially discriminatory and incompatible with Australia’s international human rights obligations. These include aspects related to compulsory income management, compulsory acquisition of Aboriginal land, the assertion of extensive powers by the Commonwealth Government over Aboriginal communities, and alcohol and pornography restrictions in prescribed areas, as well as the other provisions of the NTER...”¹

Specifically, Anaya raised concerns about the lack of “consultation with affected Indigenous communities” and the imposition of “discriminatory treatment of Indigenous peoples in relation to their right to social security, which is protected by the International Covenant on Economic, Social and Cultural Rights (ICESCR) (art.9).”²

While the reach of CIM has since expanded to capture non-Indigenous people and has spread outside the Northern Territory, Aboriginal people continue to be disproportionately targeted by these punitive and paternalistic measures.

The introduction of CIM under the Intervention and its extension via New Income Management and later Place Based Income Management enjoyed bipartisan support. It laid the foundation for a political consensus on punitive welfare quarantining as representing a legitimate policy initiative in Australia.

Key Concerns

- **whether compulsory income management has been effective in achieving its stated aims;**

Compulsory income management does not work. A substantial body of peer-reviewed research exists on both the CDC and Basics Card which, along with government-commissioned evaluations, demonstrates numerous in-built issues with CIM and an overall absence of valid changes to participant and community wellbeing attributable to these schemes.

As outlined in the Department of Social Services’ (DSS) October 2022 “Reforming the Cashless Debit Card and Income Management” Regulation Impact Statement (RIS)³, numerous evaluations over the years since CIM was announced in 2007 have not demonstrated that CIM successfully achieves the programs objectives of reducing the issues in communities caused by alcohol, drugs and gambling.

A recent study (Roche et al. 2024) investigating the “*Perspectives on the ongoing impact of compulsory income management in the Northern Territory*” states that CIM is “largely

¹ <https://www2.ohchr.org/english/issues/indigenous/rapporteur/docs/ReportVisitAustralia.pdf> p. 56

² <https://www2.ohchr.org/english/issues/indigenous/rapporteur/docs/ReportVisitAustralia.pdf> p. 48

³ DSS, *Reforming the Cashless Debit Card and Income Management*, (Canberra: DSS, 2022), 46.



ineffective in reducing social harms” and highlighted the “incapacity of CIM to prevent or reduce levels of family violence and substance abuse”.⁴

Roche et al’s (2024) research states that “The findings also outline the limited contextual and socio-cultural relevance of CIM to the lives of many welfare recipients in the NT, its limited capacity to achieve its stated goals, and how in many cases it makes achieving welfare support more difficult.”

In December of 2021 it was reported that the Northern Territory Remote Public Housing rent debt had increased to \$69.7 million and that this figure has continued to rise over the years since Remote Public Housing was established in 2009.

It is also publicly reported that as of October 2019, 85% of Remote Public Housing tenancies were in rental arrears. CIM has not supported people forced onto the scheme to cover essential living costs.

Whilst advocates for CIM have continued to extol its virtues and benefits using anecdotal stories to support their claims, the evidence through countless studies refutes these claims. At a high cost – both financially for Australian taxpayers and for those subjected to these measures - the compulsory income management experiment in Australia has proven to be an abject failure. It has not lessened crime rates, improved family safety or wellbeing or reduced harms relating to gambling or alcohol or drug use.

- **whether compulsory income management has caused, or contributed to, beneficial and/or detrimental outcomes;**

Independent research has described clear signs of harm associated with CIM, including the exacerbation of financial hardship, experiences of stigma and discrimination and evidence of disproportionate targeting of Indigenous communities.⁵

Roche et al.’s (2024) paper states that “This highlights the inadequacies of CIM administration, infrastructure and support across the NT which negatively impacts the social rights and dignity of welfare recipients and indicates ongoing misunderstanding of the contexts of welfare recipient’s lives.” and “Participants also provided insights into the disempowering elements of CIM in the NT and its role in limiting self-determination for Aboriginal and Torres Strait Islander peoples in welfare policy decision making, with both current and historical approaches to CIM considered to be disempowering and controlling.”

- **the nature of any consultation undertaken with affected communities and groups in relation to the operation of compulsory income management;**

Members of the AIMN met with DSS staff to share their concerns regarding all forms of CIM in March 2024. Prior to this, the network had not been consulted with. The AIMN has consistently argued that true and rigorous consultation in communities should focus on those directly impacted by CIM – those who have been subjected to their incomes being managed through these schemes.

⁴ Roche, S., Taylor-Zach, N., Taylor, R. & Mendes, P. (2024) Perspectives on the ongoing impact of compulsory income management in the Northern Territory. *Australian Journal of Social Issues*, 00, 1–18. Available from: <https://doi.org/10.1002/ajs4.323>

⁵ Australian National Audit Office, *Implementation and Performance of the Cashless Debit Card Trial – Follow-on*, Auditor-General Report No. 29 2021-22 (Canberra, ACT, 2022), https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2021-22_29.pdf.



By and large community based consultations have not effectively engaged with those for whom the policy has directly impacted and instead has created greater community friction by seeking and obtaining the views of others in the community about those on income support payments.

This has been harmful and divisive. It is those with lived experience whose voices should be directing the policy responses that impact on their lives – not others in their community who get to influence and direct what should be imposed on their fellow citizens.

- **how in practice income management has been applied, including how individual exemptions from compulsory income management have been considered;**

As stated above, Aboriginal people continue to be disproportionately targeted by these punitive and paternalistic measures.

Compulsory Income Management has been applied to all Remote Aboriginal Communities, and Town Camps across the Northern Territory.

Town Camps in localities including Darwin, Katherine, Tennant Creek, and Alice Springs are neighbours to urban/suburban areas with other low-income households. These neighbouring households who are frequently tenants of Public and Social Housing are not subject to Compulsory Income Management, one exception to this observation is where tenants have relocated from a location where Compulsory Income Management was applied.

- **the extent to which compulsorily restricting the spending of welfare payments is consistent with international human rights law, particularly the rights to social security, an adequate standard of living, equality and non-discrimination, a private life, and the rights of the child.**

CIM denies agency over personal income for all welfare recipients and is only saved from illegality by the involvement of Government.

Compulsory income management uses the Social Security Act as the vehicle to limit or remove normal consumer rights and protections on the basis of a person's benefit status and place of residence. That does not solve its lack of basic morality. It is discriminatory by nature and removes human rights. We believe an important and supportive transitional step is to clearly confirm the approach is no longer appropriate in a post-Robodebt policy environment.

The regulation of financial services in Australia is based on core principles, including that products and services are fit for customer needs and circumstances, and consumer choice. CIM ignores those principles. In its latest iteration, enhanced income management and the related Smart Card, further muddy the waters.

Government partnered with licensed and regulated financial service providers, to deliver products that would otherwise breach the ASIC Act, but for Government's involvement. Services Australia is a third-party service provider in this relationship, as well as being contract principal to the licensed financial service provider, Indue Ltd or the Traditional Credit Union. This dual arrangement is incompatible with the Conflict-of-Interest rules that would normally apply and are overseen by ASIC.



Reinstating consumer protections and undertaking not to interfere with them in the future, should play a key role in transition. We believe this would also support more appropriate recognition of and response to additional vulnerability, like exposure to family violence.

Whilst it has not always been so, the financial services market is now much aware of and better prepared to provide extra support to customers who need it. We note, for example, the commitments to take extra care with customers experiencing vulnerability, including family violence, in Chapter 14 of the Banking Code of Practice.

Forcing people onto income management, restricting their access to limited income and how it can be used, adds to pressure, especially if immediate safety is the main concern.

As stated above, we recommend that the Social Security Act is amended to include a statement of objects which briefly outline the purposes of the Act and recite the relevant human rights obligations.

Currently, the Social Security Act does not contain a statement of objects. Federal legislation can contain a statement of objects, and the NDIS Act is an example. The reason to include a statement of objects in the Social Security Act is to set the tone, to provide a visible (headline) reference to human rights and responsibilities and to make the Act reflective of those it is intended to benefit.

It is anomalous that the Social Security Act, one of the key pieces of federal legislation directly impacting the lives and wellbeing of millions of people, including and particularly those in greatest need, does not reflect a visible and express commitment to human rights and responsibilities.

Using the same structure of the NDIS Act as a model, objects for the Social Security Act could follow a similar pattern with all the relevant core human rights treaties included.

Further, we recommend two additional adjustments to:

1. Include visible reference to First Nations people. We suggest the following as a draft for inclusion:

(i) in conjunction with other laws, give effect to obligations that Australia has as a party to the Conventions and Covenants referred to in [insert sections in the legislation] in respect of Aboriginal and Torres Strait Islander people.

2. Include visible reference to people in regional, rural, remote and very remote Australia.

(i) in conjunction with other laws, give effect to obligations that Australia has as a party to the Conventions and Covenants referred to in [insert sections in the legislation] in respect of people in regional, rural, remote and very remote areas.

The inclusion of these references aims to improve the visibility and inclusion of Aboriginal and Torres Strait Islander people and reflects the demographic patterns and interface between social security and the lives and wellbeing of many First Nations people.

The inclusion of the reference to people in regional, rural, remote and very remote areas is for visibility and inclusion. This takes into account the geographic patterns of social and economic disadvantage in Australia. It also takes into account that factors sometimes tacitly treat human rights and legal rights as attenuating with distance from urban centres. The drafting would



serve to underscore that rights and access to the intended benefits of the Social Security Act are enjoyed by all, including those in regional, rural, remote and very remote areas.

We strongly support the inclusion of the United Nations Declaration on the Rights of Indigenous Peoples in the wording of the objects.

We urge the Government to address **all** Compulsory Income Management regimes, in the same way in which the Cashless Debit Card regime was managed, by:

- removing the compulsory nature of the regime
- extending existing support services and
- delivering a range of new initiatives that are community driven and place-based.

This will require the government to meaningfully engage with individuals and communities that are impacted by all CIM regimes. Every individual should have the right to manage and control the use of their income without externally imposed controls. All forms of CIM do not deliver this fundamental human right.

The AIMN lodged a submission to the Senate's Community Affairs Legislation Committee inquiry into the *Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022* in August 2022 and the AIMN Secretary provided verbal evidence at a public hearing related to this inquiry.

The final report of this 2022 Inquiry⁶ made several key statements that the AIMN supports including:

- "The committee has listened carefully and is persuaded that the blanket imposition of mandatory income management does not work, and is in fact incredibly harmful to individuals, families and communities. It recognises that the principles of choice and self-determination must be central to any reform."
- "The committee is reassured by evidence from the Department of Social Services that the future of income management has been, and will continue to be, the subject of deep engagement with participants and stakeholders, including representative bodies and service providers."
- "To this end, the committee strongly encourages the Government to take the evidence from submitters to this inquiry into consideration as it contemplates the future of income management and the BasicsCard, particularly in the Northern Territory and Cape York."
- "It understands that amongst many submitters there is a strong preference for tailored, technologically-advanced and most importantly, voluntary, income management tools that individuals can choose to access."
- "The committee is particularly mindful of the calls from First Nations stakeholders that any reform to income management must prioritise the independence and capacity of Aboriginal and Torres Strait Islander people, encompass genuine opportunities for co-design, and include appropriate avenues for support."

There appears to be significant inconsistencies between the government's commitment to the successful "abolition" of the compulsory nature of the Cashless Debit Card whilst retaining other forms of compulsory income management regimes. Whether such compulsory measures apply as a blanket to all recipients or are targeted to specific individuals or cohorts

⁶https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CashlessDebitCardBill/Report



is largely irrelevant. It denies choice and freedom for those impacted to control their income as they determine – not how someone else determines.

AIMN members encourage the Government to adopt Recommendation 10.1 of the Robodebt Royal Commission report that states that the Government should “Design policies and processes with an emphasis on the people they are meant to serve.”

Two recommendations that are particularly relevant to the application of all forms of CIM include that all policies and procedures should entail:

1. avoiding language and conduct which reinforces feelings of stigma and shame associated with the receipt of government support.
2. acting with sensitivity to financial and other forms of stress experienced by the customer cohort and taking all practicable steps to avoid the possibility that interactions with the government might exacerbate those stresses or introduce new ones.

Although it is heartening to see that the Government accepts this recommendation and that it recognises the importance of designing policies and government services that focus on the needs of recipients, it is essential that these recommendations are also applied to all forms of CIM.

Our clear position is that every individual should have the right to manage and control the use of their income without externally imposed controls.

Accountable Income Management Network, November 2023
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