

Cashless Welfare – continuation without justification

Australian Council of Trade Unions submission to the Senate
Community Affairs Committee inquiry into the **Social Security
(Administration) Amendment (Continuation of Cashless
Welfare) Bill 2020**

ACTU Submission, 21 October 2020
ACTU D. No 52/2020

Introduction

Since its formation in 1927, the Australian Council of Trade Unions (ACTU) has been the peak trade union body in Australia. The ACTU consists of affiliated unions and State and regional trades and labour councils. There are currently 43 ACTU affiliates. Our affiliates have approximately 1.8 million members who are engaged across a broad spectrum of industries and occupations in the public and private sector. The ACTU welcomes the opportunity to provide a submission to the Committee on this bill and the program to which it refers. The ACTU has opposed the cashless welfare card program since its inception, and we have seen no reason to alter this stance. The concerns the ACTU raised when this matter was last considered in 2017, when the trial was expanded for the first time, remain valid in our view. We urge the Committee to recommend that this bill not be passed, or at least recommend changes to allow welfare recipients to opt-in (and out) of the card.

The cashless welfare card program, which this bill seeks to expand and to make permanent, is yet another example of this government's obsessive focus on the lives and behaviour of the Australians receiving unemployment support. That the Government has stuck with this program thus far absent any real signs of efficacy is more evidence of their determination to patronise and infantilise the disadvantaged with programs such as this one. The fact that a significant proportion of job seekers affected by this program are Indigenous Australians makes it all the more unacceptable. Surely this group of Australians has experienced enough government dictation over their lives for 'their own good'. Not only is this program unreasonable and borderline discriminatory, but the evidence that it works, on which the proposed expansion and continuation of the program is based, is questionable and may be inaccurate. In light of these factors, we encourage the government to at least make the program voluntary, if not to halt the program immediately and to suspend any plans to make it a permanent feature of the income support system.

The ACTU opposes this program for a number of reasons. Firstly, it is our belief that this program represents a cynical and hypocritical attempt to curtail the free will of disadvantaged Australians while making no attempt to better their circumstances or to understand why some small

percentage may make decisions with which broader society may not agree. This leaves aside the questionable assumption this program makes that because the government provides the income for these individuals, it has the right to control their spending of that income. Restricting disadvantaged Australian's ability to spend their own money without addressing the factors which may cause some small fraction of that population to use alcohol or drugs in a problematic manner, while actually cutting funding for alcohol and drugs services and without making any attempt to provide a non-punitive solution, is incredibly short-sighted and represents an unacceptable impost on their right to manage their own affairs. The Australian Government, while doing almost nothing to address joblessness, economic stagnation and the destruction of regional and remote communities, has no right to judge the spending decisions made by disadvantaged Australians.

Additionally, this card marks out income support recipients to the general public, making clear at any purchase point that the user is unemployed and receiving income support. This may be creating a situation where disadvantaged Australians, as well as having their autonomy further reduced, are being socially stigmatised and 'marked out' for all to see. While we understand that some steps have been taken in this new legislation to reduce the number of occasions on which participants are required to declare publicly that they are receiving welfare, in order to reduce the stigma they may face, we do not believe the changes proposed are adequate. This change drastically underestimated the shame and feeling of worthlessness that many Indigenous Australians, in addition to non-Indigenous welfare recipients, have been made to experience due to this program. This shame is often not externally generated - instead it is a reaction to the profound sense of mistrust and paternalism and the loss of basic financial independence that is inherent to this program.

Initially, this program was disproportionately targeted towards Indigenous Australians. The areas selected for the initial trial of this program had a significantly higher than average population of Indigenous Australians - the Indigenous population in Ceduna is 24.9 per cent and 48 per cent in

the East Kimberly (2011 ABS).¹ While later-selected sites have not involved a higher than average Indigenous population, the selection of Indigenous Australians as the test subjects for this invasive and, in the context, colonial-style program is unacceptable. This program is the culmination of a long history of using Indigenous Australians as the starting point for regressive welfare programs, this particular version of which truly began with the introduction of the basics card in the NT in 2007. The ACTU notes that one of the Indigenous leaders involved in supporting the trial, Lawford Benning, withdrew his support for the program after experiencing its effects in his community in 2017² and has continued to oppose its expansion³ and that it has been condemned by the West Australian Aboriginal Health Council.⁴ Indigenous Australians should not have been used by this government as the guinea pigs for this punitive program. To ignore the concerns of that community about the efficacy of the program while continuing to expand it, and in fact seek to entrench the program in the income support system, is indicative of the attitude this government has towards Indigenous Australians – that they are a group to which things are ‘done’ by government and not a genuine community to be engaged.

Finally, there have been a number of serious questions raised about the data that the government has used in the past to measure the ‘success’ of this program and to justify its expansion. These have been raised by a number of prominent academics, including Eva Cox, fellow of the Centre for Policy Development and a professorial fellow at Jumbunna Indigenous House of Learning.⁵ The issues raised include, but are not limited to:

- Participants in the survey were offered a payment to take part. This may have created a tendency to give answers that are sensed by the participant as desired by the interviewer.

¹ Indigenous Australians make up 2.8 per cent of the Australian population.

² <https://www.theguardian.com/australia-news/2017/aug/23/aboriginal-leader-withdraws-support-for-cashless-welfare-card-and-says-he-feels-used>

³ <https://www.sbs.com.au/nitv/article/2019/07/25/leader-who-helped-introduce-cashless-debit-card-regrets-decision1> <https://thewest.com.au/politics/budget/federal-budget-2020-mg-corporations-lawford-benning-blindsided-as-cashless-debit-card-becomes-permanent-ng-b881686695z>

⁴ “Cashless Welfare will not help aboriginal kids” – op-ed, The West Australian. 10/08/2017.

⁵ <https://www.theguardian.com/commentisfree/2017/sep/07/much-of-the-data-used-to-justify-the-welfare-card-is-flawed>

- Respondents were asked for ID to participate in the survey, likely creating anxiety and an additional tendency to give ‘desirable’ answers.
- It is not clear from the report what environment the surveys were undertaken within. If there was no opportunity for privacy, this may have further affected responses.
- The sample for the survey was self-selected and may have suffered from other issues, meaning it may not be representative.
- Numerous issues with the questionnaire design, resulting in skewed and inaccurate responses to key questions about the program’s efficacy.

If the ACTU did not strongly object to this program on grounds of principle, we would certainly insist that its efficacy be accurately measured through an effective and balanced evaluation process prior to any decision to expand its effects and to permanently inflict it on welfare recipients. As it is, the government appears to be building upon the foundation of a rushed evaluation, designed to get the answers it wants, to justify further intrusion into the lives of disadvantaged Australians. That this allows the Government to further privatise the welfare sector, outsourcing the payments to a private company which appears to be profiting significantly off this program, only makes it all the more unacceptable.

The ACTU notes that other serious issues have also been raised with the program. There have been numerous reports⁶ of shadow economies being created by the card, in which disadvantaged Australians who are suffering from drug or alcohol addiction are forced to exchange significantly higher values of card-accepted goods to procure drugs or alcohol, as well as other goods that are difficult to obtain with the card like clothing. That this is occurring in addition to the added financial stress and regular lack of funds for necessities that many participants report experiencing is a

⁶ <http://www.abc.net.au/news/2017-01-16/cashless-welfare-card-future-remains-uncertain-after-trial/8182662>,
<http://www.abc.net.au/news/2016-09-08/concern-over-welfare-card-black-market/7824944>,
<http://www.perthnow.com.au/news/western-australia/kununurra-man-daniel-taylor-on-hunger-strike-over-cashless-welfare-card/news-story/e4af75df3428217cd616bb17164ad850>,
<http://thenewdaily.com.au/news/national/2015/10/15/healthy-welfare-card/>

scathing indictment of the efficacy of this program. This means that, in addition to constraining the financial independence of whole communities to affect the behaviour of small minority, this program, which may not be as effective as the government believes, may also be creating a small but desperate population of vulnerable addicts.

The ACTU believes that the issues raised above are sufficiently serious for the Committee to recommend to the parliament that, at least, this bill be amended to remove the requirement that welfare recipients participate in this program, if not to be rejected in its totality. We also recommend that the program which its concerns be properly and accurately evaluated to determine if it has had any positive effect at all prior to being made permanent or expanded. There are a multitude of positive steps the government could take if it genuinely wished to improve the lives of Australians living in the communities covered by the existing cashless welfare trial.

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