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**Submission to the  
Parliamentary Inquiry  
into Compulsory Income  
Management**

**May 2024**

*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

## About Anglicare Australia

Anglicare Australia is a network of independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the Christian faith that every individual has intrinsic value. With a combined expenditure of \$1.82 billion, and a workforce of 20,500 staff and 9,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas in the Australian community. Our services are delivered to 450,000 people each year, reaching over 1.33 million Australians in total. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas.

As part of its mission, Anglicare Australia “partners with people, families and communities to build resilience, inclusion and justice.” Our first strategic goal charges us with reaching this by influencing “social and economic policy across Australia with a strong prophetic voice; informed by research and the practical experience of the Network.”

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## Contents

About Anglicare Australia .....	2
Introduction .....	4
The practical operation of compulsory income management .....	5
Compulsory income management is incompatible with Australia’s human rights obligations	5
Compulsory income management has not achieved its stated aims.....	6
Compulsory income management is harming communities.....	7
Addressing the real causes of poverty and disadvantage.....	9
Investing in entry-level job creation.....	9
Raising the rate of working age payments .....	10
Conclusion .....	12

## Introduction

Anglicare Australia welcomes the opportunity to make this submission to the Parliamentary Joint Committee on Human Rights' (the Committee) Inquiry into Compulsory Income Management (the Inquiry). As a Network that works for and with people managing the lowest incomes, we have come into contact with many people who have been impacted by compulsory income management. Our experience is that it causes hardship, disruption and shame for people already experiencing severe disadvantage.

Our experiences are supported by independent evaluations and research. There is no evidence that compulsory income management reduces hardship and deprivation, or social harms due to alcohol and drugs. It does not reduce cycles of poverty or intergenerational disadvantage, instead worsening hardship and creating poorer outcomes for the people and communities subjected to it. In spite of this, there has been over a decade and a half of expansion of this approach to regions across Australia, entrenching a policy without proving that it works.

This submission explores these issues in greater detail, with a particular focus on the following aspects of the Inquiry's terms of reference:

- Whether compulsory income management has been effective in achieving its stated aims;
- whether compulsory income management has caused or contributed to detrimental outcomes;
- the practical operation of the BasicsCard and SmartCard; and
- the extent to which compulsorily restricting the spending of welfare payments is consistent with international human rights law.

For years, Anglicare Australia has joined other social service organisations and First Nations communities in calling for an immediate end to compulsory income management. We reiterate that call in this submission, drawing on the findings of our recent Repeat Failure report, which showed that compulsory income management is failing to achieve any of its stated goals. The report is appended at Attachment A. This submission also explores how best to address intergenerational disadvantage and entrenched hardship, the issues that compulsory income management purports to address.

## The practical operation of compulsory income management

Various forms of income management operate in locations around Australia including the Northern Territory, Cape York, the Kimberley, Perth, Playford, Shepparton, Bankstown, Logan, Rockhampton and a number of remote Indigenous communities. Successive governments have spent an estimated \$1.5 billion on these programs since 2007.<sup>i</sup>

Anglicare Australia notes that the Government committed to ending compulsory income management ahead of the 2022 Federal Election, with Minister Linda Burney stating that “our fundamental principle on the basics card and the cashless debit card, it should be on a voluntary basis... If people want to be on those sorts of income management, then that’s their decision.”<sup>ii</sup> The Minister for Indigenous Australians pledged to move to a largely voluntary system that individuals or communities could opt into.<sup>iii</sup>

The Government abolished the Cashless Debit Card in 2023, however, it has retained the BasicsCard. This is the key income management mechanism introduced during the Northern Territory Intervention, where three quarters of people subjected to income management are First Nations. It has also introduced the SmartCard as an ‘enhanced income management’ measure. Users of the BasicsCard can now opt to use the SmartCard.

Unlike the BasicsCard, the SmartCard is not branded and more closely resembles an ordinary debit card in its appearance. It also offers some enhanced functionality, such as the ability to shop for groceries and essential items online, make contactless purchases, and access improved technical support when problems emerge. However, the SmartCard continues to represent compulsory income management and quarantining, with income quarantined at the same rates as for the BasicsCard and cash withdrawals blocked.

Instead of fully abolishing compulsory income management, the Government is promising only ‘consultation’ on the BasicsCard and the SmartCard. The legislative framework for the cards allows them to be imposed on individuals and communities,<sup>iv</sup> raising questions about whether the Government still intends to move to voluntary income management.

### **Compulsory income management is incompatible with Australia’s human rights obligations**

Anglicare Australia notes that the Committee has repeatedly found that compulsory income management engages and limits the right to social security, the right to privacy and the right to equality and non-discrimination. The Committee has previously argued that cashless debit is a disproportionate response to the issues it claims to address, questioning whether this policy is ‘rationally connected’ and ‘effective to achieve’ its objectives.<sup>v</sup>

A key issue the Committee has previously identified with cashless debit and income management is its compulsory nature. In 2016, the Committee said that while income management “may be of some benefit to those who voluntarily enter the program, it has limited effectiveness for the vast majority

of people who are compelled to be part of it.”<sup>vi</sup> This analysis by the Committee was endorsed by the outgoing Aboriginal and Torres Strait Islander Social Justice Commissioner June Oscar AO in the Australian Human Rights Commission’s submission on a previous expansion of compulsory income management. The Commission views compulsory cashless debit as incompatible with Australia’s international human rights obligations.<sup>vii</sup>

Anglicare Australia shares these concerns, and notes that an overwhelming majority of people subjected to income management in the Northern Territory are First Nations. This includes many First Nations peoples who voluntarily transitioned from income management in the Northern Territory to the cashless debit card over who went on to be compulsorily transferred back to income management in 2022 after its abolition.

This inequitable treatment is symptomatic of a colonising approach to working with First Nations communities adopted by successive governments. Instead of less choice and more imposed decisions on people’s lives, governments should instead afford people free and informed consent over the policies that affect them. It is also clear that these measures have failed to deliver the benefits that were promised to the communities who were subjected to them.

### **Compulsory income management has not achieved its stated aims**

There is no evidence that compulsory income management reduces social harm or improves people’s lives. This is in spite of seventeen years of trials and consistent program expansions, several Government evaluations, and peer-reviewed independent research. Every consultation conducted on income management over the past two decades has been met with overwhelming opposition. Put simply, compulsory income management has been an expensive failure.

The most positive review of income management was undertaken by Deloitte Access Economics. Much of the review was based on a survey of 547 participants from the trial sites, including 124 participants who signed on to the scheme voluntarily. That review studied whether participants use the BasicsCard regularly, whether the card was easy to use, or whether the card prevents spending on certain items.<sup>viii</sup> These measures relate to the card’s basic functions and its compulsory nature, so unsurprisingly, the results show that people who have a card use it regularly to buy goods, that it successfully quarantines the designated amount of income.<sup>ix</sup>

However, the same review found that just one in four participants who had been involuntarily placed onto the card (26 percent) said it helped them with their money situation.<sup>x</sup> Almost two in three (59 percent) reported that the BasicsCard made their money situation worse.<sup>xi</sup> More than half (53 percent) said there were goods that they would like to buy but are not able to.<sup>xii</sup> The results showed that the card made no impact on how participants rated their health. No data was presented on child welfare, as these results were not published.<sup>xiii</sup>

There has been little in the way of credible official evaluation. However, there has been a great deal of independent research and independent evaluation of income management. The most comprehensive study to date was undertaken over a four-year period by researchers at the Australian National

University and the University of NSW Social Policy Research Centre. It could not find “any substantive evidence of the program having significant changes relative to its key policy objectives, including changing people's behaviours.”<sup>xiv</sup>

The study also found no evidence of changes in spending patterns, improved financial wellbeing, or improved community wellbeing, including for children, the primary stated goal of the measure. This was in spite of the fact that the most vulnerable third of the Indigenous population has been subject to the measures. The evaluation showed that income management did not increase people’s ability to manage their money better, and that it may harm people’s ability to develop the skills to manage their own finances.<sup>xv</sup>

Further research into the cashless debit card trial in Ceduna, South Australia echoes these results. Many experienced it as an unfair intervention into lives that were already characterised by hardship. Participants who had experiences overcoming alcoholism did so with support from individuals, personal determination, and access to rehabilitation services. These experiences led people to question the assumption that the cashless debit card would be of any benefit to remedying alcoholism.<sup>xvi</sup>

A review of the multiple evaluations of income management, undertaken by the Centre for Aboriginal Economic Policy Research in 2016, found no evidence of benefit. It showed that the most effective schemes were voluntary and target people with high-needs as part of a holistic set of services.<sup>xvii</sup>

Years of reviews of the program, coupled with independent and observation, show that compulsory income management has failed to improve the lives of its users, instead serving to limit their access to their own income and inhibiting their ability to manage their own lives.

### **Compulsory income management is harming communities**

A growing body of evidence shows that compulsory income management causes hardship, disruption and shame for people experiencing severe disadvantage. Several recent studies have concluded that compulsory income management causes more harm than good. For example, the independent evaluation carried out by the Australian National University and University of NSW found that rather than building capacity and independence, programs have acted to make people more dependent on the welfare system.<sup>xviii</sup>

More recent research published by the Australian Research Council’s Life Course Centre found negative impacts on children, including a reduction in birth weight and school attendance.<sup>xix</sup> This research may help explain reductions in birth weight in First Nations communities, a key Closing the Gap target, and highlights how income management increases stress on mothers, disrupts existing financial arrangements within households, and makes it harder for people to access funds when they need them.<sup>xx</sup>

Research has also shown that people subjected to compulsory income management face additional financial challenges because of it. These include not having enough money for essential items, being

unable to shop at many outlets, being unable to buy second-hand goods, and cards being declined when they are supposed to work.<sup>xxi</sup> Several participants told researchers that the card made it much harder to manage their finances, and many reported that the cards often failed at the businesses that purportedly accepted them.<sup>xxii</sup> Most worryingly, several reported that the card often failed when they attempted to pay their rent, causing considerable financial stress.<sup>xxiii</sup>

Anglicare Australia notes that the Department of Social Services has acknowledged many of these shortcomings, having argued that the BasicsCard has been delivering worse outcomes than the now defunct Cashless Debit Card:

“... Income Management is a costly and complex program to run, that requires the Government to provide significant support to participants and merchants. Due to the complexity of the separate measures, including personalised targeting, different placement criteria and payment splits, Income Management is a largely incoherent policy that has a limited ability to create change within communities.

Additionally, technology associated with Income Management has not advanced as much as the Cashless Debit Card, which increases the burden on participants and merchants. It limits the number of merchants who can accept the BasicsCard, which limits the options for where Income Management participants can purchase essential items.”<sup>xxiv</sup>

Anglicare Australia commends the Government for abolishing the Cashless Debit Card. Far from helping people, reviews and independent research have found that the Card harmed its participants with no associated benefit. However there does not appear to be any plans to abolish the BasicsCard, an even more restrictive program that has produced more harmful results. Anglicare Australia calls on the Government to act on their pre-election commitment and abolish all forms of mandatory income management.

### **Recommendation**

In light of the overwhelming evidence of the failure of compulsory income management, and its incompatibility with Australia’s human rights obligations, Anglicare Australia recommends ending mandatory participation in the BasicsCard and the SmartCard.



## Addressing the real causes of poverty and disadvantage

Anglicare Australia commends the Committee for investigating the evidence base for compulsory income management. We urge the Committee to go further and explore more effective measures for achieving the same goals.

In Anglicare Australia's experience, people receiving income support are generally excellent money managers. Living on an income so far below the poverty line their wellbeing depends on it. The underlying causes of hardship for people on income support are the low rate of working age payments and the lack of meaningful employment pathways for people seeking work. Without action on either of these issues, the underlying issues that prompted the introduction of compulsory income management will continue to worsen.

## Investing in entry-level job creation

Much of the commentary surrounding compulsory income management assumes that anybody in need of a job can get one if they are incentivised to. However, analysis of the structural factors that underpin unemployment shows that this assumption is untrue. The same cohort of people have been long-term unemployed for years, many of them without advanced skills or qualifications, and are only likely to re-enter the employment market through entry-level roles. These entry-level vacancies are disappearing from the market. Australia's work-first employment approaches have failed to grapple with this dichotomy.

On average, people in need of support stay in the employment services system for five years.<sup>xxv</sup> This is well beyond the definition of long-term unemployment, which is twelve months.<sup>xxvi</sup> Those unemployed for five or more years are much less likely ever to find work again.<sup>xxvii</sup> The number of people with barriers to work or who are long-term unemployed has been trending upwards as a proportion of the employment services caseload.<sup>xxviii</sup> The rate of long-term unemployment has almost doubled over the past ten years, while the proportion of unemployed people who are long-term unemployed continues to climb. The largest cohorts affected by long-term unemployment are people with disability and older Australians, who are seeking entry-level work – that is, jobs which do not require advanced skills or qualifications.<sup>xxix</sup> In every part of the country, these people outnumber entry-level vacancies by as many as eight to one.<sup>xxx</sup> To make matters worse, data shows that these entry-level jobs have been slowly disappearing and becoming harder to compete for. Entry-level roles made up one in ten of all vacancies in July 2022, compared to one in four when records began in January 2006.<sup>xxxi</sup>

Income quarantining and compulsory income management simply will not change the number of positions being offered and the skill level required to compete for them. This is demonstrated by the fact that job advertisements have increased over recent years while unemployment, underemployment, and the employment services caseload all declined. At the same time, the number of people out of work with barriers to employment remains stubbornly unchanged.<sup>xxxii</sup> The unemployment rate isn't low because everyone who wants a job has one. Instead, those who are long-term unemployed are giving up on finding increasingly scarce entry-level roles and dropping out of

the workforce entirely, meaning they are no longer counted in rates of unemployment. This points to the difficulty many people face in securing work. The labour market is simply not generating the entry-level vacancies that people need, particularly in regional and remote communities subjected to compulsory income management. By failing to acknowledge this fact, Australia's social security system is systematically failing those with barriers to work.

The Government has shied away from direct job creation in these communities, treating it as the work of the private sector. Incentives for employers, such as the JobMaker tax credit introduced by the previous Government, are a prime example. Yet incentives like these do not have a track-record of creating lasting jobs.

Anglicare Australia has often showcased the potential for job creation at the entry-level, including for people with barriers to work.<sup>xxxiii</sup> Several of these examples are outlined in our recent Repeat Failure report. They have shown that job creation is possible and has enormous benefits for people who have found it the hardest to get work. They offer genuine pathways for people with barriers to employment and are backed by a solid evidence base.

#### **Recommendation**

Anglicare Australia recommends Government investment in job creation at the entry-level, with a particular focus on communities with the fewest entry-level job opportunities.

#### **Raising the rate of working age payments**

Australia's social security system assumes everyone of working-age should be able to find full-time, full-year work. While some people may combine part-time or intermittent work with income support, the expectation is that reliance on income support will be temporary and short-term. Governments have purported to solve the problems of poverty and social exclusion with payments that are designed to support people through temporary spells of joblessness, while moving the most employable people into the labour market.

This approach is not working. Many people lack the qualifications or experience to compete for available jobs, while others find themselves trapped in a system that cannot accommodate the circumstances of their lives. Instead of acknowledging this and giving people incomes above the poverty line, governments have instead turned to compulsory income management as an answer to long-term unemployment. As the previous section of this submission has shown, this approach only worsens poverty and hardship.

As the value of income support payments has deteriorated over time, many people have become caught in a poverty trap as they navigate a system that is not equipped to help them. The Business Council of Australia has stated that the rate of unemployment payments is so low it is acting as a barrier to work.<sup>xxxiv</sup> There is little time and energy left for job hunting when so much effort is required just to survive and put food on the table.

While major investment in direct jobs creation is crucial to help the many people missing out on work, so is the provision of an adequate income so that people have the security and stability to improve their quality of life. There are many ways to lift incomes above the poverty line. One option is to increase the rate of JobSeeker and other working age payments, as was done temporarily in 2020-21.

Around 1.44 million Australian adults would benefit from this change. In addition to the adult recipients, almost 840,000 children have a parent receiving one of these payments.<sup>xxxv</sup> Growing up in poverty often leads to unemployment and poverty in adulthood as it often means missing out on early education, poorer educational outcomes, isolation, and hunger. The Breaking Down Barriers report by the University of Melbourne showed that children who grew up in poverty were less likely to be employed full-time, less likely to get a university degree, and on average earned an hourly rate that is 23 percent less than those who did not experience childhood poverty.<sup>xxxvi</sup> Increasing the rates of income support payments offers the additional advantage of enhancing the future contribution of these children and breaking cycles of disadvantage.

**Recommendation**

Anglicare Australia recommends raising the rate of all social security payments above the Henderson Poverty Line.

## Conclusion

This Inquiry is a timely opportunity to explore how compulsory income management has worked in practice as communities await clarity on the future of the BasicsCard and the SmartCard. Our submission has explored the evidence showing that compulsory income management is failing to achieve its goals. It has not reduced rates of 'dependency' or contributed to employment outcomes. Nor has it improved child welfare or helped people overcome alcohol or other drug issues.

Instead this approach has been shown to cause hardship, disruption and shame. Programs have acted to make people more dependent on the welfare system, create negative impacts for children, and subject people to additional financial challenges. It is clear that compulsory income management is having a disabling, not an enabling, impact on many peoples' lives. As the approach has been extended, more and more Australians with no pre-existing problems have been caught up in its path.

Anglicare Australia acknowledges that the Government has previously recognised many of the issues with compulsory income management. We commend the Government's abolition of the cashless debit card. Far from helping people, reviews and independent research have found that the card harmed its participants with no associated benefit. However there does not appear to be any plans to abolish the remaining aspects of compulsory income management, particularly the BasicsCard and SmartCard, which are producing similarly harmful results.

We now call on the Government to go further and end all forms of compulsory income management, as they pledged ahead of the 2022 Federal Election. Our hope is that they will work with affected communities to transition to a truly voluntary approach, and address the underlying causes of disadvantage and hardship.

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<sup>i</sup> Australian National Audit Office (2013) [Administration of New Income Management in the Northern Territory](#); Australian Treasury budget papers (no 2) 2013/14-2019/20.

<sup>ii</sup> See [remarks made by Linda Burney](#) in April 2022.

<sup>iii</sup> Ibid.

<sup>iv</sup> Social Security (Administration) Amendment (Income Management Reform) Bill 2023.

<sup>v</sup> Parliamentary Joint Committee on Human Rights (2018) [Report 6 of 2018](#).

<sup>vi</sup> Parliamentary Joint Committee on Human Rights (2016) [Review of Stronger Futures measures](#).

<sup>vii</sup> Aboriginal and Torres Strait Islander Social Justice Commissioner (2018), Submission to the Senate Inquiry into the Social Services Legislation Amendment (Cashless Debit Card Trial Expansion) Bill 2018.

<sup>viii</sup> Deloitte Access Economics (2015) [Consolidated Place Based Income Management Evaluation Report 2012-2015](#).

<sup>ix</sup> Ibid.

<sup>x</sup> Ibid.

<sup>xi</sup> Ibid.

<sup>xii</sup> Ibid.

<sup>xiii</sup> Ibid.

<sup>xiv</sup> UNSW Social Policy Research Centre (2014) [Evaluating New Income Management in the Northern Territory: Final Evaluation Report](#).

xv Ibid.

xvi Vincent, E. (2016) [Lived experiences of the Cashless Debit Card trial, Ceduna, South Australia.](#)

xvii Centre for Aboriginal Economic Policy Research (2016) [Income management evaluations – What do we know? Placing the findings of the evaluation of New Income Management in the Northern Territory in context.](#)

xviii Op cit: UNSW Social Policy Research Centre.

xix Klein, E. Razi, S. (2017) [The Cashless Debit Card Trial in the East Kimberley.](#) Centre for Aboriginal Economic Policy Research.

xx Ibid.

xxi Marston, G. Mendes, P. and Bielefeld, S. et al. (2020) [Hidden costs: An independent study into income management in Australia.](#)

xxii Ibid.

xxiii Ibid.

xxiv Regulation Impact Statement in: Explanatory Memorandum, Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020, 34–35.

xxv Anglicare Australia (2019) [Jobs Availability Snapshot 2019.](#)

xxvi Reserve Bank of Australia (2020) [Long-term unemployment in Australia.](#)

xxvii Ibid.

xxviii Op cit: Department of Employment, Skills, Small and Family Business (2018).

xxix Op cit: Anglicare Australia (2021a).

xxx Ibid.

xxxi Ibid.

xxxii Ibid.

xxxiii Anglicare Australia (2017) [Jobs Availability Snapshot 2017.](#)

xxxiv Raise the Rate (2018) [Raise the Rate Briefing Note.](#)

xxxv Australian Government (2022) [Treasury portfolio, transcript.](#)

xxxvi The University of Melbourne (2020) [Poverty in childhood leads to poverty in adulthood.](#)