



**NTCOSS Submission to the Senate inquiry on the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019**

October 2019

## NORTHERN TERRITORY COUNCIL OF SOCIAL SERVICE INC (NTCOSS).

NTCOSS is a peak body for the social and community service sector in the Northern Territory (NT), and an advocate for social justice on behalf of the people and communities who may be affected by poverty and disadvantage. The community sector in the NT is made up of community managed, non-government, not for profit organisations that work in social and community service delivery, sector development and advocacy. The community sector plays a vital role in creating social wellbeing for all Territorians and in building safe and healthy communities by providing services that enable people to access and participate in health services, education, employment, economic development, and family and community life.

NTCOSS has a broad membership base, and acknowledges that a number of our member organisations with specific expertise in this area have also provided submissions. In particular, NTCOSS supports submissions by our Aboriginal community controlled member organisations.

NTCOSS' vision is for a 'fair, inclusive and sustainable NT where all individuals and communities can participate in and benefit from all aspects of social, cultural and economic life'. NTCOSS' mission is to 'promote an awareness and understanding of social issues through the NT community and to strive towards the development of an equitable and just society'.

### Introduction

NTCOSS welcomes the opportunity to respond to the Senate inquiry on the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 (the Bill).

The proposed amendments would see the whole of the NT made a trial site for the Cashless Debit Card (CDC), until June 2021 (in line with the Government's Budget announcement, to move people on compulsory Income Management (IM) in the NT onto the CDC from January 2020). While the Bill would see people who are currently on IM transitioned onto the CDC, there would also be a broader remit regarding the categories of social welfare recipients covered within the trial.

NTCOSS is concerned that the proposed amendments and expansion of the CDC are not informed by a solid evidence base and will have negative repercussions on communities and people within the NT. Key to this is;

- The expansion of IM in the NT unfairly targets Aboriginal and Torres Islander people;
- The short time frame given by the Government for stakeholders and the public to provide a reply to the proposed Amendments and engage in meaningful consultation;

- The fact that no hearings are being held in remote Aboriginal communities, not enabling those living in these places (who make up the majority of those who will be impacted by any changes) to share their experiences and stories;
- That the current approach, which ignores calls for meaningful co-design, self-determination and collaboration with communities of people forced to take part in IM appears to have the hallmarks of the approaches taken during the NT Intervention (no consent from communities and lack of consultation);
- That compulsory IM does not address lack of employment opportunities, inadequacy of welfare payments (such as Newstart) and other social determinants of health; and
- That there is a lack of clear evidence from previous reports on IM in the NT and CDC trials elsewhere in Australia to support its use and further expansion in its current model.

Numerous reports have shown that the roll out of compulsory IM and the CDC does not work as designed,<sup>1</sup> and is likely to have a negative effect. The importance of community agency, meaningful co-design and self-determination must be a cornerstone of any future policy.

After 12 years of compulsory IM there is no clear definitive empirical evidence that it works. Without definitive evidence, we should not be embarking on this change.

## Discussion and recommendations

### 1. Aboriginal and Torres Strait Islander people are unfairly burdened and targeted by IM

The NT is home to the highest proportion of Aboriginal and Torres Strait Islander peoples in Australia, with more than 100 languages and dialects spoken across the region.<sup>2</sup> Data from March 2018 shows that there are over 22,000 people on IM in the NT, with 82% of this population identified as Aboriginal; the majority of who are recognized as long term welfare recipients.<sup>3</sup>

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<sup>1</sup> Bray et al. 2014, Evaluating New Income Management in the Northern Territory, Social Policy Research Centre UNSW; Klein E and Razi S, 2017, The Cashless Debit Card Trial in the East Kimberley, Centre for Aboriginal Economic Policy Research, ANU; Australian National Audit Office, 2018, The Implementation and Performance of the Cashless Debit Card Trial, September 2019, accessed at <https://www.anao.gov.au/work/performance-audit/implementation-and-performance-cashless-debit-card-trial>

<sup>2</sup> Australian Bureau of Statistics, 2016 Census QuickStats, Northern Territory [https://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/7?opendocument](https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/7?opendocument) accessed 18th June 2019; Aboriginal languages in NT <https://nt.gov.au/community/interpreting-and-translating-services/aboriginal-interpreter-service/aboriginal-languages-in-nt>, accessed 18th June 2019

<sup>3</sup> Australian Government, 2018, Income Management and Cashless Debit Card Summary, October 2019, accessed at <https://data.gov.au/dataset/ds-dga-3b1f1fb7-adb5-48ea-8305-9205df0a298c/distribution/dist-dga-986ef7fe-1ba8-460e-b1c4-2cf00145a948/details?q=>

IM was first introduced in the NT as part of the 2007 Northern Territory Emergency Response (NTER). The NTER required the suspension of the *Racial Discrimination Act 1975* to explicitly target all Aboriginal and Torres Strait Islander people on welfare.<sup>4</sup> New Income Management (NIM) was introduced to replace IM under the NTER in 2010, which included reinstating the *Racial Discrimination Act*, meaning non-Indigenous people were included.

Despite the reintroduction of the *Racial Discrimination Act*, CDC trial sites in Ceduna and the East Kimberley have disproportionately targeted Indigenous people.<sup>5</sup> The Parliamentary Joint Committee on Human Rights (PJHCR) established that the IM measures are likely to disproportionately impact on Indigenous persons and therefore may be indirectly discriminatory.<sup>6</sup> First Nations people continue to make up the overwhelming majority of IM recipients,<sup>7</sup> with national and international human rights bodies expressing concern regarding the targeting of Aboriginal and Torres Strait Islander people by IM.<sup>8</sup>

The number of Aboriginal people receiving welfare on a long term basis can be directly correlated with the failure to close the employment gap and address the underlying causative factors of unemployment in remote areas<sup>9</sup> (i.e. lack of appropriate employment opportunities that take into account mobility, flexible working practices that accommodate cultural obligations and lack of training opportunities). The Australian Bureau of Statistics (ABS) found that the proportion of Aboriginal people in remote areas who are employed has stalled or is decreasing,<sup>10</sup> meaning that people are increasingly reliant on government payments (such as Newstart).

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<sup>4</sup> Klein E and Razi S, 2017, The Cashless Debit Card Trial in the East Kimberley

<sup>5</sup> Ibid.

<sup>6</sup> Parliamentary Joint Committee on Human Rights, Human Rights Scrutiny Report, Report no 27/2015, 8 September 2015; Parliamentary Joint Committee on Human Rights, Human Rights Scrutiny Report, Report no 9/2017, 5 September 2017

<sup>7</sup> Bray et al. 2014, Evaluating New Income Management in the Northern Territory

<sup>8</sup> United Nations Committee on the Elimination of Racial Discrimination, 2017, Concluding observations on the eighteenth to twentieth periodic reports of Australia, October 2019, accessed at

[https://tbinternet.ohchr.org/Treaties/CERD/Shared%20Documents/AUS/CERD\\_C\\_AUS\\_CO\\_18-](https://tbinternet.ohchr.org/Treaties/CERD/Shared%20Documents/AUS/CERD_C_AUS_CO_18-20_29700_E.pdf)

[20\\_29700\\_E.pdf](https://tbinternet.ohchr.org/Treaties/CERD/Shared%20Documents/AUS/CERD_C_AUS_CO_18-20_29700_E.pdf); Australian Human Rights Commission, 2017, submission No 30 to the Senate Community Affairs Legislation Committee – Inquiry into the Social Services Legislation Amendment (Cashless Debit Card) Bill, October 2019, accessed at

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/CashlessDebitCard/Submissions](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/CashlessDebitCard/Submissions)

<sup>9</sup> Central Australian Aboriginal Congress, 2019, Submission to the Senate Inquiry into the Adequacy of Newstart and Related Payments and Alternative Mechanisms to Determine the Level of Income Support Payments in Australia

<sup>10</sup> Australian Bureau of Statistics, 2015, National Aboriginal and Torres Strait Islander Social Survey 2014-15, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4714.0201415?OpenDocument#Publications>

Not only are these payments severely inadequate,<sup>11</sup> but IM does not focus on capacity building and independence, and has been attributed to making people more dependent on welfare.<sup>12</sup>

Government rhetoric often highlights the valuable role that Aboriginal and Torres Islander people should play in decision making, particularly regarding policy that directly impacts their communities; however the current approach to changing IM in the NT (with lack of consultation with remote communities and not holding hearings in these localities) does not support this concept.

## 2. Lack of evidence to support compulsory IM and the expansion of CDC

IM is described by the Australian Government as;

*'A tool that helps people budget their welfare payments and ensures they are getting the basic essentials of life, such as food, housing, electricity and education. Improved control of their finances helps people to stabilise their lives so they can better care for themselves and their children. It can also support them to join or return to the workforce'.*<sup>13</sup>

Cornerstones of IM policy (all iterations) are claims that by quarantining welfare not only will outcomes for children and families be improved, but harmful behaviours around the use of alcohol and drugs would decrease. Despite this, there is no reliable, consistent evidence that IM has accomplished these purported outcomes.

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<sup>11</sup> NTCOSS, 2019, Submission to the Senate Inquiry into the Adequacy of Newstart and Related Payments and Alternative Mechanisms to Determine the Level of Income Support Payments in Australia (public); Australian Council of Social Service (ACOSS), 2019, Submission to the Senate Inquiry into the Adequacy of Newstart and Related Payments and Alternative Mechanisms to Determine the Level of Income Support Payments in Australia - Surviving, not living: the (in)adequacy of Newstart and related payments; Central Australian Aboriginal Congress, 2019, Submission to the Senate Inquiry into the Adequacy of Newstart and Related Payments and Alternative Mechanisms to Determine the Level of Income Support Payments in Australia

<sup>12</sup> Bray et al. 2014, Evaluating New Income Management in the Northern Territory, Social Policy Research Centre UNSW

<sup>13</sup> Department of Social Services, 2019, Families and Children –Income Management, viewed September 2019, accessed at <https://www.dss.gov.au/our-responsibilities/families-and-children/programmes-services/family-finance/income-management>

IM in the NT was evaluated between 2010 and 2014,<sup>14</sup> with some key points from the report highlighting;

- “Very little progress in addressing many of the substantial disadvantages faced by many people in the Northern Territory”;
- “No evidence to indicate that income management has an effect at the community level, nor that income management, in itself, facilitates long-term behavioural change”;
- The cohort of individuals most interested in continuing IM were undertaking it on a voluntary basis;
- It is much harder for Aboriginal people to exit IM, especially those in remote communities; and
- Rather than building capacity and independence, for many people on compulsory IM, it has made them more dependent on the Government.

The proposed extension and expansion of IM in the NT is planned to take place through the transfer to the CDC, however there is a clear lack of evidence to support this change.

The Australian National Audit Office (ANAO) found that the Department of Social Services (DSS) had taken an inadequate approach to monitoring and evaluation regarding the CDC trials in a 2018 report,<sup>15</sup> stating that as a consequence of this, it was difficult to determine whether the CDC trials resulted in a reduction of social harms or if it was a lower cost welfare quarantining approach. In conjunction with this, the ORIMA research on the CDC (which was commissioned to carry out the evaluation) incurred greater costs than were originally contracted and did not use all relevant data to measure the impacts of the trial.<sup>16</sup>

Despite inconclusive findings, budget issues and lack of evidence, the expansion of the CDC trials has been continued, while the second evaluation of the current Goldfields and Ceduna trials are not scheduled to report findings until late 2019. Further, there are concerns that the evaluation requirements set out in the new instrument are inadequate (particularly considering emphasis placed on a desktop evaluation)<sup>17</sup> and do not adequately address previously established concerns regarding evaluation, monitoring and lack of evidence based outcomes.

In view of the above, NTCOSS believes expanding compulsory IM is ill advised and potentially an expensive policy misstep.

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<sup>14</sup> Bray et al. 2014, Evaluating New Income Management in the Northern Territory

<sup>15</sup> Australian National Audit Office, 2018, The Implementation and Performance of the Cashless Debit Card Trial

<sup>16</sup> Ibid; Klein E and Razi S, 2017, The Cashless Debit Card Trial in the East Kimberley

<sup>17</sup> Parliament of Australia, 2019, Explanatory Memorandum Social Security (Administration) Amendment

(Income Management to Cashless Debit Card Transition) Bill 2019, October 2019, accessed at

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### 3. Widened scope removes current and limited safeguards, and impacts more people

Considering the lack of evidence that supports the outcomes of the CDC trials and IM, removing the cap of participants to encompass the entirety of the NT and Cape York and broaden the scope of welfare recipients who will have to partake in IM seems imprudent.

While the majority of recipients would enter on to the new CDC trial in the NT having a minimum of 50% of their payment quarantined (which is already not an insignificant percentage), there are concerns regarding the ability for the Minister to alter this amount (with the ability to increase up to 100%), with limited parliamentary scrutiny.<sup>18</sup>

The proposed amendments would also remove the limited safeguards that exist with the current IM model, with the key factor that will determine if someone is to move onto the CDC being the type of social security payment they receive (including Newstart and other Category P payments).<sup>19</sup>

NTCOSS acknowledges that while the Bill establishes mechanisms for individuals to apply to move off compulsory IM, the rate of Aboriginal people being able to successfully apply to be taken off compulsory IM is slim,<sup>20</sup> with only 4.9% succeeding upon application to exit IM compared to non-Indigenous people.<sup>21</sup> Considering Aboriginal people make up the overwhelming majority of IM recipients, and reports that those who *voluntarily* partake in IM are the cohort of people who are most interested in continuing it, it seems punitive to expand compulsory trials in line with the amendments outlined in the Bill.

### 4. Limited time frame and consultation regarding changes

The Bill proposes that IM participants will be transitioned to the CDC trial in 2020, with \$17.8 million for support services to assist with this transition outlined.<sup>22</sup>

NTCOSS is concerned that current IM recipients in the NT have not been adequately consulted regarding the move to the CDC, particularly in remote communities where the majority of those who are on IM and impacted by such changes live. Further, it is unclear what support

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<sup>18</sup> Parliament of Australia, 2019, Explanatory Memorandum Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019

<sup>19</sup> Australian Government, 2019, Social Security Guide – Category P Welfare Payments, October 2019, accessed at <https://guides.dss.gov.au/guide-social-security-law/11/2/5/10>; Parliament of Australia, 2019, Explanatory Memorandum Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019

<sup>20</sup> Bray et al. 2014, Evaluating New Income Management in the Northern Territory

<sup>21</sup> Ibid.

<sup>22</sup> Parliament of Australia, 2019, Explanatory Memorandum Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019

services will be funded through the allocated funds and how they will be accessed in remote communities.

NTCOSS believes that the short time frame regarding the transition does not reflect complexities such as remoteness, language barriers, literacy levels, lack of access to technology (computers and telephones) and lack of access to support services and other Government services that exist in remote communities. Further, the funds allocated to provide support do not overtly address the social determinants of health and underlying issues such as inequality, poverty and welfare dependency that exist in the NT.

## Recommendations

- NTCOSS does not support the passage of the Bill and the expansion of compulsory IM.
- Considering that any changes to IM in the NT disproportionately impact Aboriginal and Torres Strait Islander people, and particularly those living in remote localities, it is essential that any programs and service delivery for Aboriginal people recognise their sovereignty, and that Aboriginal people and communities have control and agency over matters affecting them.
- IM should be on an opt-in basis.
- That the Government raise the rate of Newstart and related payments and focus on addressing rates of unemployment, inequality and poverty through addressing the social determinants of health.
- That funds allocated for the implementation of the CDC trial in the NT be reinvested in communities to address the causative factors of disadvantage and poverty, prioritising Aboriginal Community Controlled Organisations to deliver such programs.
- That any future trials or iterations of the CDC and IM be subject to rigorous and independent evaluation processes.

### Contact

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