

Submission to: **The Parliamentary Joint Committee on Human Rights Inquiry into Compulsory Income Management**

Prepared by:

Natalie Taylor-Zach

Research Associate

Faculty of Health, Charles Darwin University

Dr Steven Roche

Senior Lecturer of Professional Practice – Families and Communities

Faculty of Health, Charles Darwin University

Professor Philip Mendes

Director Social Inclusion and Social Policy Research Unit (SISPRU)

Department of Social Work, Monash University

Sixth of May 2024

We make this submission as researchers who were part of a team that conducted research on compulsory income management in the Northern Territory. This research was conducted from September 2021 and October 2022. Since the study was undertaken, the federal government has withdrawn the Cashless Debit Card and introduced the SmartCard. Irrespective of this change, we consider many of the findings of this research remain pertinent to the interests of this inquiry due to the Australian Federal government's unchanged policy objectives on compulsory income management overall. Some of the results of this research are published in the Australian Journal of Social Issues here: [Perspectives on the ongoing impact of compulsory income management in the Northern Territory](#). Further findings from this research, which focus on compulsory income management policy implementation in the Northern Territory, have also been submitted for publication and are currently undergoing peer review.

Below we present our response to some of the stated interests of this inquiry, specifically as they relate to the context of the Northern Territory.

Whether compulsory income management has been effective in achieving its stated aims

Our study built on existing research into compulsory income management in the Northern Territory (Bray et al. 2014; Bray 2020; Doyle et al. 2022) through exploring the perspectives of key stakeholders on how CIM impacts welfare recipients and communities, including the extent to which CIM has achieved its stated aims.

Our study found that compulsory income management was largely ineffective in achieving its stated aims of reducing social harms, including substance abuse.

Compulsory income management aims to reduce the use of alcohol and other drugs by reducing the amount of cash available to welfare recipients. However, participants in our study highlighted that cash could still be accessed, or the BasicsCard could be traded for cash, and then used to purchase alcohol. This included purchasing items of value with a BasicsCard and then trading these for cash, or overpaying for goods and services such as a taxi fare and receiving cash back. Overall, compulsory income management in the NT has not substantially limited access to alcohol and these situations could also lead to further financial stress for individuals and families (Roche et al., 2024).

Whether compulsory income management has caused, or contributed to, beneficial and/or detrimental outcomes

Our research suggests compulsory income management can exacerbate issues such as family violence, where it has been seen being weaponised by men who use violence (Roche et al., 2024). Participants in our study reported that compulsory income management provides perpetrators with additional opportunities for further control over their victims. Examples provided included those perpetrating financial abuse stealing BasicsCards and coercing PIN numbers from their victims, leaving victim-survivors with no money and creating additional barriers for those seeking to leave situations of violence. Our research also highlighted that this abuse impacts food security and can lead to family welfare issues.

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

The findings of our research highlighted a lack of consultation with communities in relation to compulsory income management in the Northern Territory. Participants expressed that the various compulsory income management programs, including the Cashless Debit Card rollout, employed minimal policy co-design principles in a top-down rather than bottom-up approach, leading to an under-prepared social services sector. Consultation was described as limited, tokenistic or absent across all iterations of compulsory income management in the Northern Territory. In relation to the approach taken by the Federal government to consultation on the Cashless Debit Card, one participant expressed:

“I have never seen any evidence of codesign [...] To the extent that we are an Aboriginal organisation representing people who are Aboriginal on a day-to-day basis and are led by Aboriginal people, certainly there’s been no – or it doesn’t appear like those views have been seriously considered in deciding to do it in the first place and continuing it through. For the Cashless Debit Card [...] I haven’t seen that consultation has happened in the NT through my observations” (P6 - Aboriginal Community Controlled Organisation).

Participants also expressed that there was an absence of self-determination in consultation around and policy design of compulsory income management in the Northern Territory. The lack of participation of Aboriginal people in the design of compulsory income management was highlighted, as was compulsory income management’s lack of regard for individual rights:

“The key issue would be about lack of voice, lack of power, lack of respect, lack of humanity, particularly for Aboriginal people. But for social security recipients and treating social security recipients as people to whom things can be done. And upon whom experiments can be undertaken and rationalising that through changing narratives, but still rationalising it. And at no point recognising that people have rights, and they are often people who manage to an exceptional degree with extreme adversity in their lives that they're not deficient” (P4 - Aboriginal Community Controlled Organisation).

Based on our research, it is our view that future income management policy formulation and implementation should prioritise stronger collaboration with communities, particularly through the inclusion of co-design and power-sharing approaches, adequate and tailored consultation and the inclusion of principles of self-determination in all phases of policy development.

The practical operation of the BasicsCard and SmartCard, particularly in remote communities

Our research included 19 participants from regional or remote areas of the Northern Territory, as well as seven participants located in Darwin. Participant’s responses highlighted that welfare recipients on compulsory income management in regional and remote areas of the Northern Territory face additional challenges (Roche et al., 2024). These included a lack of financial infrastructure that accepted the BasicsCard, which contributed to a reduction in choice for recipients on where they could shop, forcing them to pay more for goods and services. One of the findings of our research was that compulsory income management and its restrictions are incongruent with people’s needs and expenses in remote communities, with the cost of goods in regional areas and travel costs exacerbating existing cost of living pressures.

The study also highlighted a situation where over 200 BasicsCards were destroyed in one remote community; this created additional challenges for the community, requiring a non-government organisation to step in and provide administrative support to welfare recipients in order to organise replacement cards for those affected:

“It was not really the job of any NGO here to be the middle person for delivering cards, or getting people to Centrelink, or doing all of that, but that was the only option to get people their BasicsCards (P13—Aboriginal, family violence practitioner, remote)” (Roche et al., 2024).

Reference list

- Bray, J.R. (2020) Measuring the social impact of income management in the Northern Territory: An updated analysis, CAEPR Working Paper 136, Centre for Aboriginal and Economic Policy Research, Australian National University. <https://doi.org/10.25911/5ed0e50bd56dc>
- Bray, J.R., Gray, M., Hand, K. & Katz, I. (2014) Evaluating New Income Management in the Northern Territory: Summary report. UNSW: Social Policy Research Centre.
- Doyle, M.A., Schurer, S. & Silburn, S. (2022) Unintended consequences of welfare reform: Evidence from birth-weight of aboriginal children in Australia. *Journal of Health Economics*, 84, 102618.
- 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*. <https://doi.org/10.1002/ajs4.323>