

Submission on the *Social Security (Administration) Amendment (Income Management Reform) Bill 2023*.

Dr Francis Markham, Australian National University. 18 April, 2023.

1. I thank the Committee for the opportunity to provide evidence in relation to the *Social Security (Administration) Amendment (Income Management Reform) Bill 2023*. I write as a non-Indigenous economic geographer working at the Centre for Aboriginal Economic Policy Research at the Australian National University. I have previously undertaken peer-reviewed research on the Cashless Debit Card, and have provided both written and oral evidence to this Committee regarding the Cashless Debit Card on previous occasions.¹ I will keep my contribution brief.
2. I wish to commend the Government on abolishing the Cashless Debit Card last year in line with its election commitments.
3. It appears from the *Income Management Reform Bill 2023* that the Government does not intend to abolish compulsory Income Management for those on selected social security payments. The Bill sets out to create a new form of welfare quarantining, known as Enhanced Income Management (EIM). EIM is to replace both the CDC and Income Management.

More than a transitional arrangement?

4. I am concerned that the Bill appears to be designed to facilitate more than just a transition for those currently subject to compulsory income management in the Northern Territory for those on selected social security payments. The Income Management to EIM transition may be reasonable if it only applied to those subject to income management due to child protection issues or court orders, and *if it were merely a transitional arrangement* for those subject to compulsory Income Management through the "Disengaged youth" and "Long-term welfare payment recipient" measures.
5. However, the existing draft of the Bill seems to have been created with the intent of facilitating the extension of mandatory Enhanced Income Management for those receiving certain social security payments in places beyond the Northern Territory. The suggested insertion of section 123SDA expands the implementation of income

¹ Altman, J & Markham, F (2019). *Submission no. 88 to the Senate Standing Committee on Community Affairs, Inquiry into the Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019*, Parliament of Australia; Dreise, T, Hunt, J & Markham, F (2020). *Submission no. 105 to the Senate Standing Committee on Community Affairs, Inquiry into the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020*, Parliament of Australia; Markham, F (2022). *Submission no. 45 to the Senate Standing Committee on Community Affairs, Inquiry into the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022*.

management rules for "Disengaged youth" and "Long-term welfare payment recipient" beyond the boundaries of the Northern Territory, allowing it to be applied to any location within Australia upon a ministerial declaration through a legislative instrument. The reasoning behind this provision and the allowance of such an extension through an instrument as opposed to legislation has not been made clear. Any extension of compulsory income management beyond the Northern Territory should require further legislation. The Explanatory Memorandum states that the 'Minister intends for this measure to continue to operate only in the Northern Territory' (p. 50). If that is the Minister's intent, I would submit that the Government should codify this in legislation to prevent some future Minister repurposing that provision with a different intent.

6. Furthermore, there appears to be no time limit placed on compulsory EIM in the Northern Territory. A sunset clause would provide confidence that this is, indeed, a transitional arrangement.
7. In theory, I have no objection to the changes to the technology platform involved in the transition from Income Management to EIM. However, it does lay the groundwork for the national extension of compulsory income management which would have been difficult and expensive with the technology used for the BasicsCard which required merchant participation.
8. However, with the Treasurer is emphasising that the 2023 Budget will be delivered in a wintry fiscal climate, it is salutary to recall that the only cost-benefit analysis of the Cashless Debit Card found that it took \$6 of Government expenditure to produce \$1 of benefit.² The Parliamentary Budget Office found that abolishing the Cashless Debit Card and mandatory Income Management from 1 July 2022 would save the budget \$286.5 million over forward estimates.³ I believe that there is a strong case to be made that the total abolition of income management and the redirection of funds to social services or social security would deliver greater benefits for the same budget outlay than the implementation of enhanced income management.

No evidence for success

9. The potential continuation of compulsory income management within the Northern Territory and its potential expansion beyond those borders is concerning for several reasons. First of all, there is no evidence that it produces positive outcomes. None of the numerous evaluations of various iterations of compulsory income management (whether in the Northern Territory or in Cashless Debit Card trial sites) have demonstrated that the program has a positive impact on objective outcomes. The best that can be said of it is that some participants or community members may *feel*

² Auditor-General Report No. 29 2021–22. *Implementation and Performance of the Cashless Debit Card Trial — Follow-on*. https://www.anao.gov.au/sites/default/files/Auditor-General_Report_2021-22_29.pdf

³ Parliamentary Budget Office, 2022. *2022 Election commitments report*: ECR129. https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Budget_Office/General_elections/2022_General_election/-/media/88CF77C88E5D4E3D9C8DAC1ADB8E61D4.ashx

or *perceive* that it has had an impact. This form of evidence has little validity. More robust evidence found that the introduction of compulsory Income Management in the NT disrupted school attendance and led to a reduction in children's birthweight.

10. I note with concern that the Department of Social Services' regulatory impact statement titled *Reforming the Cashless Debit Card and Income Management* appears to have systematically distorted the evidence base in its summary. It continues the Department's practice of cherry-picking the evidence to present a misleadingly positive account of the efficacy of income management. This should be especially concerning to the Committee after the revelations of procedural and integrity failings of the Department documented by the Robodebt Royal Commission.

Little evidence of engagement with Indigenous voices

11. In her second reading speech, the Minister stated that she is engaging with communities on the future of income management:

The Albanese government is working with communities on the future of income management and what it looks like for them. Any decisions about the future of income management will be based on genuine consultation with affected communities, state and territory governments and experts in the field. Until that time, this bill will ensure that income management is more in tune with the needs of participants based on the feedback we have already heard.

12. Given that most of those subject to income management are First Nations people, 'consultation' is an insufficient form of engagement. Australia is soon to go to a Referendum on the right of Indigenous people to have their voices heard on the policies and programs that affect them. If the Government believes that this is an appropriate standard to apply after a Referendum later this year, then appropriate engagement with Indigenous representatives is necessary now.
13. Furthermore, all Australian Governments have agreed to share decision-making with the relevant Aboriginal peak bodies in the National Agreement on Closing the Gap. Shared decision-making in partnership is more than mere consultation.
14. Indeed, the relevant international human rights standard is that of free, prior and informed consent (FPIC). Article 19 of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which Australia adopted in 2009, states that 'States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative measures that may affect them.' The Joint Standing Committee on Aboriginal and Torres Strait Islander Affairs is currently inquiring into the application of UNDRIP in Australia. I urge the committee to consider FPIC to be the relevant standard of engagement when assessing the adequacy of the Department's 'consultation' with First Nations people.

15. There is currently little transparency about the Department's consultation efforts. This is concerning.

16. Aboriginal peak organisations in the Northern Territory — the jurisdiction most affected by compulsory income management — have been very clear on their position in recent months. Most recently, their position was outlined by Dr John Paterson, on behalf of the Aboriginal Peak Organisations Northern Territory (APO NT). APO NT is an alliance comprising the Central, Northern and Tiwi Land Councils, North Australian Aboriginal Justice Agency, Northern Territory Indigenous Business Network, Aboriginal Housing Northern Territory and the Aboriginal Medical Services Alliance of the NT, along with an associate member, the Anindilyakwa Land Council.

17. In an op-ed in October 2022, Paterson wrote that⁴:

We know that compulsory income management does not work. We do know it continues to stigmatise and limit the future of Aboriginal people in the NT. We want to see it scrapped altogether.... For the NT... there will be no fundamental changes to the Basics Card. What started as a promising first step to scrapping all forms of compulsory income management, seems only to be more of the same.

18. I want to make just one recommendation: That the Committee engaged in good faith with APO NT during its consultations and that they heed APO NT's advice. This Bill should not progress without the free, prior and informed consent of those targeted largely on the basis of their indigeneity by this measure. This is hardly an appropriate moment for the government to impose an enhanced Income Management regime on First Nations people.

⁴ Paterson, J. (2022, October 24). Time to abolish compulsory income management. *Pro Bono Australia*. <https://probonoaustralia.com.au/news/2022/10/time-to-abolish-compulsory-income-management/>