

SUBMISSION TO THE COMMUNITY AFFAIRS LEGISLATION  
COMMITTEE INQUIRY INTO SOCIAL SECURITY  
(ADMINISTRATION) AMENDMENT (CONTINUATION OF  
CASHLESS WELFARE) BILL 2020

Per Capita

October 2020

## About Per Capita

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice.

Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Our audience is the interested public, not just experts and policy makers. We engage all Australians who want to see rigorous thinking and evidence-based analysis applied to the issues facing our country's future.

## Introduction

Per Capita welcomes the opportunity to provide a submission to this inquiry. In this submission we will analyse the impact of Cashless Debit Card on the lives of those it has been imposed on.

We note that the proposed legislation:

1. Removes the trial parameters to establish the Cashless Debit Card (CDC) as an ongoing program;
2. Establishes the Northern Territory and Cape York areas as CDC program areas and transitions income management participants in these areas to the CDC program in 2021;
3. Contains various measures to enable voluntary participation;
4. Enables the secretary to advise a community body when a person has exited the CDC program;
5. Enables the minister to determine decision-making principles for the purposes of determining whether a person can demonstrate reasonable and responsible management of the person's affairs;
6. Provides broader powers to the secretary regarding the review of wellbeing exemptions or exit determinations as well as the imposition of the program on individuals.
7. Removes the requirement that an evaluation be conducted by an independent expert of a review of the CDC program;
8. Extends the sunset date for income management in Cape York from 30 June 2020 to 31 December 2021.

Our position on this bill is based on rigorous evidence and is consistent with Per Capita's commitment to fighting inequality, guided by the principles of fairness, shared prosperity, community and social justice.

Critical to our concerns with the Cashless Debit Card is its inherently disempowering and stigmatising nature, as reported by compulsory participants.

The stated objective of the Cashless Debit Card is:

*'... to limit the amount of welfare payment available as cash with the aim to reduce the overall social harm caused by welfare-fuelled drug and alcohol misuse and problem gambling. The Cashless Debit Card is also designed as a helpful budgeting and financial management tool, which aims to help participants stabilise their circumstances and ensure they have money available to meet essential expenses.'*<sup>1</sup>

We begin by questioning the framing of this objective, which presumes that the fact of being in receipt of income support (combined with certain discriminatory assumptions based on class, race and gender), means that a person is both more likely to experience addiction and unable to manage their financial resources. We reject these assumptions. By referring to addictive behaviours as being "welfare-fuelled", the objective panders to the ideological position that welfare is itself the problem, ignoring issues of income adequacy, access to social supports, and the provision of social and economic infrastructure as a means of preventing poverty and, where appropriate, enabling a pathway towards employment.

Based on the evidence we have analysed we can only conclude that this bill will exacerbate inequality and act as a means of further marginalising people who are already experiencing social exclusion.

---

<sup>1</sup> Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020 Explanatory Memorandum. p38. [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_LEGislation/Bills\\_Search\\_Results/Result?bld=r6608](https://www.aph.gov.au/Parliamentary_Business/Bills_LEGislation/Bills_Search_Results/Result?bld=r6608)

## The basis for income quarantining

The current Cashless Debit Card is the most recent iteration of income management, which was first rolled out in First Nations communities in 2007 as part of the Northern Territory Intervention. This latest version of controlling the expenditure of income-support recipients and restricting their freedom in a way not imposed on the rest of the adult population was proposed by mining billionaire Andrew Forrest in 2014.

While there are some technical and administrative differences between the earliest iterations of income management and the current Cashless Debit Card, there are key areas of commonality, namely:

1. The genesis, and evolution, of this policy is clearly divorced from the concrete reality of the people upon whom it is imposed. It follows a top-down approach rather than being informed by a framework of self-determination and community self-empowerment.
2. Regardless of the stated aims of this policy, it is inherently stigmatising. A person who has been placed in this program is marked as someone who presumably cannot manage their own finances without a paternalistic intervention which removes most of their control and ability to make decisions about expenditure. Adults are made to feel like young children who supposedly cannot be trusted and/or expected to know how to manage their personal finances.
3. As stated in our introduction, the policy is predicated on the false assumption that people can be assumed to engage in addictive behaviour with regards to drugs, alcohol, gambling and, in the case of the earliest iteration of income management, pornography. This assumption is both inaccurate and offensive.
4. Further to the above, the policy is also predicated on the assumption that removing control over expenditure addresses the causes of addictive behaviour.
5. In addition to changing addictive behaviours the policy is framed as having a positive impact on financial literacy and financial stability.

There are currently over 35,000 people subjected to some form of income quarantining around Australia,<sup>2</sup> the majority of whom are in receipt of a working-age payment such as JobSeeker, Parenting Payment or the Disability Support Pension.

A survey<sup>3</sup> of the findings of various evaluations of income management programs fails to supply a firm evidence base for successive governments' claims that the program is both warranted and working. Worse still, there is some evidence of overtly negative effects. The SPRC/ANU (income management) (2014 & 2019) evaluation, for example, found:

- a) Possible worsening of serious drug use,
- b) Increase in severe gambling issues,
- c) Increase in low birth weights,
- d) Relative worsening of infant mortality for First Nations children in the NT,
- e) Increase rate of injury deaths for First Nations children aged 0-14 years,
- f) Increase in reports and substantiations of child abuse,

<sup>2</sup> Department of Social Services (2019) 'Cashless Debit Card (CDC) And Income Management Summary' PDF 138KB

<sup>3</sup> ACOSS (2020) [Cashless debit cards & income management: a briefing note on the evidence.](#)

- g) Evidence of a negative effect on school attendance following introduction of income management,
- h) Marked increase in alcohol-related emergency department presentations, especially among the First Nations population, and
- i) Increase in imprisonment and assault.

There is extensive literature questioning the rigour and objectivity of some of the survey methods employed in other evaluations with purportedly positive results. Dr Rob Bray<sup>4</sup>, a member of the SPRC/ANU Evaluation Team, notes that many findings in positive evaluations are based on opinions, with neither base-line comparisons nor objective data to contextualise or confirm self-reported perceptions. Bray and Professor Matthew Gray described the Orima report as having 'excessive reliance upon self-reported change rather than the use of objective measures'.<sup>5</sup> Similarly, the Australian National Audit Office states that it is "difficult to conclude whether there had been a reduction in social harm" as the government's 'approach to monitoring and evaluation was inadequate'.<sup>6</sup>

The weak evidence-base for this program was, from the outset, a product of what might be called "policy-based evidence" rather than evidence-based policy; that is, much of the evidence cited in support of this program was produced with the specific objective of affirming the program's alleged success.

In contrast with the positive government view of this program, which was imposed in the first instance on the basis of race, the reality for affected communities was one of systematic disempowerment and infantilisation, sadly consistent, in the experience of First Nations People, with the historic trajectory of colonisation. As Yolngu Elder, Dr Djiniyini Gondarra OAM from the Dhurili Clan Nation testified to the 2012 Senate Inquiry into Stronger Futures Legislation and Related Bills: "People are sick and tired of being controlled. When people are sick and tired of control they just give up hope.... They cannot live for the day because their lives are controlled by somebody else."<sup>7</sup> This sense of hopelessness has been reported by others who have more recently come under the current scheme.<sup>8</sup>

Per Capita is satisfied that the broad and disturbing range of expert concerns over the policy itself and some of its evaluations means that the government does not have sufficient grounds to make current trial sites for the program into permanent zones of paternalistic control. We are also satisfied that there is no case for extending this program to other sites.<sup>9</sup>

---

<sup>4</sup> Bray, R (2016) 'Seven years of evaluating income management – what have we learnt? Placing the findings of the New Income Management in the Northern Territory evaluation in context', *Australian Journal of Social Issues* Vol.51 No.4, p. 464

<sup>5</sup> Gray, M., Bray, R. (2019) 'Senate Standing Committee on Community Affairs Legislation Committee Inquiry into the Income Management to Cashless Debit Card Transition Bill, Submission' <https://www.aph.gov.au/DocumentStore.ashx?id=66f25a45-583d-4b4e99de-41f28e5c2800&subId=671157> p. 2

<sup>6</sup> Australian National Audit Office (2018) [The Implementation and Performance of the Cashless Debit Card Trial](#) 17 July

<sup>7</sup> concerned Australians (2012) *A Decision to Discriminate: Aboriginal Disempowerment in the Northern Territory*, Melbourne: concerned Australians, p35.

<sup>8</sup> Henriques-Gomes, L (2020) '[Australians on cashless welfare card express 'hopelessness' after Coalition's plan to cement scheme](#)', *The Guardian*, 15 October 2020.

<sup>9</sup> See, for example: Klein, E. (2020) '[There's mounting evidence against cashless debit cards, but the government is ploughing on regardless](#)', *The Conversation*, 1 November 2019.

Bray R, Gray R, Hand K, and Katz I (2014) [Evaluating New Income Management in the Northern Territory: Final Evaluation Report and Summary Report](#), ANU CAEPR.

Klein E and Razi S (2017) [The Cashless Debit Card trial in the East Kimberley](#), ANU CAEPR.

Hutchens, G (2017) '[Cashless welfare card report does not support ministers' claims, researcher says](#)', *The Guardian*, 18 September 2017

## An alternative policy approach

Per Capita is committed to developing policy frameworks that will address the structural causes of unemployment, poverty, exclusion and unemployment. We propose that the compulsory income management framework, which has now been tried for thirteen years at a cost of over \$1 billion dollars<sup>10</sup> and with no lasting positive social change, should be abandoned by the Commonwealth. The current iteration, namely the Cashless Debit Card (or Indue Card), which quarantines 80% of a person's income, may well be profitable to the private business that operates the card, but does not provide solutions to the many problems experienced by the people upon whom it is imposed.

We acknowledge that there is a strong convergence of expert opinion<sup>11</sup> on the efficacy of voluntary forms of income management. ACOSS has similarly expressed its support for this tool, noting:

*The evidence to date suggests that such an approach can be a useful tool for people to manage their affairs. Importantly, voluntary income quarantining places responsibility for managing income with the individual; not government as is the case with mandatory models. This is also important in terms of people's financial literacy. The 2014 NT evaluation showed mandatory income management actually reduced people's sense of responsibility for money management because Centrelink was heavily involved in paying bills, et cetera. By removing people's ability to control their income, governments have inadvertently reduced people's capacity to manage their income.*<sup>12</sup>

As Dr Gondarra explained in his evidence before the aforementioned Senate Committee Inquiry in 2012:

*The solution the Yolngu people seek is for the Australian government to remove compulsory quarantining of Centrelink payments, and instead respond to the needs of our children with education and assisting their parents with budgeting. It would also be beneficial to have a voluntary quarantining service. Yolngu people are completely capable of provisioning for their children without being dehumanised and humiliated by having to use the BasicsCard.*<sup>13</sup>

The ANU's Dr Elise Klein OAM has found, through her research in the East Kimberley, that the program makes people's lives much harder:

*Those targeted are a broad group needing support for a broad range of reasons, yet all are treated as if they have issues with alcohol or drugs or gambling. Most of the people on it do indeed have a common problem: that is trying to survive on meagre payments in remote environments with a chronically low supply of jobs.*<sup>14</sup>

---

Gray M and Bray R (2019) *Submission to Senate Standing Committee on Community Affairs Legislation Committee Inquiry into the Income Management to Cashless Debit Card Transition Bill*, ANU Centre for Social Research and Methods Australian National University.

<sup>10</sup> Buckmaster, L (2013) *Does income management work?* Parliamentary Library Briefing Note.

<sup>11</sup> Cf ACOSS (2020) *Cashless debit cards & income management: a briefing note on the evidence.*

Henriques-Gomes, L (2020) *"Stigma, shame and frustration": cashless welfare card found to do more harm than good*, *The Guardian*, 26 February 2020.

<sup>12</sup> ACOSS (2020) *Cashless debit cards & income management: a briefing note on the evidence.*

<sup>13</sup> Concerned Australians (2012) *A Decision to Discriminate: Aboriginal Disempowerment in the Northern Territory*, Melbourne: concerned Australians, p63.

<sup>14</sup> Klein, E. (2020) 'There's mounting evidence against cashless debit cards, but the government is ploughing on regardless', *The Conversation*, 1 November 2019. <https://theconversation.com/theres-mounting-evidence-against-cashless-debit-cards-but-the-government-is-ploughing-on-regardless-123763>.

In a recent study prepared by researchers from the Universities of Queensland, Griffith and Monash, based on 114 in-depth interviews with participants in the cashless debit card trial sites of Ceduna (South Australia) and Hinkler (Queensland), as well as Playford (SA) and Shepparton (Victoria), where the Basics card is in place: “76% of participants said they did not have enough cash to support their needs, while respondents also complained about struggling to provide for their children and paying rent and other bills”.<sup>15</sup>

One of the researchers, Professor Marston, from the University of Queensland, reported that:

*The majority of people didn't have a problem with spending or budgeting, what they had a problem with was inadequate income support payments. In fact, most of the people we spoke with were very good at budgeting, they just didn't have enough money to cover all their expenses.*<sup>16</sup>

84% of respondents experienced stigma and shame while using the card and respondents reported problems with paying for such things as school excursions, which were cash only.<sup>17</sup>

Compulsory Income Management, originating as it did in the context of the Northern Territory Intervention, initially as a purported means of addressing the concerns raised by *The Little Children Are Sacred* report, has been a monumental policy failure.

While the current government continues to expand this paternalistic program and suggests that the evidence is there to support its claims, the abundance of evidence to the contrary provides a salutary lesson on how we should approach the problems experienced by the people who have had the program compulsorily imposed on their lives.

Per Capita proposes the following principles for policy development in this area to avoid the dangers of maintaining, repeating or rehashing the current approach:

1. Compulsory Income Management was first imposed on First Nations Peoples in a manner that can only be described as racist and discriminatory. First Nations Peoples continue to be a significant target for the imposition of the Cashless Debit Card. A foundational and non-negotiable principle we propose is that First Nations Peoples and communities are not subjected to ongoing practices of colonisation and control and that, on the contrary, they are respected as being the only people who are in a position to frame and develop the social policy that will specifically affect their lives. A good starting place for the Commonwealth in this regard would be the reforms set out in the *Uluru Statement from the Heart*.<sup>18</sup> Further to this, in place of a top-down intervention, the Commonwealth must be prepared to make a lasting and ongoing investment in social and economic infrastructure as determined by First Nations communities and Peoples.
2. Whilst the narrative of the current and previous governments has been that the inherently racist and discriminatory nature of income management has been addressed because it is not only First Nations Peoples who come under the program's control, the reality is that this colonising practice is no less colonising or coercive because it is rolled out on the basis of class, gender, age and disability as well, using a place-based approach which incorporates the pathologisation of

<sup>15</sup> Henriques-Gomes, L (2020) [“Stigma, shame and frustration”: cashless welfare card found to do more harm than good](#), *The Guardian*, 26 February 2020.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> [The Uluru Statement from the Heart](#) (2017)

individuals with the pathologisation of communities.<sup>19</sup> The second principle must therefore be a commitment to ending the discriminatory and disempowering treatment of people who are in receipt of statutory incomes.

3. To this end we must reject the ideological framing that promotes the view that income support is, in itself, an social ill and is cause for moral panic.
4. Focus on income management elides the reality of income inadequacy. The clear inference is that the experience of insufficient income for people receiving income support is a reflection of their own poor financial management skills and/or their bad choices as consumers. Income adequacy must be addressed as a matter of urgency with a permanent increase to JobSeeker and related payments. The inadequacy of these payments has been highlighted during the current pandemic. It has also been abundantly clear that the temporary Coronavirus Supplement immediately lifted people out of poverty.
5. There is nothing to be gained by addressing structural problems by means of behavioural solutions. Again, as the current pandemic demonstrates, no amount of harassment or humiliation will provide an employment solution when the unemployment problem lies with the economy rather than the individual. To this end we urge the current government to adopt a full employment framework, systematically addressing both unemployment and underemployment on a regional basis through a significant and well-targeted investment in social housing, education (from early childhood and public schools through to TAFE and university), the care economy<sup>20</sup>, the direct creation of public sector jobs and other areas of social and economic infrastructure that will both create jobs and build a more inclusive society.
6. In addition to the above, we support forms of empowering financial management tools for individuals on a voluntary and appropriately targeted basis. This should include forms of non-stigmatising voluntary income management, noting the availability of existing programs such as Centrepay, by which people can nominate to have certain expenses automatically deducted from their statutory incomes. The full range of proven financial management and literacy supports should be properly funded and promoted on the basis of need – that is, not restricted to people receiving income support.
7. As far as the other problems that the Cashless Debit Card and its precursors are supposed to address, such as drug and alcohol abuse and problem gambling, we call on the Commonwealth to decouple these serious public health challenges from the social security system. These problems exist across society, regardless of race, class, gender or income. Government should take advice from the relevant expert bodies on drug, alcohol, gambling and other addictions and should properly fund the services that provide support for people experiencing these debilitating problems, regardless of their income level or income source.

---

<sup>19</sup> Cf Stevens, K (2020), 'Subversive control via punitive means? The role of stigma and profit in Australia's Cashless Debit Card Policy', *Social Alternatives*, vol. 39, no. 1, pp. 5-13.

<sup>20</sup> Cf Dawson, E. (2020) [The Case for a Care-Led Recovery](#), Per Capita.

## Conclusion and Recommendations

Per Capita is deeply concerned about the harmful impact of the Cashless Debit Card.

As Dr Bray concluded in relation to income management in general:

*...the top-down imposition of the policy not only is likely to have detracted significantly from any potential positive outcomes the initiative might have had, but has also acted to further marginalise groups, including Indigenous Australians, and has deprived communities of the opportunity to participate in building solutions to the problems that they see as being their priorities. This question has not been strongly focused on in evaluations, which have rather been structured to address specific questions related to program implementation and program-specific outcomes.<sup>21</sup>*

In light of our analysis we therefore make the following recommendations:

1. That the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020 be amended to the effect that the Cashless Debit Card would be a voluntary option only.
2. That the necessary legislative and administrative steps be taken to halt all forms of compulsory income management.
3. That an alternative approach be adopted in line with the principles outlined above.

---

<sup>21</sup> Bray, JR (2016) *Income management evaluations - What do we know? Placing the findings of the evaluation of new income management in the Northern Territory in context*, CAEPR WORKING PAPER NO. 111/2016, Canberra: ANU, p36.  
[https://openresearch-repository.anu.edu.au/bitstream/1885/147856/1/Income\\_Management\\_Evaluations\\_WP111\\_2016\\_0.pdf](https://openresearch-repository.anu.edu.au/bitstream/1885/147856/1/Income_Management_Evaluations_WP111_2016_0.pdf)

## References

- ACOSS (2020) *Cashless debit cards & income management: a briefing note on the evidence* <https://www.acoss.org.au/wp-content/uploads/2020/10/Cashless-debit-cards-1.pdf>.
- Australian National Audit Office (2018) 'The Implementation and Performance of the Cashless Debit Card Trial' 17 July <https://www.anao.gov.au/work/performance-audit/implementation-and-performance-cashless-debit-card-trial>
- Bray, R (2016) *Income management evaluations - What do we know? Placing the findings of the evaluation of new income management in the Northern Territory in context*, CAEPR WORKING PAPER NO. 111/2016, Canberra: ANU. [https://openresearch-repository.anu.edu.au/bitstream/1885/147856/1/Income\\_Management\\_Evaluations\\_WP111\\_2016\\_0.pdf](https://openresearch-repository.anu.edu.au/bitstream/1885/147856/1/Income_Management_Evaluations_WP111_2016_0.pdf)
- Bray, R (2016) 'Seven years of evaluating income management – what have we learnt? Placing the findings of the New Income Management in the Northern Territory evaluation in context', *Australian Journal of Social Issues* Vol.51 No.4.
- Bray R, Gray R, Hand K, and Katz I (2014) *Evaluating New Income Management in the Northern Territory: Final Evaluation Report and Summary Report*, ANU CAEPR, <https://caepr.cass.anu.edu.au/highlights/evaluating-new-income-management-northern-territory-final-evaluation-report-and-summary>.
- Buckmaster, L (2013) *Does income management work?* Parliamentary Library Briefing Note. [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook44p/IncomeManagement](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook44p/IncomeManagement).
- Concerned Australians (2012) *A Decision to Discriminate: Aboriginal Disempowerment in the Northern Territory*, Melbourne: concerned Australians.
- Dawson, E. (2020) *The Case for a Care-Led Recovery*, Per Capita. [https://percapita.org.au/our\\_work/the-case-for-a-care-led-recovery/](https://percapita.org.au/our_work/the-case-for-a-care-led-recovery/)
- Department of Social Services (2019) 'Cashless Debit Card (CDC) And Income Management Summary' PDF 138KB
- Department of Social Services (DSS), 'Cashless debit card - evaluation framework and reports', DSS website, 20 November 2018.
- Gray, M., Bray, R. (2019) 'Senate Standing Committee on Community Affairs Legislation Committee Inquiry into the Income Management to Cashless Debit Card Transition Bill, Submission' <https://www.aph.gov.au/DocumentStore.ashx?id=66f25a45-583d-4b4e99de-41f28e5c2800&subId=671157>
- Henriques-Gomes, L (2020) "'Stigma, shame and frustration": cashless welfare card found to do more harm than good', *The Guardian*, 26 February 2020.

<https://www.theguardian.com/australia-news/2020/feb/26/stigma-shame-and-frustration-cashless-welfare-card-found-to-do-more-harm-than-good>.

Henriques-Gomes, L (2020) 'Australians on cashless welfare card express 'hopelessness' after Coalition's plan to cement scheme', *The Guardian*, 15 October 2020. <https://www.theguardian.com/australia-news/2020/oct/15/australians-on-cashless-welfare-card-express-hopelessness-after-coalitions-plan-to-cement-scheme>.

Hutchens, G (2017) 'Cashless welfare card report does not support ministers' claims, researcher says', *The Guardian*, 18 September 2017  
<https://www.theguardian.com/australia-news/2017/sep/18/cashless-welfare-card-report-does-not-support-ministers-claims-researcher-says>

Klein, E. (2020) 'There's mounting evidence against cashless debit cards, but the government is ploughing on regardless', *The Conversation*, 1 November 2019.  
<https://theconversation.com/theres-mounting-evidence-against-cashless-debit-cards-but-the-government-is-ploughing-on-regardless-123763>.

Klein E and Razi S (2017) *The Cashless Debit Card trial in the East Kimberley*, ANU CAEPR,  
<https://openresearch-repository.anu.edu.au/handle/1885/147866>.

Klein E and Razi S (2018) 'Contemporary Tools of Dispossession: The Cashless Debit Card Trial in the East Kimberley', *Journal of Australian Political Economy*, No. 82, pp. 84-106.

Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020 Explanatory Memorandum. p38.

[https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_LEGislation/Bills\\_Search\\_Results/Result?bld=r6608](https://www.aph.gov.au/Parliamentary_Business/Bills_LEGislation/Bills_Search_Results/Result?bld=r6608)

Stevens, K (2020), 'Subversive control via punitive means? The role of stigma and profit in Australia's Cashless Debit Card Policy', *Social Alternatives*, vol. 39, no. 1, pp. 5-13.

*The Uluru Statement from the Heart* (2017) <https://ulurustatement.org/the-statement>.