

Submission to the Inquiry into the Social Security (Administration) Amendment (Repeal of cashless debit card and other measures) Bill 2022

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SUBMISSION TO THE INQUIRY INTO THE SOCIAL SECURITY (ADMINISTRATION) AMENDMENT (REPEAL OF CASHLESS DEBIT CARD AND OTHER MEASURES) BILL 2022

Per Capita

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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 both the government's decision to repeal the disempowering Cashless Debit Card and the opportunity to provide a submission to this inquiry.

We note that the proposed legislation will:

- Remove the ability for any new entrants to be put on the card;
- Enable the more than 17,000 existing cashless debit card participants to be progressively transitioned off the card as soon as the bill receives royal assent, allowing for participants to regain the financial freedom they've been asking for;
- Enable the Family Responsibilities Commission to continue to support their community members by placing them onto income management where the need exists;
- Allows for the Minister for Social Services to determine, following further consultation with First Nations people and her colleagues, how the Northern Territory participants on the CDC will transition, and the income management arrangements that will exist; and
- Will allow for the repeal of the cashless debit card on a day to be fixed by proclamation or a maximum of six months after royal assent—allowing for the necessary time to support a staged transition off the card. It will also make consequential amendments to a number of other acts and effectively removes CDC from all social services legislation.¹

In this submission we will reiterate Per Capita's position on the Cashless Debit Card, which we have placed on the public record in our *Submission to the Community Affairs Legislation Committee Inquiry Into Social Security (Administration) Amendment (Continuation Of Cashless Welfare) Bill 2020*.²

We will also argue that the government should, consistent with the tenor of this bill, reject all paternalistic practices relating to the provision of income support and move towards a new framework to protect people from precarity.

¹ Rishworth, The Hon. A. (2022) *Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022, Second Reading*.
<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F25918%2F0057%22>.

² Per Capita (2020) *Submission to the Community Affairs Legislation Committee Inquiry into Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020*
https://percapita.org.au/our_work/per-capita-submission-to-the-inquiry-into-the-continuation-of-cashless-welfare-bill-2020/

Why the Cashless Debit Card must be repealed

As we have previously stated, the Cashless Debit Card is inherently disempowering and stigmatising. 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.”³

Per Capita questions 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.

The Cashless Debit Card is not a financial management tool. Per Capita is wholly in support of existing financial management tools, such as those provided by members of Financial Counselling Australia⁴, the key criterion being that these tools are respectful and empowering.

The current Cashless Debit Card is the most recent iteration of compulsory income management, which was first rolled out in First Nations communities in 2007 as part of the racist Northern Territory Intervention. The evidence on the harm caused by the Cashless Debit Card is well-known. A 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, found that:

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

³ 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.

⁴ <https://www.financialcounselingaustralia.org.au/about-fca/>

*and other bills”.*⁵

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.*⁶

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.⁷

Per Capita welcomes the vision and policy leadership shown by the current government in its prioritisation of the scrapping of this harmful, degrading and disempowering policy.

Why paternalism has no place in progressive social policy

Further to our observations on the Cashless Debit Card, Per Capita is also expressly opposed to other current forms of compulsory income management and quarantining, cut as they are from the same cloth as the Cashless Debit Card.

As stated in our 2020 Cashless Debit Card Submission⁸, 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

⁵ Henriques-Gomes, L (2020) ‘“Stigma, shame and frustration”: cashless welfare card found to do more harm than good’, *The Guardian*, 26 February 2020.

⁶ Ibid.

⁷ Ibid.

⁸ Per Capita (2020) *Submission to the Community Affairs Legislation Committee Inquiry into Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020* https://percapita.org.au/our_work/per-capita-submission-to-the-inquiry-into-the-continuation-of-cashless-welfare-bill-2020/

be trusted and/or expected to know how to manage their personal finances.

3. 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 falsely framed as having a positive impact on financial literacy and financial stability.

A survey⁹ of the findings of various evaluations of income management programs fails to supply a firm evidence base for successive governments' claims that these programs are both warranted and working. Worse still, there is 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,
- 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.

⁹ ACOSS (2020) *Cashless debit cards & income management: a briefing note on the evidence.*

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 Bray¹⁰, 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”.¹¹

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”.¹²

The weak evidence-base for this compulsory income management 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 past governments’ positive 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.*¹³

The ANU’s Dr Elise Klein OAM has found, through her research in the East Kimberley, that compulsory income quarantining 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

¹⁰ 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.

¹¹ 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.

¹² Australian National Audit Office (2018) *The Implementation and Performance of the Cashless Debit Card Trial*, 17 July 2018.

¹³ concerned Australians (2012) *A Decision to Discriminate: Aboriginal Disempowerment in the Northern Territory*, Melbourne: concerned Australians, p35.

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.¹⁴

Per Capita happily acknowledges the strong convergence of expert opinion¹⁵ 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.¹⁶

A new framework for protecting people from precarity

Paternalistic policies such as the Basics Card and the Cashless Debit Card begin with the assumption that the people on whom these strictures are to be imposed are in need of a forcible imposition of behaviour modification, and that this is best achieved by removing choices in the area of household expenditure.

As noted above, this is the wrong starting point.

Per Capita has proposed a new starting point for an urgently-needed reconfiguration of social security, namely protection from precarity.

¹⁴ 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>.

¹⁵ Cf 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>.

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>.

¹⁶ 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>.

Precarity is here defined as “a politically induced condition in which certain populations suffer from failing social and economic networks of support and become differentially exposed to injury, violence and death.”¹⁷

Whether someone is experiencing job insecurity, chronically low pay, gendered violence, unemployment, underemployment, or discrimination on the basis of ableism, ageism, sexism, racism or classism, the common thread is this differential exposure to injury, violence and death.

Government has the means to prevent the violence of politically induced poverty. Income adequacy is never going to be addressed by income management. Empowerment is not achieved through disempowerment. Respect is not built through degradation. We cannot, as a society, address structural problems through behavioural solutions.

We therefore propose a new framework¹⁸, built on the principles of housing first, full employment, income adequacy, a reframing of conditionality, a national employment service, a gender lens, and a strong municipal and regional focus:

The starting point for what we understand to be “welfare reform” is usually, as per the neoliberal rubric, a plan for reduction in social expenditure via the building of what is variously known as “resilience”, “self-reliance”, “independence” or “personal responsibility”. The social security system exists, according to this mindset, as an unfortunate and temporary necessity for those of us who “cannot look after ourselves” like “normal” people do..... “Welfare” has become, in neoliberal usage, a term that is used pejoratively. It denotes, according to this usage, a weakness for both the individual and the economy. It carries negative moral overtones, inferring that it exists for those who are deliberately weak or sly. It swings between criminalising and pathologising many of the people who are reliant on income support....

We need a new starting point. The neoliberal starting point is neither honest nor realistic. It is dishonest because it veils the larger trajectory of wage suppression and disciplining of the working class being aided by the weakening of the social safety net. Precarity in the labour market is constructed as being preferable to precarity in the social (in)security system. It is unrealistic because, among other things, people cannot magically find jobs that do not exist, including jobs that are accessible to people with a disability. Neither is it

¹⁷ Butler, Judith (2009) *Frames of War: When Is Life Grievable?* London: Verso. p.25.

¹⁸ Falzon, John (2020) *We’ve Got Your Back: Building a Framework that Protects us from Precarity*, Melbourne: Per Capita. https://percapita.org.au/our_work/weve-got-your-back-building-a-framework-that-protects-us-from-precarity/

realistic to erase the fact that caring, whether it is paid or not, is work.

The interconnectedness between income support, wages and conditions, housing, social services, education, health, transport and infrastructure are indisputable. The history of paternalistic interventions in recent Australian social policy history is a sad testimony to the elision of this interconnectedness.

There are serious inadequacies in our current social security system. Income adequacy (as opposed to income management) stands out as an obvious area for immediate action. While Per Capita endorses the need for an urgent increase to JobSeeker payments, we believe that the social security system, particularly in its interface with the housing and cost of living crises, as well with the labour market and with taxation setting, is in need of a long-term overhaul, beginning with a contemporary definition of poverty.

Recommendations

We take this opportunity to urge the government to show the same policy vision and leadership in respect of the social security system as it has in moving to scrap the demeaning Cashless Debit Card.

To this end, we recommend:

1. That, in the spirit of its commitment to the First Nations Voice to Parliament, as per the recommendation of the Uluru Statement from the Heart¹⁹, the government abjures top-down, colonising interventions into First Nations people's lives and communities, including currently operating forms of compulsory income management.
2. That the Cashless Debit Card be scrapped, as per the intentions of the proposed legislation.
3. That the government supports the creation of an independent inquiry into poverty and social mobility in Australia, as a successor to the 1973 *Commonwealth Commission of Inquiry into Poverty*, which produced the Henderson poverty line, with a view to reconfiguring both the social security and wages systems.

¹⁹ *The Uluru Statement from the Heart* (2017) <https://ulurustatement.org/the-statement>.

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