



23 January 2024

Committee Secretary
Senate Standing Committees on Community Affairs – References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

RE: Inquiry into the Social Security (Administration) (Enhanced Income Management Regime – State Referrals and Commonwealth Referrals and Exemptions) Determinations 2023 - Supplementary Submission

Thank you for inviting AIMN representatives Jessica Stevens and David Tennant to attend the Committee's hearing on 22 January 2024. We offer the following additional comments as a supplementary submission, recognising the timeline for the Inquiry is short and the number of participants involved in the hearing limited the scope to expand on the questions raised.

Senator Pratt asked those attending the hearing what government could do to ensure individuals and communities were able to describe their needs and receive appropriate support to transition from compulsory to voluntary forms of income management. We support the suggestions that were offered by our colleagues from ACOSS and Economic Justice Australia in response but also wish to acknowledge the broader policy context.

Compulsory income management uses the Social Security Act as the vehicle to limit or remove normal consumer rights and protections on the basis of a person's benefit status and place of residence. We believe an important and supportive transitional step, both in communities where compulsory income management has operated and others in which it might be considered, is to clearly confirm the approach is no longer appropriate in a post-Robodebt policy environment.

The regulation of financial services in Australia is based on core principles, including that products and services are fit for customer needs and circumstances, and consumer choice. Compulsory income management ignores those principles. In its latest iteration, enhanced income management and the related Smart Card, further muddy the waters. Government partnered with licensed and regulated financial service providers, to deliver products that would otherwise breach the ASIC Act, but for Government's involvement. Services Australia is a third-party service provider in this relationship, as well as being contract principal to the licensed financial service provider, Indue Ltd or the Traditional Credit Union. This dual arrangement is incompatible with the Conflict-of-Interest rules that would normally apply and are overseen by ASIC.

Reinstating consumer protections and undertaking not to interfere with them in the future, should play a key role in transition. Consistent with Senator Kovacic's questions, we believe this would also support more appropriate recognition of and response to additional



vulnerability, like exposure to family violence. Whilst it has not always been so, the financial services market is now much aware of and better prepared to provide extra support to customers who need it. We note, for example, the commitments to take extra care with customers experiencing vulnerability, including family violence, in Chapter 14 of the Banking Code of Practice.

Forcing people onto income management, limiting their access to limited income and how it can be used, adds to pressure, especially if immediate safety is the main concern.

We will continue to press ASIC and its colleague regulator the ACCC on these questions of consumer rights and protections that in our view have been ignored for too long.

Yours sincerely,

Simon Schrapel AM

Chief Executive of Uniting Communities and convenor of AIMN

Accountable Income Management Network, November 2023
accountableincomemanagementnetwork.wordpress.com