



21 October 2020

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

Dear Committee Secretary,

**RE: Submission to the Inquiry into the Social Security (Administration) Amendment  
(Continuation of Cashless Welfare) Bill 2020**

The St Vincent de Paul Society National Council of Australia Inc. ('the Society') welcomes the opportunity to make a submission with respect to the Committee's Inquiry into the Social Security (Administration) Amendment (Continuation of Cashless Welfare) Bill 2020.

The Society is a lay Catholic charitable organisation that comprises over 60,000 volunteers and members and over 3,000 employees. It has an extensive history providing on-the-ground assistance in the form of emergency relief, housing and homelessness services and a range of other support services to people who are disadvantaged or who are experiencing distress in their lives

The Society is underpinned by the principles of social justice and is committed to identifying the root causes of poverty in order to contribute to their elimination. We provide help to all in need by alleviating suffering and promoting human dignity and personal integrity.<sup>i</sup>

The Society does not support the provisions in the Bill that:

- allow the cashless debit card (CDC) to continue as an ongoing measure in all existing sites
- establishes the Northern Territory and Cape York area as CDC program areas and transitions income management participants in these areas onto the CDC program in 2021
- purport to improve the workability of the evaluation process.

Through our direct work with people we witness, first-hand, the challenges faced by many Australians, including those forced on to various forms of government income management.

The Society believes that the best form of assistance is the type that helps people to feel and recover their own dignity, as this empowers them and enables them to forge ahead and change their own destinies and those of their local communities.<sup>ii</sup> We do this by listening to people, responding to them and respecting their wishes. We do not believe there is any value in approaches that heavily rely on the completion of template forms to gather information or make use of any type of enforcement or duress.

The Explanatory Memorandum notes the Parliamentary Joint Committee on Human Rights findings that the CDC program limits human rights, specifically the right to social security and the right to a private life. The report contends that these limits have been addressed through community consultations and independent evaluations and by amending provisions covering applications to exit the CDC program or be exempt from it on the basis that participation in the program impacts on a person's wellbeing.

However, information sessions are not consultation and there is very little information provided in the impact statement outlining who was consulted with. For example, it indicates that in mid-2019, the Department of Social Services ('Department') undertook consultation with communities that expressed an interest in learning more about the card and how it may support their communities. Between August 2018 and April 2019, the Department conducted meetings and feedback sessions across the Barkly region with key stakeholders but these are not identified. Since then, some consultations have occurred again in the Barkly region and also in Cape York but no further details are provided.

This information is insufficient to assess the extent to which all communities have been consulted with or the nature and type of consultations conducted.

Of more concern is the fact that the evaluations cited in the Explanatory Memorandum are 'cherry-picked' to support the impact statement's claim that findings from the Government's seven commissioned evaluations support the development of income management in its current form.

The Explanatory Memorandum relies solely on the evaluation conducted by ORIMA (Ceduna, East Kimberley 2017) and the University of Adelaide baseline data (Goldfields, 2019; Bundaberg, Hervey Bay 2020). The ORIMA evaluation has been widely criticised for its paucity of evidence and lack of robust methodology, including by the Auditor-General.<sup>iii</sup> A second impact evaluation, findings of which were to be released in late 2019, is not available.

The Explanatory Memorandum disregards the extensive evidence base developed by Professor Gray and Dr Rob Bray PSM from the ANU Centre for Social Research and Methods. For instance, a comparison of 2014 evaluation findings using contemporary data on child health and wellbeing, education, crime and alcohol consumption was recently completed for the Northern Territory, where income management has been in place for over one third of the Indigenous population for a decade. It found that:

- the rate of infant mortality, the incidence of low weight births and child deaths by injury have increased over the period
- school attendance rates have fallen and educational outcomes have not improved
- imprisonment rates have increased
- there has been no change in assaults, and
- alcohol consumption has fallen but this trend pre-dates the introduction of income management, with research identifying a range of policies, including pricing and supply limitations, as the drivers. There has been no reduction in the extent of risky alcohol consumption.<sup>iv</sup>

The Society notes the ANU's conclusion that there continues to be an absence of evidence of discernible, positive benefits across these measures which could be attributed to income management policies. The Society agrees with ANU's position that income management may be appropriate in very specific circumstances, such as when it is entered in to voluntarily, or when it is used in a highly targeted way for individuals who have a demonstrated incapacity to effectively manage their finances and spending.

We also consider that a 'one-size-fits-all' approach, that is enforced and not adequately resourced with respect to support services and job-readiness training, does not work.

Many aspects of this Bill rely on the flawed premise that mandatory income management works. The Society disagrees with this conclusion.

The Bill provides the Minister with new powers to determine the decision-making principles for exit criteria through a legislative instrument. The Secretary will be bound to consider these criteria before determining whether a person can reasonably manage their affairs and therefore exit the CDC program. While decision-making principles are an improvement to the process, their content remains to be seen.

Under the current legislation, the Secretary can exempt a person from the CDC program if the Secretary is satisfied that being on the program poses a serious risk to their mental, physical or emotional wellbeing; and this decision cannot be revoked. The Bill enables any government agent or agency to request the Secretary to review and to revoke an exemption previously made based on a person's wellbeing. The Secretary's discretion is unfettered as the Secretary simply needs to be no longer concerned that being on the program poses a significant risk to the person. Criteria and decision-making principles should also be specified for all decisions concerning whether or not a person is exempt from the CDC program, based on their wellbeing.

The statistics on the applications received and approvals granted (to exit or to be exempt from the CDC program) speak for themselves. As at 20 September 2020, of the 12,194 people on the CDC program, only 2.3 percent applied for a wellbeing exemption and 1.6 percent were approved; 10.5 percent applied to exit the program and only 2.6 percent were approved.<sup>v</sup> The Department's response to a question on notice indicates that the average processing time for exit applications is five months, the application form was only made available on the website from September 2019 and that an inordinate number of departmental and Services Australia staff (40) are involved with this process, which mostly ends in rejection.<sup>vi</sup>

The Explanatory Memorandum states that the CDC program aims to support communities where high levels of welfare dependence coexist with high levels of social harm by limiting the amount of welfare payment available as cash in a community. This restriction to cash (80 percent is quarantined) and to how it may be spent limits the right to social security and to a private life.

This approach is supposedly justified on the basis that it is directly related to the ultimate objective of reducing harm and improving the welfare of the recipient and any dependents. Limiting access to cash further penalises low income households. Research has shown that for the 1 in 6 Australian children currently living in poverty, the majority are in households living on income support.<sup>vii</sup> These children are likely to have poorer cognitive, developmental and social outcomes and lower levels of general health than those who have never experienced poverty. However, these effects can be alleviated through policies that increase, rather than decrease, disposable incomes of low-income households.<sup>viii</sup>

Deloitte Access Economics also has found that income management does not appear to have a substantial or sustained impact on the level of alcohol, tobacco or gambling consumption.<sup>ix</sup>

Of concern is the unintended consequences and circumvention behaviours that may arise when people with serious addiction are left, without adequate support. A 2016 review of income management programs,<sup>x</sup> undertaken by the University of NSW, found that compulsory forms of income management did not result in medium or long-term behavioural change at the individual or community level. Instead, income management, and particularly compulsory forms of income management, often lead to unintended negative consequences and behaviours.

For those with serious drug and alcohol addictions, cutting off access to cash may result in 'circumvention' behaviours,<sup>xi</sup> with addicts seeking out other means to access alcohol and drugs. Most often these behaviours bring detrimental consequences to those around them. In both the trial of the cashless card and other forms of income management, there is evidence to support the fact that people with serious addictions have resorted to range of circumvention behaviours. These behaviours include offering non-participants the use of their card in exchange for cash, alcohol or drugs to a lesser value; on-selling of purchased items for cash; informal work; stealing; and 'humbugging' and financial harassment of relatives and other community members.

In this respect we find it difficult to understand how introducing the CDC program will avert the tragic consequences of petrol sniffing that are currently unfolding in the Northern Territory.<sup>xii</sup>

Finally, if this Bill is passed, evaluations will no longer be independent, but desktop based and presumably conducted by the Department. A desktop evaluation removes the rigour, independence and public debate on this important issue. Good public governance means that the Government should be open, transparent and accountable. It should be able to demonstrate that its policies are effective, meet their objectives and outcomes, represent value for money and, most importantly, benefit the Australian community.

It is clear why the Department does not wish to engage external, independent evaluators for the CDC program. When the Department was asked to explain why data on child health and wellbeing, education, crime and alcohol consumption for the Northern Territory showed no signs of improvement after 12 years of income management, it simply referred the Senate Committee to its evaluations page, stating that many of the specific indicators mentioned fall within the responsibility of other portfolios; and that evaluations were one of a number of other sources used to inform the decision to transition income management participants to the Cashless Debit Card in the Northern Territory and Cape York region in Queensland.<sup>xiii</sup> Unfortunately, the Department has not provided sufficient



information on the consultations held to date or the other sources that have been relied upon and, has been selective in the evaluations that it has cited to support this Bill.

For the reasons outlined above, the Society recommends to the Senate that this Bill be rejected.

Yours sincerely

Mr Toby oConnor  
Chief Executive Officer

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- <sup>i</sup> St Vincent de Paul Society. 2012. *The Rule*. 7<sup>th</sup> Edition Australia. Accessed at: [https://www.vinnies.org.au/icms\\_docs/168122\\_The\\_Rule.pdf](https://www.vinnies.org.au/icms_docs/168122_The_Rule.pdf), para 1.3, p. 16.
- <sup>ii</sup> St Vincent de Paul Society. 2012. *The Rule*. 7<sup>th</sup> Edition Australia. Accessed at: [https://www.vinnies.org.au/icms\\_docs/168122\\_The\\_Rule.pdf](https://www.vinnies.org.au/icms_docs/168122_The_Rule.pdf), para 1.10, p. 17.
- <sup>iii</sup> ANAO. July 2018. *The Implementation and Performance of the Cashless Debit Card Trial*. Accessed at: <https://www.anao.gov.au/work/performance-audit/implementation-and-performance-cashless-debit-card-trial>
- <sup>iv</sup> Bray J.R. (2020), Measuring the social impact of income management in the Northern Territory: An updated analysis, Working Paper no. 136/2020, Centre for Aboriginal Economic Policy Research, Australian National University. Accessed at <https://doi.org/10.25911/5ed0e50bd56dc>
- <sup>v</sup> Australian Government. Australian Government Cashless Debit Card Program. Updated 17/9/2020. Accessed at: <https://data.gov.au/data/dataset/e5a6ca38-b17c-4e65-af70-84e7759a0ffa/resource/bfd433d0-f41f-4d2b-8848-287d16e0cdd8/download/cashless-debit-card-data-summary-september-2020.pdf>
- <sup>vi</sup> Senate Community Affairs Legislation Committee, Additional Estimates – 5 March 2020. Answer to Question On Notice, DSS SQ20-000098, Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_estimates#qon](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon)
- <sup>vii</sup> Anti-Poverty Week. 2019. Child Poverty. Fast Facts. Accessed at: <https://antipovertyweek.org.au/wp-content/uploads/2019/10/Child-Poverty-Revised-APW-2019.pdf>
- <sup>viii</sup> Warren, D. 2017. *Low-Income and Poverty Dynamics. Implications for Child Outcomes*. Australian Institute of Family Studies. Social Policy Research Paper No. 47. Commonwealth of Australia. Department of Social Services. pp6-9.
- <sup>ix</sup> Deloitte Access Economics. 2015. *Consolidated Place Based Income Management Evaluation Report 2012-2015*. Report to the Department of Social Services. Canberra: Deloitte Access Economics.
- <sup>x</sup> Parsons, K., Katz, I., Macvean, M., Spada-Rinaldis, S., & Shackleton, F., (2016). *Alternatives to Income Management*. SPRC Report 08/16. Social Policy Research Centre, UNSW Australia and the Parenting Research Centre: Sydney. At: [https://www.aboriginalaffairs.nsw.gov.au/pdfs/research-and-evaluation/TAB-A-Alternatives-to-IM-Report\\_FINAL.pdf](https://www.aboriginalaffairs.nsw.gov.au/pdfs/research-and-evaluation/TAB-A-Alternatives-to-IM-Report_FINAL.pdf)
- <sup>xi</sup> Catholic Social Services Australia. (2017). *The Cashless Debit Card: Learnings from Trial Site Communities and Recommendations*. At: <https://www.cssa.org.au/storage/cssa-report-cashless-debit-card-trial-nov17-final.pdf>.
- <sup>xii</sup> Roberts, L. 19 October 2020. NT coroner told 'indifference' from health department 'may have resulted' in youth petrol sniffing deaths. ABC News. Accessed at: <https://www.abc.net.au/news/2020-10-19/inquest-remote-arnhem-land-closing-submissions-sniffing-deaths/12781478>
- <sup>xiii</sup> Community Affairs Committee, Social Services Portfolio. 24 October 2019. 2019-20 Supplementary budget estimates. Question on Notice 105. SQ19-000359. Accessed at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_estimates#qon](https://www.aph.gov.au/Parliamentary_Business/Senate_estimates#qon).