

Submission to Senate committee inquiring into the cashless debit card

From Eva Cox, Adjunct Professor, Jumbunna UTS

The Jumbunna Institute for Indigenous Education and Research aims to produce the highest quality research on Indigenous legal and policy issues and to develop highly skilled Indigenous researchers

Social Services Legislation Amendment (Cashless Debit Card) Bill 2017

We object to the passing of the above Bill as it provides the underpinning legislative authority to enable this expansion of the cashless debit card into new regions without having to put these directly to parliament. They would only require mention in a 'disallowable instrument' which may not even be debated.

The second reading speech states *'The bill itself amends the existing legislation to enable the cashless debit card to operate in further locations. It removes section 124PF of the Social Security Administration Act 1999, which limits the number of locations, participants and end date of the cashless debit card trial. Removing this section will support the extension of arrangements in current sites, and enable the expansion of the cashless debit card to further sites, which were announced as part of the 2017 budget.'*

'Under the legislation, the locations, cohorts covered and timing of the operation of the cashless debit card will still be determined by a disallowable instrument.It also ensures that the parliament itself retains the right to consider each proposed new cashless debit card site on a case-by-case basis.'

We do not support these changes as we consider the current trials have failed to prove the values of the highly conditional card system in alleviating the issues that are indentified in the selected areas. We believe the trials should be discontinued, so do not support loosening the conditions so they can continue past the current terminating date or that new ones can be more easily initiated.

A. Summary of arguments against supporting the Bill and its changes to current controls over decision making

This latest round of trials have little legitimacy on the basis of evidence that the model works. Therefore removing the termination date on current trials and the real need for parliamentary approval for further trials is not a good idea. The decisions made by the ministers are already questionable and therefore they should not have their powers extended.

The following dot points summarise our concerns and the reasons are spelled out in more detail in the body of our submission. The history and reporting on the introduction of income management changes to social security payments do not support the current programs or their future extensions because:

- the mode of repeatedly introducing these types of changes as dealing with Indigenous problems has seriously inhibited proper scrutiny from the media, experts and voters;
- the bipartisan acceptance of Income Management in the NT has truncated policy debate on the crucial basic issue of the effects of welfare payments on well being;
- the lack of valid evidence for better outcomes for more control has been ignored in the range of evaluations of these types of payment, eg 10 years in the NT+ has not produced one clear valid report of better community or substantial individual benefits;
- the changes made are both high cost financially, as they impose complex controls over cash access, and potentially damaging to the confidence and agency of recipients;
- the basic assumption being promoted stigmatises all welfare recipients as the problem;
- this model is out of date, a leftover of overemphasis on individualistic blaming victims of systemic inequities;
- expected futures require flexible, more universal, no stigma models of income support to encourage labour mobility and restructures;
- most of the 'support' data, quoted by government ministers from latest Orima report, is not reliable and invalid because of design and delivery biases.

B. The flaws in the final Orima report and how it has been misused

There is a serious problem with the structure of the final Orima report in that the summary of findings, which is the easiest and accessible section, fails to put in any of the caveats that appear, often as footnotes, later in the report. This makes it easy for those wanting to report positives to do so, as these dominate this section. The p3 list of the frequently quoted statistics in the final report, claims both waves reported reductions in drinking, gambling and drugs. At the bottom of p4 in small print is a brief single caveat footnote, never quoted, which states *'it should be noted that self reports on illegal drug usage in a survey context are subject to a high risk of social desirability bias and should be interpreted with caution.'*

The following points show how the data, often quoted by the Minister, from the current Orima reports fail to meet the basic tenets of good research design, or comply with NHMRC and AIATSIS ethics and the necessary respect for cultural and personal interviewee needs. For instance:

- Interviewers, identifying this as a Govt funded survey, stopped respondents in public and asked if they were on the Card and, if they said yes, then recorded their ID on Ipad;
- Participants were primed to give the right/expected responses to the Government interviewers, who had their ID and offered \$30 gift cards to those who finished;
- A tablet 60 item questionnaire with some complex answers is long and hard to follow;
- The structure of the questionnaire was flawed, with 20 plus long initial demographic details before the meatier behavioural questions, which were wordy and complex;
- The behaviour frequency Q is hard to follow and answer: undesirable activities are listed first with a scale of involvement, and 'never' is 7th;
- Improved behaviours were spelt out more clearly, and offered inviting positives;
- the questionnaire, including perceived community changes, was too hard to follow.

These examples of question design that form the core of claims that the card works, show the responses are dubious and quite confused, in valid but easily used to mislead readers.

THESE DATA SHOULD NOT BE USED AS PROOF THAT A DUBIOUS POLICY CHANGE SHOULD BE INTRODUCED.

C. Background of the changes: why these have not been appropriately and rigorously viewed and assessed over the past decade

Just over a week before submissions close, the government announced the final location of the formal Cashless Debit Card trials as Bundaberg. Together with the 2 current trials, plus the WA Goldfields site, these four comprise the current pre-announced trials, authorised under the current legislation. They use the same basic model, of quarantining access to proportions of cash welfare income, (50-80%). as the NT initiated BasicsCard which is to continue as part of the proposed drug trials. The main differences is that the 4 trial sites are administered by Indue Pty. Ltd, and the rest still under the control of Centrelink, including the new drug control sites.

These so-called trials all represent a serious shift in social security policy from recipients of payments having some sense of entitlement to their income, to more sanctions and demands, presented by one side and control on how their income can be spent. In creating these shifts , Australia is increasingly out of step with comparable democratic nations, which seem to be exploring less rather than more controls over funding to meet potential changes to paid jobs and demands for labour.

The Australian path to these welfare changes have failed to be generally debated and examined as they should have been. The history of Income Management, the overarching term, started a decade ago with an acknowledged racist program, as part of the NT emergency. Initiated in the dying days of the Howard era in seventy-two NT Indigenous communities, it was covered by exemption from the Racial Discrimination Act, which acted to limit scrutiny and define the program. The model of 50% cash quarantine was unfortunately endorsed by the incoming ALP Government and rewritten to include a few non-Indigenous recipients. This start has branded the concept of cash control with the somewhat racist assumption that such breaches of rights was something needed to deal with 'wicked' continuing Indigenous problems. Its expansion to wider recipients was therefore mainly overlooked.

This connection was reiterated by the Forrest driven PR on the trial of Cashless Debit Cards in Ceduna and East Kimberley, but the two new sites have been selected, according to media releases, as sites where recipients will not be mainly Indigenous, just indigent! This move suggests that the government is planning wider use for this model to be the underpinnings of much more universal policies for working age recipients of government payments. The target of the Qld site is those under 35, which also suggests that these are tests for 'reforms' targeting those likely to be affected by future diminished supply of paid jobs.

This history is important because it has obscured and twisted debates on these changes so their capacity to achieve positive outcomes has not been seriously addressed. The basic assumption, underpinning the types of changes to controls over access to cash, is based on beliefs that the problems of those, not in paid work, are personal not structural. Therefore, forms of external controls over their presumed sinful activities, such as cash for alcohol or gambling, will push them into job-seeking, better parenting, and other more pro-social activities. The model makes no allowance for either the effects of no access to local paid jobs or their stigmatising labels as assumptions about the nature of all those on payments.

Ergo, even though the majority of these income recipients may not manifest any overindulgence in such activities, they too lose control over their cash, with those who may have issues. They, the government suggests, may be pressured to share their cash with sinners so it's for their own good. The effects of such patronising assumptions on diligent spenders are not discussed or acknowledged in any of the 'evaluations'. These spend little or no time on those not self-identified as problems, so they remain invisible.

D. Briefing on data on results of income managed welfare payments

There is no data available on a casework basis, nor has any base data been collected in affected areas to provide before and after comparisons. Most data on offer come from surveys of participants, other locals and stakeholders, and general official statistics, often covering the geographic areas that sites may be part of, but are not applicable to participants or even specific to locations they live in.

There is also limited use of official statistics such as crime statistics in the NT and other forms of records that, after a decade of use in many areas, should offer some indications of possible changes /improvements in drinking, violence, health or other indicators of problems or well-being. The odd bits of SA data used in the Orima report are very selective and do not even cover the same areas as the trials. We would suggest that maybe the senate should look for long term changes in official statistics in areas that have had a minimum of three years of trials, as more reliable than participants' feedback , which also may include the Hawthorne effect of participant compliant expectation that trials must be working.

Summary of other research findings

There are quite a few other evaluations, including the small trials of specific target groups such as young recipients, those under child protection, and women at risk, but most of these offer little evidence of this cash control concept working. The main evaluations have been those done on the NT, particularly the 2014 report for the government on the NT outcomes and the current trials in SA and WA of the CDC, claimed to be different but sharing general design factors.

The following report from ACOSS in 2014 summarises the status quo at that point:

Compulsory Income Management: A flawed answer to a complex problem

Policy analysis: Updated September 2014

Income management has operated since 2007 in Australia and has been implemented in a number of different locations and forms. Several evaluations of income management programs have now been conducted and final or interim reports issued. This paper draws on these reports to critically analyse the impacts and effectiveness of income management.

The paper finds that compulsory income management, in its broad form, is poor policy because:

- There is no evidence it results in widespread or long-term benefit.
- It is poorly targeted.
- It is not cost-effective.
- It can result in strong negative subjective experiences.
- It can damage financial management skills.
- It can discourage vulnerable people from seeking assistance.
- There are better and more effective alternative approaches.

http://www.acoss.org.au/images/uploads/Income_management_policy_analysis_September_2014.pdf

This report should have been a warning to government to both reconsider the existing mainly NT trials and not to pursue the model further. However, the current trials were conceived around that time, with the excuse that they were different. So despite the dismal results of the range of income management programs in the NT over a very substantial period, and a series of other ambivalent at best evaluations of some other trials in various states, there is another set of trials. These are basically of a card with different administrative processes, tougher controls over cash but basically the same desired outcomes and modes of getting there. The additional services that are being funded to get local 'leader' approvals are welcome, often overdue, but make evaluating any of the trial effects more difficult as timelines coincide.

In sum, the above overview of data suggests that we do not have enough reliable, valid data on Income Management to support its introduction on a wider basis. Quite the reverse!

E. Indigenous views and responses not sought

There has never been a serious discussion or formal consultation with Indigenous communities on income maintenance. The original Intervention misused a report on child abuse to falsely claim the need to control spending. The Report prepared for Jenny Macklin by Peter Yu, after the ALP took over in 2008, did not originally recommend the maintenance or expansion of the newly introduced model and was not followed in the changes then made.

Since then there has been no formal input offered or requested, despite the obvious dislike of many communities of the BasicsCard. Bipartisan acceptance of this basically prejudice-driven 'solution' to ongoing problems in the NT, and its expansion to general welfare recipients, allowed the reinstatement of the suspended Racial Discrimination Act. This inclusion of some

others in IM reinforces the pretence it is not unduly targeting Indigenous recipients , although currently 80% of recipients are Indigenous.

The current trials came from the Forrest Report, and were originally designed for Aboriginal people, whom he saw as needing controls. The support from a few well-wooded community leaders of the Cashless Debit Card is used to justify its locations and trialling. However, at least one of the original four has recently withdrawn his support. A media release says why.

MG Corporation chairperson Lawford Benning has crossed the floor and has publicly stated that he no longer supports the Cashless Debit Card (CDC). Mr Benning was one of four Aboriginal leaders that publicly and politically actively advocated for the introduction of the CDC trial in Kununurra just over a year ago. When asked why he had made a complete about turn on his support and view of the CDC, Mr Benning replied that Minister Tudge had many meetings with the four of us in Kununurra to negotiate the terms of the introduction of the CDC trail in Kununurra. Unfortunately, of the three commitments made by Minister Trudge to the four of us, none have been delivered as promised.

www.theguardian.com/australia-news/2017/aug/23/aboriginal-leader-withdraws-support-for-cashless-welfare-card-and-says-he-feels-used

These comments signal the services were the attraction, not the card itself. The following section looks at the history. Support for income management has also been clearly rejected in a recent NT response to the decade long intervention. Stop compulsory income management was one of the demands of the Aboriginal Peoples of the Northern Territory Response to the Northern Territory Intervention 29th June 2017. In solidarity with the Mparntwe-Alice Springs Stand Up 2017 statement 1 and the Laynhapuy Homelands Aboriginal Corporation statement 2 on the impacts of the Northern Territory Intervention.

In the Guardian on 22/8/ Pat Dodson has described the cashless welfare card as a “public whip” designed to control Indigenous people and said the federal government should focus on holistic solutions to problems of alcohol, drug addiction and violence in remote communities. This should create some interesting ALP debates.

While there are individuals who do claim to see benefits for the process for individuals, particularly women, there is no evidence that IM has reduced violence against women in the NT. However, these individuals are often used by government to 'prove' benefits, while those individuals who are not happy, rarely get a hearing.

F. More questions on the research methodology issues

The following article I wrote for The Guardian puts a more developed case for discarding the flawed data being used by the government to support their actions.

Much of the data used to justify the welfare card is flawed 7.9.17

The headline in The Australian was “Grog abuse drops under welfare card”. Human services minister Alan Tudge is reported as saying “There are very few other initiatives that

have had such impact". The box of results, headed "A better life", quoted results including "41% of drinkers reported drinking alcohol less frequently" as did 37% of binge drinkers, along with 48% of gamblers and drug takers.

These statistics form the basis of the government's case for extending the program and increasing the sites. The other support for the success of the trials come from some qualitative interviews mainly with local leaders, often white, who supported the introduction of the trials and are not neutral observers.

On the same day there was a media release from prime minister Malcolm Turnbull and minister Tudge claiming the final independent evaluation of the trials of the card showed that it had "considerable positive impact" in the communities in which it operated, in particular in reducing alcohol, drug use and gambling. However, the data quoted is much less valid and reliable than official views claim

My criticism is wider than those in the report, as it includes the user questionnaire design, its length, the order of questions, the language and shape of some questions, and importantly, the probable contamination of responses. Preliminary information, read from the tablet used to record answers, includes promises of a gift card, \$30 or \$50 on completion. Paying respondents affects relationships with interviewer and answers. The next step is asking for respondents' ID. This is to avoid duplication, but, as this is an official government survey, the reassurance of confidentiality may not be believed and affect responses. Given Indigenous anxieties about authority, and welfare, they are likely to give acceptable answers. It is also not clear if the interviews were private or in the presence of others, which may also affect answers. The above effects on the data collected are likely to be serious and undermine the legitimacy of responses.

There are also sampling problems, based on passersby in public places, on the representativeness of those interviewed. This raises issues of who refused and was not sampled. Results were apparently weighted, but on what basis? What was the "universe" used and did it allow for possible differences in responses of the over 20% of refusals, and those not likely to be in those locations?

The above difficulties raise doubts on the validity and reliability of the responses collected and how far these represented what respondents thought they ought to say, rather than what they did or felt. There are more problems in the questions asked as detailed below.

The questionnaire designs problems

These comments relate to wave two of the survey in 2017 of 479 participants, which is identified as the data sources of quoted changes to alcohol and drug use as well as gambling and associated problems. There are many problems with the structures of the questionnaire and the actual questions. Firstly, starting with lots of complex questions on demographics is not likely to engage the interest of the respondent and set up an

equitable relationship. The boring bits should be left till last and include the personal ones that make people uncomfortable.

Secondly, there are serious issues in the design of the crucial questions which most of the government's claims of efficacy are based. They follow complex questions on family, location and households, as well as knowledge of the card and other administrative questions. Section C starts with a statement to be read to respondents on the content, which, it says, will "cover personal things, including your money situation, how much you gamble, how much alcohol you drink, whether you take drugs, whether you have been arrested, beaten up or robbed and how safe you feel in your community". This list would cause most of us, let alone already disadvantaged people, some serious anxieties and concerns.

The questions cover details of possible problems such as running out of money, food, unable to meet needs of children and their frequency rates over the past three months, with no positive options. These are followed by similar questions on personal use of and spending on alcohol, drugs and gambling, followed by whether they are looking for a job, and their support for school age children, if present. There are questions on whether they are proud or ashamed of their community and whether they feel safe. These are questions likely to cause distress and discomfort.

There are serious ethical questions on these types of questions. Many of the answers could have legal implications and risk child abuse interventions. These interviews were also not necessarily private, nor administered by people with skills in dealing with drug and alcohol issues. The responses are most likely to reflect respondents' desire to give the "right" answers that do not get them into trouble, rather than any valid record of their behaviour. The next questions seek details of their awareness and use of local drug and alcohol services and financial support ones, and are quite complex. Answers again are likely to be skewed by the above concerns.

The last section finally gets to "Opinions of the Impact of the Debit Card Trials". It asks a series of questions on community benefits, putting words in their mouths. It then asks whether they had reduced their earlier list of possible sins. By then I would suspect all responses would be confused or fearful and grossly inaccurate.

The above details suggest that most responses to the survey should be seen as seriously flawed. These are the main sources of data that are being used to justify the continuation and expansion of the program. The report claims triangulation of data and uses qualitative research with a range of interested parties as confirming these findings. Unfortunately, these interviews were not fully recorded but notes taken and then collectively interpreted. The results are therefore also questionable.

The use of official data as the third source is also questionable as it is mostly general data that does not apply specifically to the cashless debit card recipients. It therefore, at best, indicates some changes that might apply to card users. Most trials have some initial

effects, the Hawthorne factor, but these usually wear off, so good policy needs very solid data to justify major changes, particularly in areas that deeply affect people's lives.

There are signs elsewhere that changing demands for labour and other technical advances are raising questions on whether social welfare programs need radical reviews to make them less conditional and more flexible. These potential directions means that these changes need a high standard of proof to justify their costs and directions.

<https://www.theguardian.com/commentisfree/2017/sep/07/much-of-the-data-used-to-justify-the-welfare-card-is-flawed>

Conclusion

The above data and arguments make it quite clear that claims that there are clear benefits to the Cashless debit card are not supported by the data. The costs of the current trials is high and they should be abolished. As local consent is often based on the need for local services, we suggest the funding for needed services should be continued.

Given the Government's failure to make a credible case for the current trials, we suggest that there be a retention of the current legislation and the need to have any further extensions debated before being considered for endorsement by parliament, not just put up for disallowance. The potential damage and costs of the current program should be further examined as part of a wider enquiry into a better, more effective form of payments for those not in paid work.

The proper formal engagement with Indigenous Communities and self determination processes should be core to urgent proper reforms to this type of program. The selection of compliant 'leaders' to justify the trials is not valid.

Eva Cox

28.9.17

Ps a personal account! It dropped like a bomb on the town - <http://the-pen.co/cashless-debit-card-disadvantages/>